

STATE OF ILLINOIS
PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

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

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

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PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

OFFICIALS

Regional Superintendent
(Current and during the audit period)

Dr. Gerald Brookhart

Assistant Regional Superintendent
(During the audit period)

Mr. Terry Deppert
Mr. Robert Turk
Mr. Stephen Heath
Mr. Larry Williams

Each assistant superintendent worked part time during the audit period.

Offices are located at:

324 Main Street, Room 401
Peoria, Illinois 61602

Two Rivers Professional Development Center
10112 W. Dubois Road
Edwards, Illinois 61528

Area III Learning Technology Center
10112 W. Dubois Road
Edwards, Illinois 61528

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

COMPLIANCE REPORT SUMMARY

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

AUDITOR'S REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	4	8
Repeated audit findings	2	2
Prior recommendations implemented or not repeated	6	1

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u> <u>Findings (Government Auditing Standards)</u>
06-1	12	Control over compliance with laws and regulations
06-2	15	Inadequate controls over property and equipment
06-3	17	Lack of cost allocation plan
06-4	21	Expenditure reports not submitted timely
<u>Findings and Questioned Costs (Federal Compliance)</u>		
06-3	17	Lack of cost allocation plan
06-4	21	Expenditure reports not submitted timely
<u>Prior Audit Findings Not Repeated (Government Auditing Standards)</u>		
05-1	31	Inactive accounts
05-2	31	Netting revenues against expenses
05-3	31	Accounting records maintained on cash basis
05-4	31	Inappropriate commingling of funds and insufficient cash transfers
05-6	31	Overpayment to vendor

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

COMPLIANCE REPORT SUMMARY - CONTINUED

SUMMARY OF FINDINGS AND QUESTIONED COSTS - CONTINUED

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
		<u>Prior Audit Findings Not Repeated (Federal Compliance)</u>
05-8	31	Inadequate monitoring of subrecipients – Regional Educational Services Provider Program (RESPRO)

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with ROE personnel during a conference on January 12, 2007. Participating were Dr. Gerald Brookhart, Regional Superintendent; Jeffry Nelson, Assistant Regional Superintendent; Larry Williams, ROE consultant; Sally Weber, director, and Kim Barr, bookkeeper, from Two Rivers Professional Development Center; Lynn Roos, ROE Office Manager; Dawn Carlson, Manager, and Renee Brucker, Staff Accountant, from Sulaski and Webb, CPAs.

Responses to the recommendations were provided by Peoria County Regional Office of Education #48 personnel in correspondence dated January 20, 2007.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Peoria County Regional Office of Education #48 was performed by Sulaski and Webb, CPAs.

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

Independent Auditor's Report

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Peoria County Regional Office of Education #48, as of and for the year ended June 30, 2006, which collectively comprise the Peoria County Regional Office of Education #48's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Peoria County Regional Office of Education #48's management. Our responsibility is to express opinions on these financial statements based on our audit.

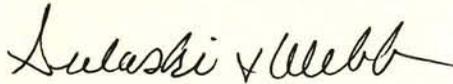
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Peoria County Regional Office of Education #48, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 15, 2006 on our consideration of the Peoria County Regional Office of Education #48'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 32 through 37 and 70 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 Peoria County Regional Office of Education #48's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund 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, Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund, 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.



Sulaski and Webb
Certified Public Accountants

November 15, 2006

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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Peoria County Regional Office of Education #48, as of and for the year ended June 30, 2006, which collectively comprise the Peoria County Regional Office of Education #48's basic financial statements and have issued our report thereon dated November 15, 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

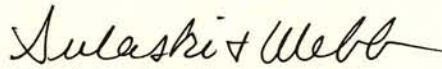
In planning and performing our audit, we considered the Peoria County Regional Office of Education #48's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the 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 Peoria County Regional Office of Education #48's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 06-2, 06-3, and 06-4.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Peoria County Regional Office of Education #48'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 06-3 and 06-4. We also noted certain immaterial instances of noncompliance which we reported on the accompanying Schedule of Findings and Questioned Costs as item 06-1.

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.



Sulaski and Webb
Certified Public Accountants

November 15, 2006

Report on Compliance with Requirements
Applicable to Each Major Program and 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 Peoria County Regional Office of Education #48 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The Peoria County Regional Office of Education #48's major federal program is 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 Peoria County Regional Office of Education #48's management. Our responsibility is to express an opinion on the Peoria County Regional Office of Education #48'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 Peoria County Regional Office of Education #48's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Peoria County Regional Office of Education #48's compliance with those requirements.

In our opinion, the Peoria County Regional Office of Education #48 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 06-3 and 06-4.

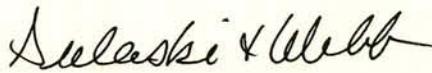
Internal Control Over Compliance

The management of the Peoria County Regional Office of Education #48 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 Peoria County Regional Office of Education #48'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.

We noted certain matters involving the internal control over compliance and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Peoria County Regional Office of Education #48's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 06-3 and 06-4.

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

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



Sulaski and Webb
Certified Public Accountants

November 15, 2006

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

Section I – Summary of the Auditor’s Results

Financial Statements

- (1) An unqualified opinion was issued on the financial statements.

Internal Control Over Financial Reporting:

- (2) Three reportable conditions disclosed during the audit of the financial statements are reported in the *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*. None of the reportable conditions identified is considered to be a material weakness.
- (3) The noncompliance disclosed during the audit is not material to the financial statements.

Federal Awards:

- (4) Two reportable conditions in internal control over major federal award programs were disclosed during the audit and reported in the *Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133*. Neither of the reportable conditions identified is considered to be a material weakness.
- (5) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (6) Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 were reported in this Schedule.
- (7) The major program was as follows:
 - CFDA Number 84.010A – Title I – School Improvement and Accountability
- (8) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (9) Peoria County Regional Office of Education #48 was not determined to be a low-risk auditee.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

Section II – Financial Statement Findings

Finding No. 06-1
Part A Repeated From
05-5

Control Over Compliance with Laws and Regulations

Criteria/Specific Requirements:

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

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

- B. The Illinois School Code 105 ILCS 5/3-5 states that the county superintendent shall present under oath or affirmation to the county board at its meeting in September and as nearly quarterly thereafter as it may have regular or special meetings, a report of all his acts as county superintendent, including a list of all the schools visited with the dates of visitation.

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

- C. The Illinois School Code 105 ILCS 5/3-14.5 requires the Regional Superintendent to visit each public school in the county at least once a year, noting the methods of instruction, the branches taught, the text-books used, and the discipline, government and general condition of the schools.

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

Conditions:

- A. The Peoria County Regional Office of Education #48 (ROE) is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent signs off on the Annual Financial Reports from the school districts in his region. In addition, the ROE receives a spreadsheet from the Illinois State Board of Education (ISBE) that outlines all of the school districts and their audit exceptions, if any. The ROE follows up with school districts that have exceptions, documents the corrective action, and forwards it to ISBE.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

Section II – Financial Statement Findings - Continued

Finding No. 06-1
Part A Repeated From
05-5

Control Over Compliance with Laws and Regulations - Continued

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

- B. The ROE did not present at the September county board meeting and as nearly quarterly thereafter, a report of all of his acts including a list of all the schools visited and the dates of visitation. The ROE provides the county board with its State of the Region Statistical Report on an annual basis. This report is not updated quarterly and does not contain all information required in the statute.
- C. The ROE performs compliance inspections for each public school in his region on a rotational basis every three to four years instead of annually. While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.

Effect:

The ROE did not comply with statutory requirements.

Causes:

- A. The level of financial review performed by the Regional Superintendent was not adequate to comply with the statute.
- B. The Regional Superintendent does present an annual report to the board, but the Superintendent was unaware of the specific details required to be included in the report.
- C. The Regional Superintendent stated that the periodic compliance visits completed at the public schools were sufficient to satisfy the statutory requirement.

Auditor's Recommendations:

- A. The Peoria County Regional Office of Education #48 should comply with the requirements of 105 ILCS 5/3-14.11.
- B. The Regional Superintendent should attend the county board meeting in September and quarterly thereafter and present a report of all his acts including a list of all the schools visited and dates of visitation as required by 105 ILCS 5/3-5.
- C. The Regional Superintendent should visit each public school annually to review all items noted in the statute as required by 105 ILCS 5/3-14.5.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

Section II – Financial Statement Findings - Continued

Finding No. 06-1
Part A Repeated From
05-5

Control Over Compliance with Laws and Regulations - Continued

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

Management's Responses:

- A. The Illinois Association of Regional Superintendents of Schools and the Illinois State Board of Education have agreed to seek legislation to remove duplicative and/or obsolete sections of the Illinois School Code. Both parties agree that section 5/3-7 of the Illinois School Code is a more current, thorough, and comprehensive requirement concerning a public school district's financial transactions. As a result, the two parties working together will seek legislation to repeal section 5/3-14.11 of the Illinois School Code.
- B. The Regional Superintendent will present to the county board in September and quarterly thereafter a report of all his acts including a list of all the schools visited and dates of visitation as required by 105 ILCS 5/3-5.
- C. The Illinois Association of Regional Superintendents of Schools and the Illinois State Board of Education have agreed to seek legislation to remove duplicative and/or obsolete sections of the Illinois School Code. Both parties agree that section 1.20 of the 23rd Illinois Administrative Code is a more current, thorough, and comprehensive requirement concerning visitation of public schools by the Regional Superintendent. As a result, the two parties working together will seek legislation to repeal section 5/3-14.5 of the Illinois School Code.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

Section II – Financial Statement Findings - Continued

Finding No. 06-2

Inadequate Controls Over Property and Equipment

Criteria/Specific Requirement:

The Regional Office of Education (ROE) Accounting Manual requires each ROE to maintain detailed fixed asset records for both accounting purposes as well as insurance purposes, for fixed assets costing \$500 or more. Generally Accepted Accounting Principles require that an inventory of all fixed assets and depreciation schedules for assets meeting the capitalization threshold for reporting be maintained.

The ROE Accounting Manual also states that the fixed asset inventory records should include: the inventory control number; major asset class; function and activity; reference to acquisition source document; acquisition date; vendor; short description of asset; unit charged with custody; location, fund and account from which purchased; method of acquisition; estimated useful life and method of depreciation; estimated salvage value; and date, method, and authorization of disposition.

In addition, sound internal controls require that policies and procedures on fixed assets should cover acquisition and tagging, recording and reporting, depreciation, transfers and dispositions, and annual physical inventory, and that they should be formally documented and consistently applied.

Condition:

The Peoria County Regional Office of Education #48 (ROE) did not have adequate controls over fixed assets.

In our test of fixed assets at Two Rivers Professional Development Center, we noted several capital outlay expenditure items that were not included on the fixed asset listing. Upon investigation, it was determined that the items missing from the fixed asset listing are items which are located at other facilities.

Most of the items we selected for observation testing were located. However, ROE personnel could not tell us the specific location of one of our selected items because there was no log-out sheet or other documentation available to indicate its location.

Effect:

The absence of a sound system of internal controls over fixed assets can result in inaccurate reporting of fixed assets and inadequate physical control for equipment items. An incomplete fixed asset listing does not provide an adequate basis for physical control and losses may occur without being detected.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

Section II – Financial Statement Findings - Continued

Finding No. 06-2

Inadequate Controls Over Property and Equipment - Continued

Cause:

ROE personnel at Two Rivers Professional Development Center stated that they were not aware that fixed assets housed at other schools and facilities should be included on their fixed asset schedule. They believed the schedule should be the same as the list for insurance purposes, and only include the items that were housed at the Two Rivers location.

Auditor's Recommendation:

The Peoria County Regional Office of Education #48 should adhere to its fixed asset policy and procedures manual to effectively and efficiently monitor property acquisitions, transfers and disposals, and provide for accurate reporting of fixed asset balances.

The fixed asset listing should include all the details required by the ROE Accounting Manual and should be checked for accuracy and existence through an annual physical inventory. A reconciliation should be performed between the fixed asset listing and the recorded capital outlay expenditures for each year. In addition, the ROE should implement procedures to track the location of property items maintained at other locations and items that are temporarily used off of ROE property.

Management's Response:

The Peoria County Regional Office of Education #48 currently has a fixed asset listing that includes all the details required by the ROE Accounting Manual. This listing will be updated and checked for accuracy and existence through an annual physical inventory. A reconciliation will be performed between the fixed asset listing and the recorded capital outlay expenditures for each year. In addition, the ROE will implement procedures to track the location of property items maintained at other locations and items that are temporarily used off of ROE property.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

Section II – Financial Statement Findings - Continued

Finding No. 06-3
Repeated from 05-7

Lack of Cost Allocation Plan

Federal Program Name: Title I – Reading First Part B SEA Funds
Project No.: 2006-4337-00
CFDA No.: 84.357A
Pass Through Agency: Illinois State Board of Education
Federal Agency: U.S. Department of Education

Federal Program Name: Title I – Reading First Part B SEA Funds
Project No.: 2006-4337-02
CFDA No.: 84.357A
Pass Through Agency: Illinois State Board of Education
Federal Agency: U.S. Department of Education

Federal Program Name: Technology – Enhancing Education – Competitive
Project No.: 2006-4972-00
CFDA No.: 84.318X
Pass Through Agency: Illinois State Board of Education
Federal Agency: U.S. Department of Education

Federal Program Name: Title I – School Improvement and Accountability
Project No.: 2006-4331-SS
CFDA No.: 84.010A
Pass Through Agency: Illinois State Board of Education
Federal Agency: U.S. Department of Education

Federal Program Name: Title II – Teacher Quality Leadership Grant
Project No.: 2006-4935-SS
CFDA No.: 84.367A
Pass Through Agency: Illinois State Board of Education
Federal Agency: U.S. Department of Education

Federal Program Name: Title V – Innovative Programs – SEA Projects
Project No.: 2006-4105-SS
CFDA No.: 84.298A
Pass Through Agency: Illinois State Board of Education
Federal Agency: U.S. Department of Education

Federal Program Name: Mathematics & Science Partnerships
Project No.: 2006-4936-00
CFDA No.: 84.366B
Pass Through Agency: Illinois State Board of Education
Federal Agency: U.S. Department of Education

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

Section II – Financial Statement Findings - Continued

Finding No. 06-3
Repeated from 05-7

Lack of Cost Allocation Plan - Continued

Federal Program Name: IDEA – Improvement Grants – Part D
Project No.: 2006-4631-RC
CFDA No.: 84.323A
Pass Through Agency: Illinois State Board of Education
Federal Agency: U.S. Department of Education

Federal Program Name: Standards Aligned Classroom – Statewide Professional
Development
Project No.: 2006-4999-00
CFDA No.: 84.298A
Pass Through Agency: Regional Office of Education #11
Federal Agency: U.S. Department of Education

Federal Program Name: Education for Homeless Children and Youth
Project No.: 2006-4920-00
CFDA No.: 84.196A
Pass Through Agency: Regional Office of Education #26
Federal Agency: U.S. Department of Education

Federal Program Name: Title I – Reading First Part B SEA Funds
Project No.: 2006-4337-01
CFDA No.: 84.357A
Pass Through Agency: Regional Office of Education #51
Federal Agency: U.S. Department of Education

Federal Program Name: Title I – Reading First Part B SEA Funds
Project No.: 2006-4337-04
CFDA No.: 84.357A
Pass Through Agency: Regional Office of Education #51
Federal Agency: U.S. Department of Education

Federal Program Name: Adult Education State Grant Program
Project No.: 514AB
CFDA No.: 84.002A
Pass Through Agency: Illinois Community College Board
Federal Agency: U.S. Department of Education

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

Section II – Financial Statement Findings - Continued

Finding No. 06-3

Repeated from 05-7

Lack of Cost Allocation Plan - Continued

Criteria/Specific Requirement:

Grants, cost reimbursement contracts and other agreements with the Federal Government (collectively known as Federal Awards) should bear their fair share of costs recognized under the principles established by the federal Office of Management and Budget (OMB). Costs are allocable to Federal Awards if the goods or services involved are chargeable or assignable to the award in accordance with the relative benefits received. Where an accumulation of indirect costs will ultimately result in charges to a Federal Award, a cost allocation plan is required as described in Attachments C, D and E of the OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*.

Condition:

The Peoria County Regional Office of Education #48 (ROE) does not maintain a complete cost allocation plan to allocate the indirect costs in accordance with OMB Circular A-87. During the fiscal year, the ROE created a cost allocation plan for employees who work on multiple activities or cost objectives to distribute salaries and benefits to the various grants and programs it administers. Such salaries and benefits are allowable expenditures under OMB Circular A-87. The ROE invoices the grants and programs it administers for other central service activities based on the grant's budgeted costs, rather than as part of a Cost Allocation Plan.

Questioned Costs:

The amount of questioned costs cannot be determined without preparing a complete cost allocation plan.

Context:

During the fiscal year, the ROE staff created a spreadsheet to estimate the indirect costs to the various programs and grants it administers. While these costs were approved in the grant budgets, without documentation of the basis for, and rationale behind, the allocations, the amounts over or under charged to the programs cannot be readily determined. Based on the total amount of allocated costs charged to the programs, any amount deemed to be over charged to the Award most likely would be considered immaterial or less than \$10,000.

Effect:

The ROE was not able to determine if the amount of central service activities charged to the Federal Awards and other ROE programs represent the program's "fair share" of costs recognized under principles required by OMB Circular A-87.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

Section II – Financial Statement Findings - Continued

Finding No. 06-3

Repeated from 05-7

Lack of Cost Allocation Plan - Continued

Cause:

The ROE determined the amount of costs to be allocated to the programs it administers based on the amounts allowable in the programs' budgets.

Auditor's Recommendation:

The Peoria County Regional Office of Education #48 should continue to develop and implement a cost allocation plan in accordance with OMB Circular A-87 which addresses allowable costs to all applicable programs.

Management's Response:

The Peoria County Regional Office of Education #48 will continue to develop and implement a cost allocation plan which addresses allowable costs to all applicable programs. The Regional Office will consult with the Illinois State Board of Education while developing and implementing this plan to be sure that it meets applicable standards.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

Section II – Financial Statement Findings - Continued

Finding No. 06-4

Expenditure Reports Not Submitted Timely

Federal Program Name: Title I – Reading First Part B SEA Funds
Project No.: 2006-4337-00
CFDA No.: 84.357A
Pass Through Agency: Illinois State Board of Education
Federal Agency: U.S. Department of Education

Federal Program Name: Title I – Reading First Part B SEA Funds
Project No.: 2006-4337-02
CFDA No.: 84.357A
Pass Through Agency: Illinois State Board of Education
Federal Agency: U.S. Department of Education

Federal Program Name: Title I – School Improvement and Accountability
Project No.: 2006-4331-SS
CFDA No.: 84.010A
Pass Through Agency: Illinois State Board of Education
Federal Agency: U.S. Department of Education

Federal Program Name: Title II – Teacher Quality Leadership Grant
Project No.: 2006-4935-SS
CFDA No.: 84.367A
Pass Through Agency: Illinois State Board of Education
Federal Agency: U.S. Department of Education

Federal Program Name: Mathematics & Science Partnerships
Project No.: 2006-4936-00
CFDA No.: 84.366B
Pass Through Agency: Illinois State Board of Education
Federal Agency: U.S. Department of Education

Federal Program Name: IDEA – Improvement Grants – Part D
Project No.: 2006-4631-RC
CFDA No.: 84.323A
Pass Through Agency: Illinois State Board of Education
Federal Agency: U.S. Department of Education

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

Section II – Financial Statement Findings - Continued

Finding No. 06-4

Expenditure Reports Not Submitted Timely - Continued

Criteria/Specific Requirement:

The financial and reporting requirements section of grant agreements states that final expenditure reports are due (electronically through the Illinois State Board of Education Web Application Security (IWAS)) by the end of the month following the project end date.

Condition:

The Peoria County Regional Office of Education #48 (ROE) did not timely submit the required final expenditure reports for all of its grant programs passed through the Illinois State Board of Education (ISBE). During our testing of grants passed through ISBE, we noted the following final expenditure reports were filed late or were not filed as of November 15, 2006:

- Reading Improvement Block (Project No. 2006-3720-01), due July 31, 2006, not submitted as of November 15, 2006
- ROE/ISC Operations (Project No. 2006-3730-00), due July 31, 2006, submitted September 29, 2006 – 60 days late
- Other State Programs (Project No. 2006-3999-SS), due September 30, 2006, submitted October 5, 2006 – 5 days late
- Title I – School Improvement & Accountability (Project No. 2006-4331-SS), due September 30, 2006, submitted October 31, 2006 – 31 days late
- Title I – Reading First Part B SEA Funds (Project No. 2006-4337-00), due September 30, 2006, submitted November 3, 2006 – 34 days late
- Title I – Reading First Part B SEA Funds (Project No. 2006-4337-02), due September 30, 2006, submitted October 31, 2006 – 31 days late
- IDEA – Improvement Grants – Part D (Project No. 2006-4631-RC), due October 31, 2006, submitted November 15, 2006 – 15 days late
- Title II – Teacher Quality – Leadership Grant (Project No. 2006-4935-SS), due September 30, 2006, submitted October 31, 2006 – 31 days late
- Mathematics and Science Partnerships (Project No. 2006-4936-00), due September 30, 2006, submitted October 2, 2006 – 2 days late

Questioned Costs:

None.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

Section II – Financial Statement Findings - Continued

Finding No. 06-4

Expenditure Reports Not Submitted Timely - Continued

Context:

The total expenditures for these programs for Project Year 2006 were as follows:

<u>Project No.</u>	<u>Amount</u>
2006-3720-01	\$ -0-
2006-3730-00	129,546
2006-3999-SS	375,000
2006-4331-SS	1,218,000
2006-4337-00	21,424
2006-4337-02	20,973
2006-4631-RC	134,742
2006-4935-SS	132,000
2006-4936-00	<u>130,125</u>
	<u>\$ 2,161,810</u>

Effect:

Failure to submit the required final expenditure reports is noncompliance with the terms of the grant agreement. Failure to comply with the terms of grant agreements could jeopardize future funding to the ROE.

Cause:

The ROE experienced staff turnover and was using a new accounting system during the time the expenditure reports were due. The ROE required additional time to ensure accurate expenditure reports were filed.

Auditor's Recommendation:

The Peoria County Regional Office of Education #48 should comply with all the reporting requirements of its grant agreements and ensure timely submission of all reports. We also recommend that a calendar of reporting deadlines be compiled and be monitored by a person independent of the reporting function to ensure compliance.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

Section II – Financial Statement Findings - Continued

Finding No. 06-4

Expenditure Reports Not Submitted Timely - Continued

Management's Response:

The Peoria County Regional Office of Education #48 will comply with all the reporting requirements of its grant agreements and ensure timely submission of all reports. A calendar of reporting deadlines will be compiled and monitored by a person independent of the reporting function to ensure compliance.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

Section III – Federal Award Findings

INSTANCES OF NONCOMPLIANCE:

1. Finding No. 06-3 – Lack of cost allocation plan (finding details on page 17)
2. Finding No. 06-4 – Expenditure reports not submitted timely (finding details on page 21)

REPORTABLE CONDITIONS:

1. Finding No. 06-3 – Lack of cost allocation plan (finding details on page 17)
2. Finding No. 06-4 – Expenditure reports not submitted timely (finding details on page 21)

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2006

Corrective Action Plan

Finding No. 06-1

- Conditions:
- A. The Peoria County Regional Office of Education #48 (ROE) is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent signs off on the Annual Financial Reports from the school districts in his region. In addition, the ROE receives a spreadsheet from the Illinois State Board of Education (ISBE) that outlines all of the school districts and their audit exceptions, if any. The ROE follows up with school districts that have exceptions, documents the corrective action, and forwards it to ISBE.

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

- B. The ROE did not present at the September county board meeting and as nearly quarterly thereafter, a report of all of his acts including a list of all the schools visited and the dates of visitation. The ROE provides the county board with its State of the Region Statistical Report on an annual basis. This report is not updated quarterly and does not contain all information required in the statute.
- C. The ROE performs compliance inspections for each public school in his region on a rotational basis every three to four years instead of annually. While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.

- Plan:
- A. The Illinois Association of Regional Superintendents of Schools and the Illinois State Board of Education have agreed to seek legislation to remove duplicative and/or obsolete sections of the Illinois School Code. Both parties agree that section 5/3-7 of the Illinois School Code is a more current, thorough, and comprehensive requirement concerning a public school district's financial transactions. As a result, the two parties working together will seek legislation to repeal section 5/3-14.11 of the Illinois School Code.
 - B. The Regional Superintendent will present to the county board in September and quarterly thereafter a report of all his acts including a list of all the schools visited and dates of visitation as required by 105 ILCS 5/3-5.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2006

Corrective Action Plan

Finding No. 06-1 – Continued

Plan – Continued

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

Completion Date: June 30, 2007

Contact Person: The Honorable Gerald Brookhart

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2006

Corrective Action Plan

Finding No. 06-2

Condition: The Peoria County Regional Office of Education #48 (ROE) did not have adequate controls over fixed assets.

In our test of fixed assets at Two Rivers Professional Development Center, we noted several capital outlay expenditure items that were not included on the fixed asset listing. Upon investigation, it was determined that the items missing from the fixed asset listing are items which are located at other facilities.

Most of the items we selected for observation testing were located. However, ROE personnel could not tell us the specific location of one of our selected items because there was no log-out sheet or other documentation available to indicate its location.

Plan: The Peoria County Regional Office of Education #48 currently has a fixed asset listing that includes all the details required by the ROE Accounting Manual. This listing will be updated and checked for accuracy and existence through an annual physical inventory. A reconciliation will be performed between the fixed asset listing and the recorded capital outlay expenditures for each year. In addition, the ROE will implement procedures to track the location of property items maintained at other locations and items that are temporarily used off of ROE property.

Completion Date: June 30, 2007

Contact Person: The Honorable Gerald Brookhart

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2006

Corrective Action Plan

Finding No. 06-3

Condition: The Peoria County Regional Office of Education #48 (ROE) does not maintain a complete cost allocation plan to allocate the indirect costs in accordance with OMB Circular A-87. During the fiscal year, the ROE created a cost allocation plan for employees who work on multiple activities or cost objectives to distribute salaries and benefits to the various grants and programs it administers. Such salaries and benefits are allowable expenditures under OMB Circular A-87. The ROE invoices the grants and programs it administers for other central service activities based on the grant's budgeted costs, rather than as part of a Cost Allocation Plan.

Plan: The Peoria County Regional Office of Education #48 will continue to develop and implement a cost allocation plan which addresses allowable costs to all applicable programs. The Regional Office will consult with the Illinois State Board of Education while developing and implementing this plan to be sure that it meets applicable standards.

Completion Date: June 30, 2007

Contact Person: The Honorable Gerald Brookhart

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2006

Corrective Action Plan

Finding No. 06-4

Condition: The Peoria County Regional Office of Education #48 (ROE) did not timely submit the required final expenditure reports for all of its grant programs passed through the Illinois State Board of Education (ISBE). During our testing of grants passed through ISBE, we noted the following final expenditure reports were filed late or were not filed as of November 15, 2006:

- Reading Improvement Block (Project No. 2006-3720-01), due July 31, 2006, not submitted as of November 15, 2006
- ROE/ISC Operations (Project No. 2006-3730-00), due July 31, 2006, submitted September 29, 2006 – 60 days late
- Other State Programs (Project No. 2006-3999-SS), due September 30, 2006, submitted October 5, 2006 – 5 days late
- Title I – School Improvement & Accountability (Project No. 2006-4331-SS), due September 30, 2006, submitted October 31, 2006 – 31 days late
- Title I – Reading First Part B SEA Funds (Project No. 2006-4337-00), due September 30, 2006, submitted November 3, 2006 – 34 days late
- Title I – Reading First Part B SEA Funds (Project No. 2006-4337-02), due September 30, 2006, submitted October 31, 2006 – 31 days late
- IDEA – Improvement Grants – Part D (Project No. 2006-4631-RC), due October 31, 2006, submitted November 15, 2006 – 15 days late
- Title II – Teacher Quality – Leadership Grant (Project No. 2006-4935-SS), due September 30, 2006, submitted October 31, 2006 – 31 days late
- Mathematics and Science Partnerships (Project No. 2006-4936-00), due September 30, 2006, submitted October 2, 2006 – 2 days late

Plan: The Peoria County Regional Office of Education #48 will comply with all the reporting requirements of its grant agreements and ensure timely submission of all reports. A calendar of reporting deadlines will be compiled and monitored by a person independent of the reporting function to ensure compliance.

Completion Date: Immediate

Contact Person: The Honorable Gerald Brookhart

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2006

<u>Finding Number</u>	<u>Prior Finding</u>	<u>Status</u>
05-1	The ROE had inactive accounts with outstanding or deficit cash balances.	Not Repeated.
05-2	The ROE recorded local support as reductions of expenditures instead of revenues.	Not Repeated.
05-3	The ROE prepared its financial reports on the cash basis.	Not Repeated.
05-4	The ROE had inappropriate commingling of funds and insufficient cash transfers between funds.	Not Repeated.
05-5	The ROE did not comply with statutory mandates to A) notify the appropriate people of school districts of the amount and date of money distributed to them and B) examine at least once a year the books, accounts, and vouchers of every school treasurer in his region. Part B) was a universal finding for all ROE's for FY 2005.	Part A of finding will not be repeated. Part B of finding is repeated as Part A of Finding 06-1.
05-6	The ROE made a large overpayment to a vendor for the purchase of equipment for a State and federally funded grant program.	Not Repeated.
05-7	The ROE does not maintain a cost allocation plan to allocate the indirect costs in accordance with OMB Circular A-87.	Partially Repeated as Finding 06-3.
05-8	The ROE is not adequately monitoring its subrecipient under the Regional Educational Service Provider Program.	Not Repeated.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2006

The Regional Office of Education #48 for the County of Peoria provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year 2006 that ended on June 30, 2006. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

2006 Financial Highlights

- Within the Governmental Funds, the General Fund revenues decreased by \$25,306 from \$1,325,175 in fiscal year 2005 to \$1,299,869 in fiscal year 2006. General Fund expenditures decreased by \$50,644 from \$1,310,815 in fiscal year 2005 to \$1,260,171 in fiscal year 2006. The majority of the revenue and expenditure decreases are due to a reduction in state grant funds and subsequent reduction in services provided in those specific areas by the Regional Office.
- Within the Governmental Funds, the Special Revenue Fund revenue decreased by \$654,630 from \$3,972,645 in fiscal year 2005 to \$3,318,015 in fiscal year 2006. The Special Revenue Fund expenditures decreased by \$560,732 from \$3,880,245 in fiscal year 2005 to \$3,319,513 in fiscal year 2006. The majority of the revenue and expenditure decreases are due to the federal Learning Technology grant ending and the subsequent reduction in training activities that had been provided by that grant.

Using This Report

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office's financial activities.
- The government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the Regional Office of Education as a whole and present an overall view of the Office's finances.
- Fund financial statements report the Regional Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the financial statements provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements and supplementary information provides detailed information for each category of funds and about the non-major funds.

Reporting the Office as a Whole

The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the Regional Office of Education #48 as a whole. The Statement of Net Assets includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid, using accounting methods similar to those used by private-sector companies.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2006

Reporting the Office as a Whole (continued)

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

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

The government-wide financial statements present the Office's activities as both governmental and business-type activities. Local, state and federal aid finance most of these activities.

The fund financial statements provide detailed information about the Peoria County Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office of Education #48 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

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

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

- 2) Fiduciary funds are used to account for assets held by the Regional Office of Education #48 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2006

Reporting the Office as a Whole (continued)

- 3) Proprietary funds account for activities where the ROE charges customers for services. These funds are most similar to a business that operates for a profit. The ROE has one enterprise fund, the Local Workshops Fund.

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

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

Office-Wide Financial Analysis

As noted earlier, net assets may serve, when examined over time, as one indicator of the financial position of the Regional Office. The net assets at the end of fiscal year 2006 totaled \$1,299,705. At the end of fiscal year 2005, the net assets were \$1,031,864. The analysis that follows provides a summary of the Office's net assets as of June 30, 2006 and June 30, 2005, for the governmental and business-type activities.

CONDENSED STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current assets	\$ 2,141,275	\$ 2,325,997	\$ 556,990	\$ 325,739	\$ 2,698,265	\$ 2,651,736
Capital assets	192,583	187,550	-	-	192,583	187,550
Total assets	<u>2,333,858</u>	<u>2,513,547</u>	<u>556,990</u>	<u>325,739</u>	<u>2,890,848</u>	<u>2,839,286</u>
Current liabilities	<u>1,577,400</u>	<u>1,805,933</u>	<u>13,743</u>	<u>1,489</u>	<u>1,591,143</u>	<u>1,807,422</u>
Total liabilities	<u>1,577,400</u>	<u>1,805,933</u>	<u>13,743</u>	<u>1,489</u>	<u>1,591,143</u>	<u>1,807,422</u>
Net assets:						
Invested in capital assets, net of related debt	192,583	187,550	-	-	192,583	187,550
Unrestricted	523,465	480,107	543,247	324,250	1,066,712	804,357
Restricted for teacher professional development	40,410	39,957	-	-	40,410	39,957
Total net assets	<u>\$ 756,458</u>	<u>\$ 707,614</u>	<u>\$ 543,247</u>	<u>\$ 324,250</u>	<u>\$ 1,299,705</u>	<u>\$ 1,031,864</u>

The Peoria County Regional Office of Education's net assets increased by \$267,841 from FY05. The increase occurred primarily in the Local Workshops Fund as a result of providing more requested teacher training to school districts and other educational agencies. In addition, net assets related to the Teacher Institute Fund are considered restricted for teacher professional development.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2006

Office-Wide Financial Analysis (Continued)

CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues:						
Program revenues						
Charges for services	\$ -	\$ -	\$ 445,779	\$ 245,690	\$ 445,779	\$ 245,690
Operating grants and contributions	3,387,176	4,019,960	-	-	3,387,176	4,019,960
General revenues						
Local sources	280,213	233,758	-	-	280,213	233,758
State sources	471,262	516,280	-	-	471,262	516,280
Investment earnings	18,318	21,348	-	-	18,318	21,348
On behalf payments	460,915	506,474	-	-	460,915	506,474
Loss on disposal of assets	(1,399)	(36,595)	-	-	(1,399)	(36,595)
Transfers	5,611	-	(5,611)	-	-	-
Total revenues	<u>\$ 4,622,096</u>	<u>\$ 5,261,225</u>	<u>\$ 440,168</u>	<u>\$ 245,690</u>	<u>\$ 5,062,264</u>	<u>\$ 5,506,915</u>
Expenses:						
Program expenses						
Salaries and benefits	\$ 1,188,202	\$ 963,178	\$ 83,253	\$ 122,766	\$ 1,271,455	\$ 1,085,944
Purchased services	799,737	1,047,350	137,918	112,387	937,655	1,159,737
Supplies and materials	193,157	294,702	-	-	193,157	294,702
Payments to other governments	599,711	929,233	-	-	599,711	929,233
Capital outlay	(11,376)	1,386	-	-	(11,376)	1,386
Depreciation expense	66,170	52,003	-	-	66,170	52,003
Other objects	1,276,736	1,310,595	-	-	1,276,736	1,310,595
Administrative expenses						
On-behalf payments - Local	215,747	227,327	-	-	215,747	227,327
On-behalf payments - State	245,168	279,147	-	-	245,168	279,147
Total expenses	<u>\$ 4,573,252</u>	<u>\$ 5,104,921</u>	<u>\$ 221,171</u>	<u>\$ 235,153</u>	<u>\$ 4,794,423</u>	<u>\$ 5,340,074</u>
Change in net assets	\$ 48,844	\$ 156,304	\$ 218,997	\$ 10,537	\$ 267,841	\$ 166,841
Net assets beginning of year	707,614	551,310	324,250	313,713	1,031,864	865,023
Net assets end of year	<u>\$ 756,458</u>	<u>\$ 707,614</u>	<u>\$ 543,247</u>	<u>\$ 324,250</u>	<u>\$ 1,299,705</u>	<u>\$ 1,031,864</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2006

Governmental Activities

Revenues for governmental activities were \$4,622,096 and expenses were \$4,573,252 for the year ended June 30, 2006. Revenues for governmental activities were \$5,261,225 and expenses were \$5,104,921 for the year ended June 30, 2005. As discussed earlier, the revenue within the General Fund decreased by \$25,306. The decreases in other revenues and expenditures are due primarily to the large federal learning technology grant ending.

Financial analysis of the Peoria County Regional Office of Education #48 Funds

As previously noted, the Peoria County Regional Office of Education #48 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency's Governmental Funds reported combined fund balances of \$563,875 at June 30, 2006 compared to fiscal year 2005's ending fund balance of \$520,064. The majority of this increase is due to a reduction in expenditures for purchased services in the ROE/ISC Operations account, in that fewer outside consultants were hired and more time from grant personnel was used to conduct workshops than in previous years.

Budgetary Highlights

The Peoria County Regional Office of Education #48 annually adopts budgets for several funds. The Institute Fund Budget, the Direct Services Budget and the Special Funds Budget are prepared by the Regional Superintendent and serve as a guideline for activities and expenditures. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the Peoria County Board for their approval. The Office Operations Budget covers a fiscal year that runs from January 1 to December 30. All grant budgets are prepared by the Peoria County Regional Office of Education #48 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Schedules showing the budget amounts compared to the Office's actual financial activity are included in the supplementary information of this report.

Capital Assets

Capital Assets of the Peoria County Regional Office of Education #48 include office equipment, computers, audio-visual equipment, and office furniture. The Peoria County Regional Office of Education #48 maintains an inventory of capital assets that have been accumulated over time. During the year ended June 30, 2006, Peoria County Regional Office of Education #48 purchased assets totaling \$72,602 and disposed of assets totaling \$1,999 resulting in an ending balance of \$427,225. In addition, the Peoria County Regional Office of Education #48 has adopted a depreciation schedule that reflects the level of Net Governmental Activities Capital Assets. More detailed information about capital assets is available in Note 6 of the financial statements.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2006

Economic Factors and Next Year's Budget

At the time these financial statements were prepared and audited, the Peoria County Regional Office of Education #48 was aware of several existing circumstances that could affect its financial health in the future:

- The interest rate on cash accounts remains low and will impact interest earned.
- Several grants have remained near or at previous levels. In addition, the School Service grant has again been reduced and the large Learning Technology grant has ended.
- The Regional Office has just received notification that it will receive a new Pre-school For All (PFA) competitive grant totaling \$850,000.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Office's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact The Regional Superintendent of the Peoria County Regional Office of Education #48 at 324 Main St., Room 401, Peoria, IL 61602.

BASIC FINANCIAL STATEMENTS

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
STATEMENT OF NET ASSETS
June 30, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 1,802,609	\$ 520,048	\$ 2,322,657
Internal balances	(25,505)	25,505	-
Due from agency fund	7,255	-	7,255
Due from other governments	356,916	11,437	368,353
 Total Current Assets	 <u>2,141,275</u>	 <u>556,990</u>	 <u>2,698,265</u>
Noncurrent Assets:			
Capital assets, being depreciated, net	192,583	-	192,583
 Total Noncurrent Assets	 <u>192,583</u>	 <u>-</u>	 <u>192,583</u>
 TOTAL ASSETS	 <u>2,333,858</u>	 <u>556,990</u>	 <u>2,890,848</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	121,602	13,743	135,345
Deferred revenue	1,455,798	-	1,455,798
 TOTAL LIABILITIES	 <u>1,577,400</u>	 <u>13,743</u>	 <u>1,591,143</u>
NET ASSETS			
Invested in capital assets, net of related debt	192,583	-	192,583
Unrestricted	523,465	543,247	1,066,712
Restricted for teacher professional development	40,410	-	40,410
 TOTAL NET ASSETS	 <u>\$ 756,458</u>	 <u>\$ 543,247</u>	 <u>\$ 1,299,705</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2006

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses)/Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary government:						
Governmental activities:						
Instructional Services:						
Salaries	\$ 1,024,818	\$ -	\$ 766,303	\$ (258,515)	\$ -	\$ (258,515)
Employee benefits	163,384	-	116,931	(46,453)	-	(46,453)
Purchased services	799,737	-	527,460	(272,277)	-	(272,277)
Supplies and materials	193,157	-	141,963	(51,194)	-	(51,194)
Payments to other governments	599,711	-	601,245	1,534	-	1,534
Capital outlay	(11,376)	-	50,196	61,572	-	61,572
Depreciation	66,170	-	-	(66,170)	-	(66,170)
Other	1,276,736	-	1,183,078	(93,658)	-	(93,658)
Administrative:						
On-behalf payments-Local	215,747	-	-	(215,747)	-	(215,747)
On-behalf payments-State	245,168	-	-	(245,168)	-	(245,168)
Total governmental activities	4,573,252	-	3,387,176	(1,186,076)	-	(1,186,076)
Business-type activities:						
Local workshops	221,171	445,779	-	-	224,608	224,608
Total business-type activities	221,171	445,779	-	-	224,608	224,608
Total primary government	\$ 4,794,423	\$ 445,779	\$ 3,387,176	\$ (1,186,076)	\$ 224,608	\$ (961,468)
General revenues:						
Local sources				280,213	-	280,213
State sources				471,262	-	471,262
Investments earnings				18,318	-	18,318
On behalf payments				460,915	-	460,915
Loss on disposal of assets				(1,399)	-	(1,399)
Transfers				5,611	(5,611)	-
and:				1,234,920	(5,611)	1,229,309
Total general revenues				48,844	218,997	267,841
Change in net assets				707,614	324,250	1,031,864
Net assets - beginning				\$ 756,458	\$ 543,247	\$ 1,299,705
Net assets - ending						

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006

	General Fund	Education Fund	Learning Technology Center	Title I School Improvement and Accountability	Other Non-Major Funds	Total Governmental Funds
ASSETS						
Cash	\$ 42,083	\$ 663,069	\$ 185,998	\$ 588,134	\$ 323,325	\$ 1,802,609
Due from other funds	168,713	216,509	-	-	-	385,222
Due from other governmental units and agencies	-	353,020	-	-	3,896	356,916
TOTAL ASSETS	\$ 210,796	\$ 1,232,598	\$ 185,998	\$ 588,134	\$ 327,221	\$ 2,544,747
LIABILITIES						
Accounts payable	146	87,971	1,230	16,389	15,866	121,602
Due to other funds	74,478	295,025	-	970	32,999	403,472
Deferred revenue	-	836,479	434	570,775	48,110	1,455,798
Total Liabilities	74,624	1,219,475	1,664	588,134	96,975	1,980,872
FUND BALANCES						
Unreserved, reported in:						
General fund	136,172	-	-	-	-	136,172
Special revenue funds	-	13,123	184,334	-	230,246	427,703
Total fund balances	136,172	13,123	184,334	-	230,246	563,875
TOTAL LIABILITIES AND FUND BALANCES	\$ 210,796	\$ 1,232,598	\$ 185,998	\$ 588,134	\$ 327,221	\$ 2,544,747

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2006

Total Fund balances - governmental funds	\$ 563,875
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>192,583</u>
Net assets of governmental activities	<u><u>\$ 756,458</u></u>

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

	General Fund	Education Fund	Learning Technology Center	Title I School Improvement and Accountability	Other Non-Major Funds	Total Governmental Funds
Revenues:						
Local sources	\$ 13,864	\$ 139,579	\$ 85,086	\$ -	\$ 153,820	\$ 392,349
State sources	816,986	694,678	252,987	-	1,000	1,765,651
Federal sources	-	770,779	50,782	1,159,090	-	1,980,651
Interest	13,573	67	4,678	-	-	18,318
On-behalf payments from Peoria County	215,747	-	-	-	-	215,747
On-behalf payments from State	239,699	-	5,469	-	-	245,168
Total revenues	1,299,869	1,605,103	399,002	1,159,090	154,820	4,617,884
Expenditures:						
Salaries	102,064	644,855	165,148	110,951	1,800	1,024,818
Employee benefits	12,084	100,506	36,391	14,142	261	163,384
Purchased services	67,424	351,116	103,395	180,708	97,094	799,737
Supplies and materials	14,032	66,665	62,066	44,183	6,211	193,157
Capital outlay	-	19,616	8,424	33,186	-	61,226
Payments to other governments	599,711	-	-	-	-	599,711
On-behalf payments	215,747	-	-	-	-	215,747
On-behalf payments to TRS and State	239,699	-	5,469	-	-	245,168
Other	9,410	410,828	31,978	775,920	48,600	1,276,736
Total expenditures	1,260,171	1,593,586	412,871	1,159,090	153,966	4,579,684
Excess (deficiency) of revenues over expenditures	39,698	11,517	(13,869)	-	854	38,200
Other Financing Sources (Uses):						
Transfers in	-	6,134	6,117	-	-	12,251
Transfers out	-	-	(6,117)	-	(523)	(6,640)
Total other financing sources and uses	-	6,134	-	-	(523)	5,611
Net change in fund balances	39,698	17,651	(13,869)	-	331	43,811
Fund balances - beginning	96,474	(4,528)	198,203	-	229,915	520,064
Fund balances - ending	\$ 136,172	\$ 13,123	\$ 184,334	\$ -	\$ 230,246	\$ 563,875

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
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, 2006

Net change in fund balances \$ 43,811

Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlay expenditures per the fund financials	\$ 61,226		
Capital outlay expenditures per the government wide statement	<u>11,376</u>		
Capital outlay expenditures that are capitalized		72,602	
 Depreciation expense		<u>(66,170)</u>	6,432

The net effect of various transactions involving capital assets (i.e., sales, trade-ins, donations and disposals) is to increase/decrease net assets:

Disposals			(1,399)
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Changes in net assets of governmental activities \$ 48,844

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2006

		Enterprise Fund	Local Workshops
ASSETS			
Current assets:			
Cash	\$	520,048	
Due from other funds		64,985	
Due from other governmental units and agencies		11,437	
Total current assets		596,470	
Noncurrent assets		-	
TOTAL ASSETS		596,470	
LIABILITIES			
Current liabilities:			
Accounts payable		13,743	
Due to other funds		39,480	
Total current liabilities		53,223	
Noncurrent liabilities		-	
TOTAL LIABILITIES		53,223	
NET ASSETS			
Unrestricted (deficit)		543,247	
TOTAL NET ASSETS	\$	543,247	

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
For the Year Ended June 30, 2006

	<u>Enterprise Fund</u>
	<u>Local Workshops</u>
OPERATING REVENUES:	
Charges for services	<u>\$ 445,779</u>
 Total operating revenues	 <u>445,779</u>
 OPERATING EXPENSES:	
Salaries	66,406
Employee benefits	16,847
Purchased services	<u>137,918</u>
 Total operating expenses	 <u>221,171</u>
 Operating income (loss)	 <u>224,608</u>
 OTHER FINANCING SOURCES (USES):	
Transfers in	523
Transfers out	<u>(6,134)</u>
 TOTAL OTHER FINANCING SOURCES AND USES	 <u>(5,611)</u>
 NET CHANGE IN NET ASSETS	 218,997
 TOTAL NET ASSETS - BEGINNING OF YEAR	 <u>324,250</u>
 TOTAL NET ASSETS - END OF YEAR	 <u><u>\$ 543,247</u></u>

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2006

	Enterprise Fund
	Local Workshops
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from other funds for goods and services provided	\$ 439,143
Payments to suppliers and providers of goods and services	(125,664)
Payments to employees	(83,253)
Payments made to other funds for operating expenses	102,734
Net cash provided by (used for) operating activities	332,960
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	-
CASH FLOWS FROM INVESTING ACTIVITIES	-
Net increase (decrease) in cash and cash equivalents	332,960
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	187,088
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 520,048
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Operating income (loss)	\$ 218,997
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:	
Decrease in due from other funds	108,346
Increase in due from other governmental units and agencies	(6,636)
Increase in accounts payable	12,254
Decrease in due to other funds	(1)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 332,960

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
June 30, 2006

	ASSETS	Agency Funds
ASSETS		
Cash		\$ 2,564
Due from other governmental units and agencies		<u>417,657</u>
TOTAL ASSETS		<u><u>\$ 420,221</u></u>
	LIABILITIES	
LIABILITIES		
Due to other funds		\$ 7,255
Due to other governmental units		<u>412,966</u>
TOTAL LIABILITIES		<u><u>\$ 420,221</u></u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Peoria County Regional Office of Education #48 (ROE) conform to accounting principles generally accepted in the United States of America for governmental entities. The following is a summary of the significant accounting policies.

FINANCIAL REPORTING ENTITY

The Regional Superintendent is responsible for supervision and control of school districts within Peoria County. This includes all aspects of supervision, reports and financial accounting of districts which are considered by state law to be in the Service Region. In addition, the Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to state controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers, to conduct teachers institutes as well as to aid and encourage the formation of other teachers meetings and assist in their management; evaluate the schools in Peoria County, examine school treasurer's books, accounts, and vouchers; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the Regional Superintendent's office; and file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required, providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Peoria County districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with state law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

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

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

For the period ended June 30, 2006, Peoria County Regional Office of Education #48 applied for, received, and administered numerous state and federal programs and grants in assistance and support of the educational activities of the school districts in Peoria County. Such activities are reported as a single special revenue fund (Education Fund).

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REPORTING ENTITY

The ROE's reporting entity includes all related organizations for which it exercises oversight responsibility.

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

Certain joint agreements have been determined not to be part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the ROE does not control the assets, operations, or management of the joint agreements. However, Two Rivers Professional Development Center and Area III Learning Technology Hub were determined to be part of the reporting entity and, as such, are reflected as part of these financial statements. In addition, the ROE is not aware of any entity which would exercise such oversight as to result in the ROE being considered a component of the entity.

BASIS OF PRESENTATION – 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 primary government.

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

The statements are separated by governmental and business-type activities. The only business-type activity for the ROE is the Local Workshop Fund, which accounts for fees that are charged for various workshops and conferences that provide staff development for educators in central and west central Illinois.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Fund Accounting

The accounts of the ROE are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of its assets, liabilities, fund balance, revenues, and expenditures. The ROE's resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other non-major governmental funds.

Governmental Fund Types

Governmental Funds are those through which most governmental functions of the ROE are financed. The acquisition, use, and balances of the ROE's expendable financial resources and the related current liabilities are accounted for through Governmental Funds. The ROE's major Governmental Funds include the following:

General Fund – The General Fund is used to account for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted for in another fund. The General Fund is always considered a major fund. The following accounts are included in the General Fund:

Administrative Interest Fund – To account for interest earned on local, education for employment, and target fund accounts.

ROE/ISC Operations – To account for the administration of the Two Rivers Professional Development Center, which provides staff training and development and school improvement services. Revenue is provided by State of Illinois funds.

ROE Local Fund – To account for transition money received from the State of Illinois. Transition money is the monies paid by the State of Illinois to ROEs affected by the closing of the Educational Service Centers following the merger of various ROEs.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Education Fund – The Education Fund includes proceeds from specific revenue sources that are legally restricted to expenditures for specified purposes. The following accounts are included in the Education Fund:

Upward Generated – To account for local monies received to promote adult literacy.

Adult Education – To account for state and federal monies received for educational programs for incarcerated persons.

Local Professional Development Committee – To account for monies received to assist a local committee plan the professional development for teacher renewal.

Secretary of State Literacy – To account for monies received for programs designed to help meet the needs of adults classified as functionally illiterate.

Arts in Education – To account for monies received for the Spring Celebration, an annual six-week program designed to offer students in grades K-12 the opportunity to perform, exhibit, and demonstrate their abilities in the Fine Arts and the Applied Arts.

ROE Technology Plan – To account for monies received to assist in preparing Technology Plans and in facilitating the peer review of those plans.

Family Literacy – To account for monies received to provide community programs to promote the literacy of adults.

Jail Library – To account for local monies received to provide a librarian at the Peoria County Jail.

Secretary – To account for local monies received to provide an additional secretary for the Regional Office.

Lincoln Senior Award – To account for local monies received to provide Abraham Lincoln Awards to sixteen high school students.

Communities for Youth Truants Alternative – To account for monies received for programs leading to a high school diploma for students with truancy problems.

Truants Alternative/Safe Kids – To account for state monies received to address the truancy issue at three Peoria County Schools.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Truants Alternative Homeless – To account for monies received to provide information to schools, community members and government entities about the educational rights of homeless students.

Truants Alternative Weed and Seed – To account for monies received from the City of Peoria to address the truancy issue at one Peoria high school.

Career Awareness and Development – To account for monies received to provide career development training opportunities for elementary and middle school educators to integrate information on careers and career planning into the existing curriculum.

Scientific Literacy Entitlement – To account for monies to provide training to teachers to integrate higher order thinking skills and engaged learning into the classroom.

Standards Aligned Classroom – Statewide Professional Development – To account for monies received from ROE 11 for expenditures for state standards aligned classroom initiatives and salaries.

Accelerated Schools – To account for monies received to provide a comprehensive school reform model to raise student achievement.

Life Skills – To account for monies received to provide teachers with a curriculum for their students to prevent alcohol, tobacco and drug use among middle school students.

Education to Careers – To account for monies received for programs designed to provide students exposure to the work world.

Cooke School – To account for monies received to provide professional development for the school district.

Reading Excellence Grant – To account for monies received to provide assistance in reading education to raise student achievement.

Title II Eisenhower/Math Professional Development – To account for monies to provide workshops for educators in math, science, and other content to local schools.

Reading First Super Region – To account for monies received from the state (federal dollars) for expenditures incurred providing reading assistance to Area III Reading First schools.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Reading First Phase Two – To account for monies received from the state (federal dollars) for expenditures incurred providing reading assistance to Reading First districts and buildings.

Zero Math – To account for monies to provide training to area educators for math curriculums.

Department of Commerce Economic Opportunity – To account for monies from Department of Commerce Economic Opportunity for expenditures incurred in the operations of Two Rivers Professional Development Center.

Learning Behavioral Specialist – To account for monies received to provide a program designed to prepare special education teachers with limited certificates or approval to teach all students encompassed by the Learning Behavioral Specialist I.

Coordination Services Grant – To account for monies received from the state to support school improvement services for schools in academic difficulty.

Reading First – To account for monies received from the state (federal dollars) for expenditures incurred providing reading assistance to Reading First districts and buildings.

Reading First Technical Assistance – To account for monies received from the state (federal dollars) for expenditures incurred providing reading assistance to reading coaches in Area III Reading First districts/buildings.

Title II Teacher Quality – To account for monies received from the state (federal dollars) to support school improvement services for schools in academic difficulty.

Mathematics and Science Partnership – To account for monies received from the state (federal dollars) for expenditures incurred providing math/science grant workshops and services.

Title V Innovative Programs – To account for monies received from the state (federal dollars) to support school improvement services for schools in academic difficulty.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Paraprofessional – To account for monies received from the state for expenditures incurred in assisting teachers aides in becoming accredited.

Special Education Regional Professional Development Center – To account for monies received from the state (federal dollars) for expenditures incurred to combine professional development in response to intervention, standards aligned classroom, and reading literacy to improve intervention with children.

Illinois Department of Public Health – To account for monies received from the state for expenditures incurred in providing teachers information about asthma.

Reading Improvement Block – To account for monies received from the state for expenditures incurred in instructing building administrators in literacy concepts.

Learning Technology Center – To account for monies received from the State of Illinois for expenditures incurred in providing a technology support system for ROEs in 20 surrounding counties. The following accounts are included in the Learning Technology Center:

General Operations – To account for monies received to provide a technology support system for area school districts.

Technical Training/Support – To account for monies received to provide training and professional development to area educators.

Education Technology Competitive Grant – To account for federal monies received to provide staff development and resources to area educators.

Technical Training Local Boot Camp – To account for monies received to provide training and professional development to area educators.

Technology Planning – To account for monies received to provide training and professional development to area educators.

Title I School Improvement and Accountability – To account for monies received from the state (federal dollars) to support school improvement services for Title I schools in academic difficulty.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

The ROE also reports the following non-major governmental funds:

Non-Major Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The ROE's non-major special revenue funds include the following:

Food Co-op – To account for the ROE's administration of food programs for the schools participating in the co-op.

Clean Water Celebration – To account for contributions received and related to expenditures for the clean water awareness program.

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

Arts Opportunities – To account for contributions received and related to expenditures for the arts opportunities program.

General Educational Development – To account for the ROE's administration of the GED Testing Program. Revenues are received from testing and diploma fees.

Teachers' Institute – To account for the ROE's stewardship of the assets held in trust for the benefit of the ROE's teachers. Fees are collected from registration of teachers' certificates of qualification. Monies are expended to conduct teachers' institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.

Bus Driver – To account for the ROE's stewardship of the assets held in trust in connection with the Bus Driver Training Program.

Directory – To account for the collection and distribution of funds used for advertising space in the school directory.

Hospital Tutoring – (State laws require that hospitalized students receive tutoring.) To handle the related transactions, including the receipt of bills from the hospitals, billing the appropriate schools, receiving payment from the schools, and remitting payments to the hospitals.

Office of Prevention – To account for monies used to create a "library" of substance abuse and violence prevention materials, which directs a 40 percent portion of Title IV grants from 15 Peoria County school districts to Peoria County Sheriff for use in the D.A.R.E. program.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Local Math and Science Cooperative – To account for monies spent to enhance math and science instruction within participating schools.

Pleasant Valley – To account for monies received from Pleasant Valley School for expenditures incurred providing professional development support and assistance.

School Improvement Plan – To account for monies received from the State of Illinois to train and implement the school improvement system within local districts.

Proprietary Fund Types

Enterprise Fund – The ROE's enterprise fund is the Local Workshops Fund. This fund is used to account for the various fees charged for local workshops that provide professional development to area educators.

Fiduciary Fund Types

Agency Funds are used to account for assets held by the ROE in a trustee capacity or as an agent for individuals and private or governmental organizations. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The ROE has the following Agency Funds:

Distributive Fund – To account for the pass-through of state aid and federal monies from the ROE to the various school districts within the ROE. At any given point in time, total fund assets are equally offset by related liabilities, including amounts due to the parties for whom the assets are being held. Agency funds have no fund equity and do not involve measurement of revenues, expenditures, or expenses.

Regional Board of School Trustees Fund – To account for the proceeds and related costs from the sale of school properties within the ROE.

Central Illinois Science Educators (C.I.S.E.) – To account for the receipts and disbursements of the C.I.S.E. This account is maintained for the convenience of the C.I.S.E.

Criminal Background Checks – To account for the pass-through of monies from various school districts to agencies to conduct criminal background checks on substitute teachers.

Answers (Autism Needs Support Wherever it Strikes, Inc.) – To account for the receipts and disbursements of Answers. This fund is maintained for the convenience of Answers.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

Accounting records and reports made by ROE officials are maintained on the cash basis of accounting. Under this method, revenue is recorded when collected and expenditures are recorded when disbursements are made. The government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the ROE considers revenues to be available if they are collected within one year of the end of the current fiscal period.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the ROE; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

The financial statements of all governmental funds focus on the measurement of spending or "financial flow" and the determination of changes in financial position, rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund equity (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Agency's enterprise fund is charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS

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

BUDGETS

The ROE does not adopt a formal budget for all revenues and expenditures of the governmental funds and is not legally required to do so. The Regional Office of Education Funds are controlled by the Regional Superintendent of Education and the State of Illinois. Certain programs administered by the ROE are subject to budget approval by the State of Illinois. The actual to budget comparisons are prepared on the modified accrual basis of accounting. The following accounts/funds prepare budgets:

General Fund: ROE/ISC Operations

Educational Grants:

State Adult Education (Basic)
State Adult Education (Performance)
Federal Adult Education (Basic)
Secretary of State Literacy
Communities for Youth Truants Alternative
Truants Alternative/Homeless
Standards Aligned Classroom - Statewide
Professional Development
Reading First Phase Two

Coordination Services Grant
Reading First
Reading First Technical Assistance
Title II Teacher Quality
Mathematics and Science Partnership
Special Education Regional Professional
Development Center
Reading Improvement Block

Learning Technology Center:

Technology for Schools – General Operations

Special Revenue Funds: Title I School Improvement
and Accountability Grant

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets. Purchases of equipment are recorded as capital outlay expenditures of the various funds. All capital assets are capitalized at cost or estimated historical cost and updated for additions and retirements during the year. Depreciation is recorded.

DUE FROM OTHER GOVERNMENTAL UNITS AND AGENCIES

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

ACCUMULATED UNPAID VACATION AND SICK PAY

Sick pay must be accumulated but does not vest with the employee. Vacation time must be used during the calendar year earned or it is forfeited. Any accruals as of June 30 are considered immaterial.

INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds and are classified as "due to and from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

EQUITY CLASSIFICATIONS

Government-wide Statements

Equity is classified as net assets. Net assets represent the difference between assets and liabilities and is displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

EQUITY CLASSIFICATIONS (Continued)

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

TRANSFERS

During the year ended June 30, 2006, the ROE closed several of its inactive accounts after researching the proper disposition of any remaining funds. The amounts transferred between accounts are shown as transfers in the Statement of Activities and Statement of Revenues, Expenditures, and Changes in Fund Balance.

NEW ACCOUNTING STANDARDS

There were four new accounting standards implemented during the year ended June 30, 2006: Governmental Accounting Standards Board Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, Governmental Accounting Standards Board Statement No. 44, *Economic Condition Reporting: The Statistical Section*, Governmental Accounting Standards Board Statement No. 46, *Net Assets Restricted by Enabling Legislation*, and Governmental Accounting Standards Board Statement No. 47, *Accounting for Termination Benefits*. These new standards were implemented during the year ended June 30, 2006, but did not have a significant impact on the financial statements.

2. DEPOSITS AND INVESTMENTS

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

Bank Deposits

At June 30, 2006, the carrying amount of the ROE's various bank deposits totaled \$2,325,221 and the bank balances totaled \$2,585,767. Included in the bank balance is \$265 deposited in the Illinois Funds and \$1,996,014 invested in the Illinois School District Liquid Asset Fund Plus.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk for deposits with financial institutions is the risk that, in the event of a bank failure, the ROE's deposits may not be returned to it. The ROE does not have a deposit policy for custodial credit risk. As of June 30, 2006, \$489,489 of the ROE's bank balance of \$2,585,767 was exposed to custodial credit risk as follows:

	<u>Bank Balance</u>
Uninsured and collateral held by pledging bank's trust department	<u>\$ 489,489</u>
Total	<u>\$ 489,489</u>

Investments

The ROE does not have a formal investment policy, but requires that funds be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the ROE will not be able to recover the value of its investments that are in possession of an outside party.

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

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is an external investment pool organized and existing under the laws of the State of Illinois. The Illinois Association of School Boards, the Illinois Association of School Administrators and the Illinois Association of School Business Officials serve as the sponsors of ISDLAF+. The investment advisor for ISDLAF+ is a corporation organized under the laws of the State of Illinois and is registered with the Securities and Exchange Commission. The most recent money market rating issued by Standard and Poors was AAAM. Portfolio securities are valued using the amortized cost method of valuation. This method involves valuing each investment at cost on the date of purchase and assuming a constant amortization to maturity of any discount or premium. Amortized cost valuation provides certainty in valuation, but may result in valuations that are higher or lower than the market price of a particular portfolio security. The ROE has elected to invest in the Multi-Class Series, which tries to maintain a stable net asset value of \$1.00 per share.

Investments by the ROE in external investment pools are considered unclassified as to credit risk because they are not evidenced by securities that exist in physical or book entry form.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

3. RECEIVABLES/PAYABLES

Receivables for the Peoria County ROE #48 at June 30, 2006, are as follows:

	<u>Due from Other Governments</u>	<u>Other</u>	<u>Total</u>
Governmental activities:			
General	\$ 356,916	\$ -	\$ 356,916
Total governmental activities	<u>\$ 356,916</u>	<u>\$ -</u>	<u>\$ 356,916</u>

Payables for the Peoria County ROE #48 at June 30, 2006, are as follows:

	<u>Vendors</u>	<u>Other</u>	<u>Total</u>
Governmental activities:			
General	\$ 121,602	\$ -	\$ 121,602
Total governmental activities	<u>\$ 121,602</u>	<u>\$ -</u>	<u>\$ 121,602</u>

4. DUE TO/FROM OTHER FUNDS

The Peoria County ROE #48 had the following due to/from other fund balances for the year ended June 30, 2006:

DUE FROM OTHER FUNDS:

	<u>General Fund</u>	<u>Education Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
DUE TO OTHER FUNDS:				
General Fund	\$ -	\$ 9,493	\$ 64,985	\$ 74,478
Education Fund	108,660	186,365	-	295,025
School Improvement Grant - Title I	-	970	-	970
Nonmajor Funds	32,999	-	-	32,999
Enterprise Fund	19,799	19,681	-	39,480
Agency Fund	7,255	-	-	7,255
Total	<u>\$ 168,713</u>	<u>\$ 216,509</u>	<u>\$ 64,985</u>	<u>\$ 450,207</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

5. DUE TO/FROM OTHER GOVERNMENTS

The Peoria County Regional Office of Education #48's governmental and fiduciary activities have amounts due to and due from various other governmental units which consist of the following:

Due From Other Governments:

Illinois State Board of Education	\$712,698
Other	<u>73,312</u>

\$786,010

Due To Other Governments:

Local School Districts	<u>\$412,966</u>
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6. CAPITAL ASSETS

The following is a summary of the changes in capital assets for the year ended June 30, 2006.

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Government activities:				
Capital assets being depreciated:				
Equipment	<u>\$ 356,622</u>	<u>\$ 72,602</u>	<u>\$ 1,999</u>	<u>\$ 427,225</u>
Total capital assets being depreciated	<u>356,622</u>	<u>72,602</u>	<u>1,999</u>	<u>427,225</u>
Less accumulated depreciation for:				
Equipment	<u>169,072</u>	<u>66,170</u>	<u>600</u>	<u>234,642</u>
Total accumulated depreciation	<u>169,072</u>	<u>66,170</u>	<u>600</u>	<u>234,642</u>
Governmental activities capital assets, net	<u><u>\$ 187,550</u></u>	<u><u>\$ 6,432</u></u>	<u><u>\$ 1,399</u></u>	<u><u>\$ 192,583</u></u>

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	<u>\$66,170</u>

Total governmental activities depreciation expense \$66,170

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

7. RETIREMENT PLANS

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

TRS Plan Description

The ROE (employer) participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate through June 30, 2006 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer.

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

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

- On-behalf Contributions. The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2006, State of Illinois contributions were based on 7.06 percent of creditable earnings, and the ROE recognized revenue and expenditures of \$58,693 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2005, and June 30, 2004, the State of Illinois contribution rates as percentages of creditable earnings were 11.76 percent (\$94,004) and 13.98 percent (\$112,034), respectively.

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

- 2.2 Formula Contributions. Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ended June 30, 2006 were \$4,822. Contributions for the years ending June 30, 2005, and June 30, 2004, were \$4,636 and \$4,649, respectively.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

RETIREMENT PLANS (Continued)

TRS Plan Description (Continued)

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

For the year ended June 30, 2006, the employer pension contribution was 7.06 percent of salaries paid from federal and trust funds. For the two years ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2006, salaries totaling \$92,005 were paid from federal and trust funds that required employer contributions of \$6,496. For the years ended June 30, 2005 and June 30, 2004, required ROE contributions were \$13,357 and \$8,355, respectively.

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

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

Under the ERO program that expired on June 30, 2005 and the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation.

Under the Modified ERO, the maximum employer contribution is 117.5 percent. Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement.

For the year ended June 30, 2006, the ROE paid \$-0- to TRS for employer contributions under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2005 and June 30, 2004, the ROE made no payments under the ERO.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

RETIREMENT PLANS (Continued)

TRS Plan Description (Continued)

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

Illinois Municipal Retirement Fund

The ROE's employees are covered under the Illinois Municipal Retirement Fund. For all funds other than the Two Rivers Professional Development Center, contributions to the Fund are made by Peoria County on behalf of the Peoria County Regional Office of Education #48 employees.

The Two Rivers Professional Development Center (Center) is a department of the Peoria County Regional Office of Education #48.

The Center's defined benefit pension plan, Illinois Municipal Retirement (IMRF) provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund; 2211 York Road, Suite 500; Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by State statute. The Center is required to contribute at an actuarially determined rate. The employer rate for calendar year 2005 was .91 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2005, was 2 years.

For December 31, 2005, the Center's annual pension cost of \$1,383 was equal to the Center's required and actual contributions. The required contribution was determined as part of the December 31, 2003, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 to 11.6 percent per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3.00 percent annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15 percent corridor. The assumptions used for the 2005 actuarial valuation were based on the 2002-2004 experience study.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

RETIREMENT PLANS (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Valuation Date	Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2005	\$ 1,383	100 %	\$0
12/31/2004	5,812	100	0
12/31/2003	11,811	100	0
12/31/2002	17,046	100	0
12/31/2001	24,084	100	0
12/31/2000	13,287	100	0
12/31/1999	12,699	100	0
12/31/1998	15,653	100	0
12/31/1997	12,948	100	0
12/31/1996	2,265	100	0

8. TWO RIVERS PROFESSIONAL DEVELOPMENT CENTER

The ROE has entered into an intergovernmental agreement with Knox County Regional Office of Education #33 to form an educational service delivery system known as Two Rivers Professional Development Center (Center). The ROE was designated as the administrative agent and as the director of the Center. The Center provides training, staff development, and educational programs to the educators in Knox and Peoria Counties.

9. RISK MANAGEMENT

The ROE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Insurance to cover these risks is provided through Peoria County.

10. OTHER DISCLOSURES

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

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

OTHER DISCLOSURES (Continued)

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

<u>Fund/Account</u>	<u>Amount</u>
State Adult Education (Performance)	\$ 2,157
Federal Adult Education (Basic)	5,463
Secretary of State Literacy	1,256
Truants Alternative Homeless	345
Paraprofessional	112
Clean Water Celebration	50
Directory	1,798

B. The following funds had an excess of actual expenditures over budget for the year ended June 30, 2006.

<u>Fund</u>	<u>Budget Amount</u>	<u>Expenditures</u>	<u>Unfavorable Variance</u>
ROE/ISC Operations	\$ 129,546	\$ 224,607	\$ 95,061
State Adult Education (Basic)	20,847	21,924	1,077
Federal Adult Education (Basic)	21,376	21,557	181
Communities for Youth Truants Alternative	180,433	186,070	5,637
Truants Alternative Homeless	58,000	58,068	68
Standards Aligned Classroom - Statewide			
Professional Development	112,000	389,634	277,634
Reading First Phase Two	20,973	34,016	13,043
Coordination Services Grant	375,000	384,000	9,000
Technology for Schools - General Operations	253,594	289,859	36,265

11. AREA III LEARNING TECHNOLOGY CENTER

The Illinois State Board of Education has established a statewide Learning Technology Center Program for the purpose of providing a coordinated, statewide support infrastructure which assists school districts in planning for, implementing, assessing results, and educating school staff in the use of technology and telecommunications in curricular, instructional, and administrative functions. The Peoria County Regional Office of Education #48 is one of seven Learning Technology Centers in Illinois and leads coordination among twenty surrounding counties.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

12. INTEREST ON DISTRIBUTIVE FUND

Interest earned on distributive fund receipts is remitted to all affected school boards and other entities that have activity in the distributive fund. The interest monies are allocated based upon the total flow-through activity for each entity and are distributed based on those percentages once per year.

13. OPERATING LEASES

Two Rivers Professional Development Center has a verbal lease for their office space at a monthly rent of \$3,972.

During the year ended June 30, 2006, rentals under lease obligations were \$47,660.

Effective July 1, 2006, Two Rivers Professional Development Center has entered into a one year lease for additional office space at a monthly rent of \$1,000.

14. ON-BEHALF PAYMENTS AND RELATED PARTY TRANSACTIONS

The State of Illinois makes contributions directly to TRS on behalf of the ROE's TRS-covered employees. The salaries, fringe benefits, and TRS contributions of the Regional Superintendent and the Assistant Superintendents are paid by the State of Illinois. The following salary and benefit data for the Regional Superintendent and Assistant Regional Superintendents was calculated based on data provided by the Illinois State Board of Education.

TRS pension contributions	\$58,693
Regional Superintendent – salary	88,540
Regional Superintendent – benefits (includes State paid insurance)	17,095
Assistant Regional Superintendents – salary	79,685
Assistant Regional Superintendents – benefits (includes State paid insurance)	<u>1,155</u>
Total	<u>\$245,168</u>

ROE personnel are paid by Peoria County, Illinois, in accordance with statutes. Employees of programs funded by federal and state grants are paid by the grant funds. Some fixed assets used solely by the ROE are purchased by Peoria County. Ownership of those fixed assets remains with the County of Peoria and, accordingly, the cost of these assets is not included in the ROE's financial statements. Peoria County also provides office space and some administrative expenses for the ROE. The following data was calculated based on information provided by Peoria County.

Salaries and benefits	\$193,178
Office expenses	<u>22,569</u>
Total	<u>\$215,747</u>

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

REQUIRED SUPPLEMENTARY INFORMATION
(Other than Management Discussion and Analysis)

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
For the Year Ended June 30, 2006

(Unaudited - See Accompanying Independent Auditor's Report)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2005	\$ 197,013	\$ 162,348	\$ (34,665)	121.35%	\$ 151,964	0.00%
12/31/2004	176,657	133,241	(43,416)	132.58%	102,317	0.00%
12/31/2003	160,013	108,982	(51,031)	146.83%	134,220	0.00%
12/31/2002	149,786	135,550	(14,236)	110.50%	228,802	0.00%
12/31/2001	138,720	138,403	(317)	100.23%	295,154	0.00%
12/31/2000	96,249	80,095	(16,154)	120.17%	177,167	0.00%
12/31/1999	68,756	66,440	(2,316)	103.49%	164,499	0.00%
12/31/1998	51,295	45,067	(6,228)	113.82%	189,967	0.00%
12/31/1997	29,333	24,091	(5,242)	121.76%	186,123	0.00%
12/31/1996	-	-	-	0.00%	-	N/A

On a market value basis, the actuarial value of assets as of December 31, 2005 is \$198,657. On a market basis, the funded ratio would be 122.36%.

Digest of Changes

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

The principal changes were:

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

SUPPLEMENTAL INFORMATION

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 June 30, 2006

	ASSETS	Administrative Interest Fund	ROE/ISC Operations	ROE Local Fund	Total
ASSETS					
Cash		\$ 5,072	\$ (29,757)	\$ 66,768	\$ 42,083
Due from other funds		-	158,958	9,755	168,713
Due from other governmental units and agencies		-	-	-	-
TOTAL ASSETS		<u>\$ 5,072</u>	<u>\$ 129,201</u>	<u>\$ 76,523</u>	<u>\$ 210,796</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable		\$ 146	\$ -	\$ -	\$ 146
Due to other funds		-	74,478	-	74,478
		<u>146</u>	<u>74,478</u>	<u>-</u>	<u>74,624</u>
FUND BALANCE					
Unreserved		<u>4,926</u>	<u>54,723</u>	<u>76,523</u>	<u>136,172</u>
TOTAL LIABILITIES AND FUND BALANCE		<u>\$ 5,072</u>	<u>\$ 129,201</u>	<u>\$ 76,523</u>	<u>\$ 210,796</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GENERAL FUND ACCOUNTS
 For the Year Ended June 30, 2006

	Administrative Interest Fund	ROE/ISC Operations	ROE Local Fund	Total
REVENUES				
Local sources	\$ 2,567	\$ 1,551	\$ 9,746	\$ 13,864
State sources	-	217,275	599,711	816,986
Interest	8,702	4,238	633	13,573
On-behalf payments from Peoria County	-	-	215,747	215,747
On-behalf payments from State	-	32,468	207,231	239,699
	<u>11,269</u>	<u>255,532</u>	<u>1,033,068</u>	<u>1,299,869</u>
Total revenues				
EXPENDITURES				
Salaries	-	102,064	-	102,064
Employee benefits	-	12,084	-	12,084
Purchased services	2,779	63,795	850	67,424
Supplies and materials	-	7,804	6,228	14,032
Payments to other governments	-	-	599,711	599,711
On-behalf payments	-	-	215,747	215,747
On-behalf payment to TRS and State	-	32,468	207,231	239,699
Other	3,018	6,392	-	9,410
	<u>5,797</u>	<u>224,607</u>	<u>1,029,767</u>	<u>1,260,171</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	5,472	30,925	3,301	39,698
FUND BALANCE, BEGINNING OF YEAR	<u>(546)</u>	<u>23,798</u>	<u>73,222</u>	<u>96,474</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,926</u>	<u>\$ 54,723</u>	<u>\$ 76,523</u>	<u>\$ 136,172</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND ACCOUNT
 ROE/ISC OPERATIONS
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Local sources	\$ -	\$ -	\$ 1,551	\$ 1,551
State sources	129,546	129,546	217,275	87,729
Interest	-	-	4,238	4,238
On-behalf payments to TRS	-	-	32,468	32,468
	<u>129,546</u>	<u>129,546</u>	<u>255,532</u>	<u>125,986</u>
EXPENDITURES				
Salaries	51,000	39,166	102,064	(62,898)
Employee benefits	5,800	11,512	12,084	(572)
Purchased services	61,000	48,558	63,795	(15,237)
Supplies and materials	8,746	23,975	7,804	16,171
Capital outlay	-	5,573	-	5,573
On-behalf payments to TRS & State	-	-	32,468	(32,468)
Other	3,000	762	6,392	(5,630)
	<u>129,546</u>	<u>129,546</u>	<u>224,607</u>	<u>(95,061)</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	30,925	<u>\$ 30,925</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>23,798</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 54,723</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 June 30, 2006

	Upward Generated	State Adult Education (Basic)	State Adult Education (Performance)	Federal Adult Education (Basic)	Local Professional Development Committee	Secretary of State Literacy	Arts in Education	ROE Technology Plan
ASSETS								
Cash	\$ 329	\$ -	\$ 868	\$ 126	\$ -	\$ (1,176)	\$ 2,848	\$ -
Due from other funds	-	7,752	-	2,331	-	-	-	-
Due from other governmental units and agencies	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 329	\$ 7,752	\$ 868	\$ 2,457	\$ -	\$ (1,176)	\$ 2,848	\$ -
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Accounts payable	\$ -	\$ 367	\$ 116	\$ 168	\$ -	\$ 80	\$ -	\$ -
Due to other funds	-	-	2,331	7,752	-	-	-	-
Deferred revenue	-	7,385	578	-	-	-	-	-
Total Liabilities	-	7,752	3,025	7,920	-	80	-	-
FUND BALANCE	329	-	(2,157)	(5,463)	-	(1,256)	2,848	-
Unreserved								
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 329	\$ 7,752	\$ 868	\$ 2,457	\$ -	\$ (1,176)	\$ 2,848	\$ -

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 June 30, 2006

	Family Literacy	Jail Library (Upward Generated)	Secretary	Lincoln Senior Award	Communities For Youth Truants Alternative	Truants Alternative/Safe Kids	Truants Alternative Homeless	Truants Alternative Weed and Seed
ASSETS								
Cash	\$ 41	\$ 464	\$ 1,505	\$ 3,098	\$ (1,383)	\$ 113	\$ -	\$ (17,175)
Due from other funds	-	-	-	-	54	-	-	-
Due from other governmental units and agencies	-	-	-	-	2,835	-	-	17,741
TOTAL ASSETS	\$ 41	\$ 464	\$ 1,505	\$ 3,098	\$ 1,506	\$ 113	\$ -	\$ 566
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,506	\$ -	\$ 345	\$ 264
Due to other funds	-	-	-	-	-	54	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	1,506	54	345	264
FUND BALANCE	41	464	1,505	3,098	-	59	(345)	302
Unreserved								
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 41	\$ 464	\$ 1,505	\$ 3,098	\$ 1,506	\$ 113	\$ -	\$ 566

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 June 30, 2006

	Career Awareness and Development	Scientific Literacy Entitlement	Standards Aligned Classroom -					Education to Careers	Cooke School	Reading Excellence Grant
			Statewide Professional Development	Accelerated Schools	Life Skills					
ASSETS										
Cash	\$ 100	\$ 1,087	\$ 251,701	\$ 6,432	\$ 5,342	\$ 761	\$ 126			
Due from other funds	-	-	176,228	970	-	-	-	-	-	
Due from other governmental units and agencies	-	22,667	-	-	-	-	1,039	-	-	
TOTAL ASSETS	\$ 100	\$ 23,754	\$ 427,929	\$ 7,402	\$ 5,342	\$ 761	\$ 126			
LIABILITIES AND FUND BALANCE										
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ 18,456	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Due to other funds	-	-	238,578	7,287	-	-	-	-	-	
Deferred revenue	100	22,731	170,895	-	5,342	-	-	-	-	
Total Liabilities	100	22,731	427,929	7,287	5,342	-	-	-	-	
FUND BALANCE										
Unreserved	-	1,023	-	115	-	761	126			
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 100	\$ 23,754	\$ 427,929	\$ 7,402	\$ 5,342	\$ 761	\$ 126			

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 June 30, 2006

	Title II		Department		Learning		Coordination		Reading First	
	Eisenhower/Math Professional Development	Reading First Super Region	Reading First Phase Two	Zero Math	of Commerce Economic Opportunity	Behavioral Specialist	Services Grant			
ASSETS										
Cash	\$ -	\$ 21,296	\$ 3,784	\$ 660	\$ -	\$ 525	\$ 213,976	\$ -	\$ 6,900	\$ 1,375
Due from other funds	-	5,889	8,054	-	-	-	-	-	-	-
Due from other governmental units and agencies	-	-	-	-	-	-	-	-	-	5,364
TOTAL ASSETS	\$ -	\$ 27,185	\$ 11,838	\$ 660	\$ -	\$ 525	\$ 213,976	\$ -	\$ 13,639	\$ 13,639
LIABILITIES AND FUND BALANCE										
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 310	\$ -	\$ 3,196	\$ -
Due to other funds	-	27,185	11,838	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	213,666	-	10,443	-
Total Liabilities	-	27,185	11,838	-	-	-	213,976	-	13,639	-
FUND BALANCE										
Unreserved	-	-	-	660	-	525	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ -	\$ 27,185	\$ 11,838	\$ 660	\$ -	\$ 525	\$ 213,976	\$ -	\$ 13,639	\$ 13,639

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 June 30, 2006

ASSETS	Reading First Technical Assistance	Title II Teacher Quality	Mathematics and Science Partnership	Title V Innovative Programs	Paraprofessional	Special Education				Total
						Regional Professional Development Center	Illinois Department of Public Health	Reading Improvement Block		
Cash	\$ 38,282	\$ 37,013	\$ (2,686)	\$ (2,020)	\$ (112)	\$ 90,281	\$ 1,002	\$ -	\$ -	\$ 663,069
Due from other funds	-	-	11,836	2,020	-	-	-	-	-	216,509
Due from other governmental units and agencies	-	58,028	142,865	-	-	91,881	-	-	10,600	353,020
TOTAL ASSETS	\$ 38,282	\$ 95,041	\$ 152,015	\$ -	\$ (112)	\$ 182,162	\$ 1,002	\$ 10,600	\$ 10,600	\$ 1,232,598
LIABILITIES AND FUND BALANCE										
LIABILITIES										
Accounts payable	\$ 26,612	\$ -	\$ 29,050	\$ -	\$ -	\$ 7,501	\$ -	\$ -	\$ -	\$ 87,971
Due to other funds	-	-	-	-	-	-	-	-	-	295,025
Deferred revenue	11,670	95,041	122,965	-	-	174,661	1,002	-	-	836,479
Total Liabilities	38,282	95,041	152,015	-	-	182,162	1,002	-	-	1,219,475
FUND BALANCE										
Unreserved	-	-	-	-	(112)	-	-	-	10,600	13,123
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 38,282	\$ 95,041	\$ 152,015	\$ -	\$ (112)	\$ 182,162	\$ 1,002	\$ 10,600	\$ 10,600	\$ 1,232,598

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 For the Year Ended June 30, 2006

	Upward Generated	State Adult Education (Basic)	State Adult Education (Performance)	Federal Adult Education (Basic)	Local Professional Development Committee	Secretary of State Literacy	Arts in Education	ROE Technology Plan
REVENUES								
Local sources	\$ 775	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,987	\$ -
State sources	-	21,924	24,330	-	-	56,000	-	-
Federal sources	-	-	-	21,376	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total revenues	775	21,924	24,330	21,376	-	56,000	35,987	-
EXPENDITURES								
Salaries	108	17,006	16,894	15,838	-	44,620	4,109	-
Employee benefits	90	2,051	1,827	1,829	-	3,672	-	-
Purchased services	64	2,839	5,490	3,101	-	3,113	28,183	-
Supplies and materials	28	28	119	789	-	4,028	1,967	-
Capital outlay	-	-	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-	-	-
Other	93	-	-	-	19	526	-	-
Total expenditures	383	21,924	24,330	21,557	19	55,959	34,259	-
Excess (deficiency) of revenues over expenditures	392	-	-	(181)	(19)	41	1,728	-
OTHER FINANCING SOURCES (USES):								
Transfers in	-	-	-	-	-	-	-	523
Total other financing sources and uses	-	-	-	-	-	-	-	523
Net change in fund balances	392	-	-	(181)	(19)	41	1,728	523
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	(63)	-	(2,157)	(5,282)	19	(1,297)	1,120	(523)
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 329	\$ -	\$ (2,157)	\$ (5,463)	\$ -	\$ (1,256)	\$ 2,848	\$ -

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 For the Year Ended June 30, 2006

	Family Literacy	Jail Library (Upward Generated)	Secretary	Lincoln Senior Award	Communities For Youth Truants Alternative	Truants Alternative/Safe Kids	Truants Alternative Homeless	Truants Alternative Weed and Seed
REVENUES								
Local sources	\$ -	\$ 1,500	\$ 16,400	\$ 1,760	\$ -	\$ -	\$ -	\$ 40,029
State sources	-	-	-	-	186,070	-	-	-
Federal sources	-	-	-	-	-	-	58,000	-
Interest	-	-	-	-	-	47	-	-
Total revenues	-	1,500	16,400	1,760	186,070	47	58,000	40,029
EXPENDITURES								
Salaries	-	-	-	-	149,349	-	40,000	22,077
Employee benefits	-	-	-	-	29,128	-	8,482	5,009
Purchased services	-	1,720	14,400	46	5,320	-	1,546	-
Supplies and materials	-	-	-	1,693	2,273	-	8,040	-
Capital outlay	-	-	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-	-	-
Other	-	-	-	287	-	30	-	-
Total expenditures	-	1,720	14,400	2,026	186,070	30	58,068	27,086
Excess (deficiency) of revenues over expenditures	-	(220)	2,000	(266)	-	17	(68)	12,943
OTHER FINANCING SOURCES (USES):								
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-	-
Net change in fund balances	-	(220)	2,000	(266)	-	17	(68)	12,943
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	41	684	(495)	3,364	-	42	(277)	(12,641)
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 41	\$ 464	\$ 1,505	\$ 3,098	\$ -	\$ 59	\$ (345)	\$ 302

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 For the Year Ended June 30, 2006

	Standards Aligned							Reading Excellence Grant
	Career Awareness and Development	Scientific Literacy Entitlement	Classroom - Statewide Professional Development	Accelerated Schools	Life Skills	Education to Careers	Cooke School	
REVENUES								
Local sources	\$ -	\$ -	\$ 34,620	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	355,014	-	-	-	-	-
Interest	-	-	-	20	-	-	-	-
Total revenues	-	-	389,634	20	-	-	-	-
EXPENDITURES								
Salaries	-	-	126,823	-	-	-	-	-
Employee benefits	-	-	21,784	-	-	-	-	-
Purchased services	-	-	104,061	-	-	-	-	-
Supplies and materials	-	-	6,932	-	-	-	-	-
Capital outlay	-	-	1,534	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-	-	-
Other	-	-	128,500	-	-	-	-	-
Total expenditures	-	-	389,634	-	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	20	-	-	-	-
OTHER FINANCING SOURCES (USES):								
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	20	-	-	-	-
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	-	1,023	-	95	-	-	761	126
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ -	\$ 1,023	\$ -	\$ 115	\$ -	\$ -	\$ 761	\$ 126

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 For the Year Ended June 30, 2006

	Title II Eisenhower/Math Professional Development		Department of Commerce Economic Opportunity		Learning Behavioral Specialist	Coordination Services Grant	Reading First
	Reading First Super Region	Reading First Phase Two	Zero Math				
REVENUES							
Local sources	\$ 4,904	\$ 1,584	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	384,000	-
Federal sources	-	32,432	-	-	-	-	15,935
Interest	-	-	-	-	-	-	-
Total revenues	4,904	34,016	-	-	-	384,000	15,935
EXPENDITURES							
Salaries	-	17,698	-	-	-	149,838	6,376
Employee benefits	-	2,006	-	-	-	19,387	907
Purchased services	-	-	19,834	-	-	15,604	8,475
Supplies and materials	-	14,182	-	-	258	1,158	177
Capital outlay	-	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-	-
Other	19,446	-	558	-	-	198,013	-
Total expenditures	19,446	34,016	558	-	258	384,000	15,935
Excess (deficiency) of revenues over expenditures	(14,542)	-	(558)	-	(258)	-	-
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	5,611	-	-	-
Total other financing sources and uses	-	-	-	5,611	-	-	-
Net change in fund balances	(14,542)	-	(558)	5,611	(258)	-	-
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	14,542	-	1,218	(5,611)	783	-	-
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ -	\$ -	\$ 660	\$ -	\$ 525	\$ -	\$ -

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 For the Year Ended June 30, 2006

	Reading Technical Assistance	Title II Teacher Quality	Mathematics and Science Partnership	Title V Innovative Programs	Paraprofessional	Special Education			Total
						Regional Professional Development Center	Illinois Department of Public Health	Reading Improvement Block	
REVENUES									
Local sources	\$ -	\$ -	\$ -	\$ 2,020	\$ -	\$ -	\$ -	\$ -	\$ 139,579
State sources	-	-	-	-	11,246	-	508	10,600	694,678
Federal sources	45,267	55,491	104,407	25,020	-	38,133	-	-	770,779
Interest	-	-	-	-	-	-	-	-	67
Total revenues	45,267	55,491	104,407	27,040	11,246	38,133	508	10,600	1,605,103
EXPENDITURES									
Salaries	3,700	7,013	6,713	-	-	16,693	-	-	644,855
Employee benefits	496	970	821	-	-	2,047	-	-	100,506
Purchased services	6,578	11,541	88,020	6,896	10,187	13,590	508	-	351,116
Supplies and materials	7,881	318	7,758	5,815	1,171	2,050	-	-	66,665
Capital outlay	-	-	-	14,329	-	3,753	-	-	19,616
Payments to other governments	-	-	-	-	-	-	-	-	-
Other	26,612	35,649	1,095	-	-	-	-	-	410,828
Total expenditures	45,267	55,491	104,407	27,040	11,358	38,133	508	-	1,593,586
Excess (deficiency) of revenues over expenditures	-	-	-	-	(112)	-	-	10,600	1,1517
OTHER FINANCING SOURCES (USES):									
Transfers in	-	-	-	-	-	-	-	-	6,134
Total other financing sources and uses	-	-	-	-	-	-	-	-	6,134
Net change in fund balances	-	-	-	-	(112)	-	-	10,600	17,651
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	-	-	-	-	-	-	-	-	(4,528)
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ (112)	\$ -	\$ -	\$ 10,600	\$ 13,123

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 STATE ADULT EDUCATION (BASIC)
 For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State sources	\$ 20,847	\$ 20,847	\$ 21,924	\$ 1,077
Total revenues	<u>20,847</u>	<u>20,847</u>	<u>21,924</u>	<u>1,077</u>
 EXPENDITURES				
Salaries	10,524	10,524	17,006	(6,482)
Employee benefits	1,056	1,056	2,051	(995)
Purchased services	7,650	7,650	2,839	4,811
Supplies and materials	780	780	28	752
Capital outlay	837	837	-	837
Total expenditures	<u>20,847</u>	<u>20,847</u>	<u>21,924</u>	<u>(1,077)</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
 FUND BALANCE AT BEGINNING OF YEAR				
			<u>-</u>	
 FUND BALANCE AT END OF YEAR				
			<u>\$ -</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 STATE ADULT EDUCATION (PERFORMANCE)
 For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State sources	\$ 24,909	\$ 24,909	\$ 24,330	\$ (579)
Total revenues	<u>24,909</u>	<u>24,909</u>	<u>24,330</u>	<u>(579)</u>
 EXPENDITURES				
Salaries	16,950	16,950	16,894	56
Employee benefits	690	690	1,827	(1,137)
Purchased services	6,630	6,630	5,490	1,140
Supplies and materials	639	639	119	520
Total expenditures	<u>24,909</u>	<u>24,909</u>	<u>24,330</u>	<u>579</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
 FUND BALANCE AT BEGINNING OF YEAR				
			<u>(2,157)</u>	
 FUND BALANCE AT END OF YEAR				
			<u>\$ (2,157)</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 FEDERAL ADULT EDUCATION (BASIC)
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 21,376	\$ 21,376	\$ 21,376	\$ -
Total revenues	21,376	21,376	21,376	-
 EXPENDITURES				
Salaries	16,834	16,834	15,838	996
Employee benefits	1,683	1,683	1,829	(146)
Purchased services	1,500	1,500	3,101	(1,601)
Supplies and materials	1,127	1,127	789	338
Capital outlay	232	232	-	232
Total expenditures	21,376	21,376	21,557	(181)
Excess of revenue over expenditures	\$ -	\$ -	(181)	\$ (181)
 FUND BALANCE AT BEGINNING OF YEAR				
			(5,282)	
 FUND BALANCE AT END OF YEAR				
			\$ (5,463)	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 SECRETARY OF STATE LITERACY
 For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State sources	\$ 56,000	\$ 56,000	\$ 56,000	\$ -
Total revenues	<u>56,000</u>	<u>56,000</u>	<u>56,000</u>	<u>-</u>
EXPENDITURES				
Salaries	45,620	44,620	44,620	-
Employee benefits	3,672	3,672	3,672	-
Purchased services	3,561	3,561	3,113	448
Supplies and materials	3,022	4,022	4,028	(6)
Other	125	125	526	(401)
Total expenditures	<u>56,000</u>	<u>56,000</u>	<u>55,959</u>	<u>41</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	41	<u>\$ 41</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>(1,297)</u>	
FUND BALANCE AT END OF YEAR			<u>\$ (1,256)</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 COMMUNITIES FOR YOUTH TRUANTS ALTERNATIVE
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
State sources	\$ 180,433	\$ 180,433	\$ 186,070	\$ 5,637
Total revenues	<u>180,433</u>	<u>180,433</u>	<u>186,070</u>	<u>5,637</u>
EXPENDITURES				
Salaries	151,725	151,725	149,349	2,376
Employee benefits	20,708	20,708	29,128	(8,420)
Purchased services	5,500	5,500	5,320	180
Supplies and materials	<u>2,500</u>	<u>2,500</u>	<u>2,273</u>	<u>227</u>
Total expenditures	<u>180,433</u>	<u>180,433</u>	<u>186,070</u>	<u>(5,637)</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u>\$ -</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 TRUANTS ALTERNATIVE HOMELESS
 For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal sources	\$ 58,000	\$ 58,000	\$ 58,000	\$ -
Total revenues	<u>58,000</u>	<u>58,000</u>	<u>58,000</u>	<u>-</u>
EXPENDITURES				
Salaries	36,471	36,471	40,000	(3,529)
Employee benefits	7,500	7,500	8,482	(982)
Purchased services	10,029	10,029	1,546	8,483
Supplies and materials	4,000	4,000	8,040	(4,040)
Total expenditures	<u>58,000</u>	<u>58,000</u>	<u>58,068</u>	<u>(68)</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	(68)	<u>\$ (68)</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>(277)</u>	
FUND BALANCE AT END OF YEAR			<u>\$ (345)</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 STANDARDS ALIGNED CLASSROOM - STATEWIDE PROFESSIONAL DEVELOPMENT
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Local sources	\$ -	\$ -	\$ 34,620	\$ 34,620
Federal sources	112,000	112,000	355,014	243,014
 Total revenues	 112,000	 112,000	 389,634	 277,634
 EXPENDITURES				
Salaries	-	-	126,823	(126,823)
Employee benefits	-	-	21,784	(21,784)
Purchased services	112,000	112,000	104,061	7,939
Supplies and materials	-	-	6,932	(6,932)
Capital outlay	-	-	1,534	(1,534)
Other	-	-	128,500	(128,500)
 Total expenditures	 112,000	 112,000	 389,634	 (277,634)
 Excess of revenue over expenditures	 \$ -	 \$ -	 -	 \$ -
 FUND BALANCE AT BEGINNING OF YEAR			 -	
 FUND BALANCE AT END OF YEAR			 \$ -	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 READING FIRST PHASE TWO
 For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources	\$ -	\$ -	\$ 1,584	\$ 1,584
Federal sources	20,973	20,973	32,432	11,459
Total revenues	<u>20,973</u>	<u>20,973</u>	<u>34,016</u>	<u>13,043</u>
 EXPENDITURES				
Purchased services	19,173	19,173	19,834	(661)
Supplies and materials	<u>1,800</u>	<u>1,800</u>	<u>14,182</u>	<u>(12,382)</u>
Total expenditures	<u>20,973</u>	<u>20,973</u>	<u>34,016</u>	<u>(13,043)</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
 FUND BALANCE AT BEGINNING OF YEAR				
			<u>-</u>	
 FUND BALANCE AT END OF YEAR				
			<u>\$ -</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 COORDINATION SERVICES GRANT
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
State sources	\$ 375,000	\$ 375,000	\$ 384,000	\$ 9,000
Total revenues	<u>375,000</u>	<u>375,000</u>	<u>384,000</u>	<u>9,000</u>
EXPENDITURES				
Salaries	10,000	-	149,838	(149,838)
Employee benefits	2,000	-	19,387	(19,387)
Purchased services	47,000	14,290	15,604	(1,314)
Supplies and materials	10,000	1,110	1,158	(48)
Capital outlay	-	-	-	-
Other	306,000	359,600	198,013	161,587
Total expenditures	<u>375,000</u>	<u>375,000</u>	<u>384,000</u>	<u>(9,000)</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u>\$ -</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 READING FIRST
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 21,702	\$ 21,702	\$ 15,935	\$ (5,767)
Total revenues	<u>21,702</u>	<u>21,702</u>	<u>15,935</u>	<u>(5,767)</u>
 EXPENDITURES				
Salaries	10,676	10,676	6,376	4,300
Employee benefits	1,850	1,850	907	943
Purchased services	7,400	7,400	8,475	(1,075)
Supplies and materials	576	576	177	399
Capital outlay	1,200	1,200	-	1,200
Total expenditures	<u>21,702</u>	<u>21,702</u>	<u>15,935</u>	<u>5,767</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
 FUND BALANCE AT BEGINNING OF YEAR				
			<u>-</u>	
 FUND BALANCE AT END OF YEAR				
			<u>\$ -</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 READING FIRST TECHNICAL ASSISTANCE
 For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal sources	\$ 50,942	\$ 50,942	\$ 45,267	\$ (5,675)
Total revenues	<u>50,942</u>	<u>50,942</u>	<u>45,267</u>	<u>(5,675)</u>
EXPENDITURES				
Salaries	26,000	26,000	3,700	22,300
Employee benefits	2,680	2,680	496	2,184
Purchased services	18,568	18,568	6,578	11,990
Supplies and materials	3,694	3,694	7,881	(4,187)
Other	-	-	26,612	(26,612)
Total expenditures	<u>50,942</u>	<u>50,942</u>	<u>45,267</u>	<u>5,675</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u>\$ -</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 TITLE II TEACHER QUALITY
 For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal sources	\$ 132,000	\$ 132,000	\$ 55,491	\$ (76,509)
 Total revenues	<u>132,000</u>	<u>132,000</u>	<u>55,491</u>	<u>(76,509)</u>
 EXPENDITURES				
Salaries	-	-	7,013	(7,013)
Employee benefits	-	-	970	(970)
Purchased services	24,000	7,972	11,541	(3,569)
Supplies and materials	8,000	656	318	338
Payments to other governments	100,000	123,372	-	123,372
Other	-	-	35,649	(35,649)
 Total expenditures	<u>132,000</u>	<u>132,000</u>	<u>55,491</u>	<u>76,509</u>
 Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
 FUND BALANCE AT BEGINNING OF YEAR				
			<u>-</u>	
 FUND BALANCE AT END OF YEAR				
			<u>\$ -</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 MATHEMATICS AND SCIENCE PARTNERSHIP
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 142,865	\$ 142,865	\$ 104,407	\$ (38,458)
Total revenues	<u>142,865</u>	<u>142,865</u>	<u>104,407</u>	<u>(38,458)</u>
EXPENDITURES				
Salaries	-	-	6,713	(6,713)
Employee benefits	-	-	821	(821)
Purchased services	139,615	134,935	88,020	46,915
Supplies and materials	3,250	7,930	7,758	172
Other	-	-	1,095	(1,095)
Total expenditures	<u>142,865</u>	<u>142,865</u>	<u>104,407</u>	<u>38,458</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE AT BEGINNING OF YEAR				
			<u>-</u>	
FUND BALANCE AT END OF YEAR				
			<u>\$ -</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 SPECIAL EDUCATION REGIONAL PROFESSIONAL DEVELOPMENT CENTER
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 351,358	\$ 302,735	\$ 38,133	\$ (264,602)
Total revenues	<u>351,358</u>	<u>302,735</u>	<u>38,133</u>	<u>(264,602)</u>
EXPENDITURES				
Salaries	69,250	35,595	16,693	18,902
Employee benefits	13,298	5,340	2,047	3,293
Purchased services	231,510	107,617	13,590	94,027
Supplies and materials	25,600	59,325	2,050	57,275
Capital outlay	7,700	9,330	3,753	5,577
Payments to other governments	4,000	85,528	-	85,528
Total expenditures	<u>351,358</u>	<u>302,735</u>	<u>38,133</u>	<u>264,602</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u>\$ -</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 READING IMPROVEMENT BLOCK
 For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State Sources	\$ 10,600	\$ 10,600	\$ 10,600	\$ -
Total revenues	<u>10,600</u>	<u>10,600</u>	<u>10,600</u>	<u>-</u>
EXPENDITURES				
Purchased services	1,000	1,000	-	1,000
Supplies and materials	<u>9,600</u>	<u>9,600</u>	<u>-</u>	<u>9,600</u>
Total expenditures	<u>10,600</u>	<u>10,600</u>	<u>-</u>	<u>10,600</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	10,600	<u>\$ 10,600</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 10,600</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING SCHEDULE OF ACCOUNTS
 LEARNING TECHNOLOGY CENTER
 June 30, 2006

ASSETS	General Operations	Technical Training Support	Education			Technology Planning	Total
			Technical Training Support	Education Technology Competitive Grant	Technical Training Local Boot Camp		
Cash	\$ 172,402	\$ 13,162	\$ 434	\$ -	\$ -	\$ -	\$ 185,998
TOTAL ASSETS	\$ 172,402	\$ 13,162	\$ 434	\$ -	\$ -	\$ -	\$ 185,998
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts payable	\$ 1,230	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,230
Deferred revenue	-	-	434	-	-	-	434
Total Liabilities	1,230	-	434	-	-	-	1,664
FUND BALANCE							
Unreserved	171,172	13,162	-	-	-	-	184,334
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 172,402	\$ 13,162	\$ 434	\$ -	\$ -	\$ -	\$ 185,998

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 LEARNING TECHNOLOGY CENTER ACCOUNTS
 For the Year Ended June 30, 2006

	General Operations	Technical Training/Support	Education Technology Competitive Grant	Technical Training Local Boot Camp	Technology Planning	Total
REVENUES						
Local sources	\$ -	\$ 77,776	\$ 197	\$ -	\$ 7,113	\$ 85,086
State sources	252,987	-	-	-	-	252,987
Federal sources	-	-	50,782	-	-	50,782
Interest	1,075	3,603	-	-	-	4,678
On-behalf payments from State	5,469	-	-	-	-	5,469
Total revenues	259,531	81,379	50,979	-	7,113	399,002
EXPENDITURES						
Salaries	165,148	-	-	-	-	165,148
Employee benefits	36,391	-	-	-	-	36,391
Purchased services	46,464	46,235	10,696	-	-	103,395
Supplies and materials	5,284	22,074	34,708	-	-	62,066
Capital outlay	5,861	2,563	-	-	-	8,424
On-behalf payment to TRS and State	5,469	-	-	-	-	5,469
Other	25,242	36	6,700	-	-	31,978
Total expenditures	289,859	70,908	52,104	-	-	412,871
Excess (deficiency) of revenues over expenditures	(30,328)	10,471	(1,125)	-	7,113	(13,869)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	6,117	-	6,117
Transfers out	-	(6,117)	-	-	-	(6,117)
Total other financing sources and uses	-	(6,117)	-	6,117	-	-
Net change in fund balances	(30,328)	4,354	(1,125)	6,117	7,113	(13,869)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	201,500	8,808	1,125	(6,117)	(7,113)	198,203
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 171,172	\$ 13,162	\$ -	\$ -	\$ -	\$ 184,334

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 BUDGETARY COMPARISON SCHEDULE
 LEARNING TECHNOLOGY CENTER ACCOUNTS
 TECHNOLOGY FOR SCHOOLS - GENERAL OPERATIONS
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
State sources	\$ 253,594	\$ 253,594	\$ 252,987	\$ (607)
Interest	-	-	1,075	1,075
On-behalf payments to TRS	-	-	5,469	5,469
	<u>253,594</u>	<u>253,594</u>	<u>259,531</u>	<u>5,937</u>
EXPENDITURES				
Salaries	165,148	165,149	165,148	1
Employee benefits	36,310	35,158	36,391	(1,233)
Purchased services	39,136	43,061	46,464	(3,403)
Supplies and materials	9,000	5,503	5,284	219
Capital outlay	4,000	4,723	5,861	(1,138)
On-behalf payments to TRS	-	-	5,469	(5,469)
Other	-	-	25,242	(25,242)
	<u>253,594</u>	<u>253,594</u>	<u>289,859</u>	<u>(36,265)</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	(30,328)	<u>\$ (30,328)</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>201,500</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 171,172</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING BALANCE SHEET
 NON MAJOR SPECIAL REVENUE FUNDS
 June 30, 2006

ASSETS	Food Co-op	Clean Water Celebration	Supervisory Expense	Arts Opportunities	General Educational Development	Teachers' Institute	Bus Driver
Cash	\$ 4,652	\$ (50)	\$ 2,283	\$ 348	\$ 18,391	\$ 88,520	\$ 2,856
Due from other governmental units and agencies	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 4,652	\$ (50)	\$ 2,283	\$ 348	\$ 18,391	\$ 88,520	\$ 2,856
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts payable	-	-	-	-	\$ 1,452	-	\$ 181
Due to other funds	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	48,110	-
Total Liabilities	-	-	-	-	1,452	48,110	181
FUND BALANCE (DEFICIT)							
Unreserved	4,652	(50)	2,283	348	16,939	40,410	2,675
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 4,652	\$ (50)	\$ 2,283	\$ 348	\$ 18,391	\$ 88,520	\$ 2,856

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING BALANCE SHEET
 NON MAJOR SPECIAL REVENUE FUNDS
 June 30, 2006

ASSETS	Directory	Hospital Tutoring	Office of Prevention	Local Math and Science Cooperative	Pleasant Valley Funds	School Improvement Plan	Total
Cash	\$ 702	\$ 13,575	\$ 27,264	\$ 154,427	\$ 10,352	\$ 5	\$ 323,325
Due from other governmental units and agencies	-	1,896	-	2,000	-	-	3,896
TOTAL ASSETS	\$ 702	\$ 15,471	\$ 27,264	\$ 156,427	\$ 10,352	\$ 5	\$ 327,221
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts payable	\$ -	\$ 3,345	\$ -	\$ 10,888	\$ -	\$ -	\$ 15,866
Due to other funds	2,500	-	-	30,499	-	-	32,999
Deferred revenue	-	-	-	-	-	-	48,110
Total Liabilities	2,500	3,345	-	41,387	-	-	96,975
FUND BALANCE (DEFICIT)							
Unreserved	(1,798)	12,126	27,264	115,040	10,352	5	230,246
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 702	\$ 15,471	\$ 27,264	\$ 156,427	\$ 10,352	\$ 5	\$ 327,221

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NON MAJOR SPECIAL REVENUE FUNDS
 For the Year Ended June 30, 2006

	Food Co-op	Clean Water Celebration	Supervisory Expense	Arts Opportunities	General Educational Development	Teachers' Institute	Bus Driver
REVENUES							
Local sources	\$ 10,850	-	-	\$ -	\$ 22,987	\$ 44,360	\$ 2,824
State sources	-	-	1,000	-	-	-	-
Total revenues	10,850	-	1,000	-	22,987	44,360	2,824
EXPENDITURES							
Salaries	-	-	-	-	1,800	-	-
Employee benefits	-	-	-	-	261	-	-
Purchased services	8,156	-	-	-	5,815	32,335	2,169
Supplies and materials	238	-	-	-	2,389	3,241	-
Other	-	4,592	-	-	3,486	7,808	75
Total expenditures	8,394	4,592	-	-	13,751	43,384	2,244
Excess (deficiency) of revenues over expenditures	2,456	(4,592)	1,000	-	9,236	976	580
OTHER FINANCING SOURCES (USES):							
Transfers Out	-	-	-	-	-	(523)	-
Total other financing sources and uses	-	-	-	-	-	(523)	-
Net change in fund balances	2,456	(4,592)	1,000	-	9,236	453	580
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	2,196	4,542	1,283	348	7,703	39,957	2,095
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 4,652	\$ (50)	\$ 2,283	\$ 348	\$ 16,939	\$ 40,410	\$ 2,675

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NON MAJOR SPECIAL REVENUE FUNDS
 For the Year Ended June 30, 2006

	Directory	Hospital Tutoring	Office of Prevention	Local Math and Science Cooperative	Pleasant Valley Funds	School Improvement Plan	Total
REVENUES							
Local sources	\$ 7,375	\$ 38,735	\$ 6,122	\$ 20,567	\$ -	\$ -	\$ 153,820
State sources	-	-	-	-	-	-	1,000
Total revenues	7,375	38,735	6,122	20,567	-	-	154,820
EXPENDITURES							
Salaries	-	-	-	-	-	-	1,800
Employee benefits	-	-	-	-	-	-	261
Purchased services	4,473	39,906	1,475	2,765	-	-	97,094
Supplies and materials	161	25	-	157	-	-	6,211
Other	2,685	2,651	4,031	23,272	-	-	48,600
Total expenditures	7,319	42,582	5,506	26,194	-	-	153,966
Excess (deficiency) of revenues over expenditures	56	(3,847)	616	(5,627)	-	-	854
OTHER FINANCING SOURCES (USES):							
Transfers Out	-	-	-	-	-	-	(523)
Total other financing sources and uses	-	-	-	-	-	-	(523)
Net change in fund balances	56	(3,847)	616	(5,627)	-	-	331
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	(1,854)	15,973	26,648	120,667	10,352	5	229,915
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ (1,798)	\$ 12,126	\$ 27,264	\$ 115,040	\$ 10,352	\$ 5	\$ 230,246

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND ACCOUNT
 TITLE I SCHOOL IMPROVEMENT AND ACCOUNTABILITY GRANT
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 1,218,000	\$ 1,218,000	\$ 1,159,090	\$ (58,910)
Total revenues	<u>1,218,000</u>	<u>1,218,000</u>	<u>1,159,090</u>	<u>(58,910)</u>
EXPENDITURES				
Salaries	-	-	110,951	(110,951)
Employee benefits	-	-	14,142	(14,142)
Purchased services	230,000	164,000	180,708	(16,708)
Supplies and materials	150,000	44,000	44,183	(183)
Capital outlay	50,000	-	33,186	(33,186)
Payments to other governments	788,000	1,010,000	-	1,010,000
Other	-	-	775,920	(775,920)
Total expenditures	<u>1,218,000</u>	<u>1,218,000</u>	<u>1,159,090</u>	<u>58,910</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u>\$ -</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS

AGENCY FUNDS

June 30, 2006

	Distributive Fund	Regional Board of School Trustees Fund	C.I.S.E. Fund	Criminal Background Checks	Answers	Total
ASSETS						
Cash	\$ -	\$ 83	\$ 1,798	\$ -	\$ 683	\$ 2,564
Due from other governmental units and agencies	401,125	-	-	16,532	-	417,657
TOTAL ASSETS	<u>\$ 401,125</u>	<u>\$ 83</u>	<u>\$ 1,798</u>	<u>\$ 16,532</u>	<u>\$ 683</u>	<u>\$ 420,221</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ 7,255	\$ -	\$ 7,255
Due to other governmental units	401,125	83	1,798	9,277	683	412,966
TOTAL LIABILITIES	<u>\$ 401,125</u>	<u>\$ 83</u>	<u>\$ 1,798</u>	<u>\$ 16,532</u>	<u>\$ 683</u>	<u>\$ 420,221</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended June 30, 2006

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
DISTRIBUTIVE FUND				
ASSETS				
Cash	\$ 13,027	\$ 7,368,114	\$ 7,381,141	\$ -
Due from other governmental units and agencies	313,027	401,125	313,027	401,125
Total assets	\$ 326,054	\$ 7,769,239	\$ 7,694,168	\$ 401,125
LIABILITIES				
Due to other governmental units and agencies	\$ 326,054	\$ 7,769,239	\$ 7,694,168	\$ 401,125
 REGIONAL BOARD OF SCHOOL TRUSTEES FUND				
ASSETS				
Cash	\$ 83	\$ -	\$ -	\$ 83
LIABILITIES				
Due to other governmental units and agencies	\$ 83	\$ -	\$ -	\$ 83
 CENTRAL ILLINOIS SCIENCE EDUCATORS (C.I.S.E.) FUND				
ASSETS				
Cash	\$ 1,840	\$ 310	\$ 352	\$ 1,798
LIABILITIES				
Due to other governmental units and agencies	\$ 1,840	\$ 310	\$ 352	\$ 1,798

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended June 30, 2006

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
CRIMINAL BACKGROUND CHECKS				
ASSETS				
Cash	\$ -	\$ 56,429	\$ 56,429	\$ -
Due from other governmental units and agencies	5,478	16,532	5,478	16,532
Total assets	\$ 5,478	\$ 72,961	\$ 61,907	\$ 16,532
LIABILITIES				
Due to other funds	\$ -	\$ 7,255	\$ -	\$ 7,255
Due to other governmental units and agencies	5,478	65,706	61,907	9,277
Total liabilities	\$ 5,478	\$ 72,961	\$ 61,907	\$ 16,532
 ANSWERS				
ASSETS				
Cash	\$ 134,021	\$ 656	\$ 133,994	\$ 683
Due from other governmental units and agencies	6,413	-	6,413	-
Total assets	\$ 140,434	\$ 656	\$ 140,407	\$ 683
LIABILITIES				
Due to other governmental units and agencies	\$ 140,434	\$ 656	\$ 140,407	\$ 683

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended June 30, 2006

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 148,971	\$ 7,425,509	\$ 7,571,916	\$ 2,564
Due from other governmental units and agencies	324,918	417,657	324,918	417,657
Total assets	\$ 473,889	\$ 7,843,166	\$ 7,896,834	\$ 420,221
LIABILITIES				
Due to other funds	\$ -	\$ 7,255	\$ -	\$ 7,255
Due to other governmental units and agencies	473,889	7,835,911	7,896,834	412,966
Total liabilities	\$ 473,889	\$ 7,843,166	\$ 7,896,834	\$ 420,221

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
 DISTRIBUTIVE FUND

For the Year Ended June 30, 2006

	Peoria School #150	Special Education Association	Area III Learning Technology Hub	Two Rivers Professional Development Center	Perfect
General State Aid	\$ 343,303	\$ -	\$ -	\$ -	-
Special Education Association	-	4,047,492	-	-	816,031
School Bus Driver Training	-	-	-	-	-
Truants Alternative/Optional Education	170,941	-	-	-	-
ROE/ISC Operations	-	-	-	129,546	-
Supervisory Expense	-	-	-	-	-
Technology for Schools - Networks	-	-	259,188	-	-
Tech Hub Education Tech Competitive Grant	-	-	134,729	-	-
Coordination & Services Grant	-	-	-	-	-
Standards and Assessments	-	-	-	375,000	-
Title VI SEA	-	-	-	10,000	-
School Improvement	-	-	-	626,490	-
Reading First Super Region	-	-	-	14,274	-
Reading First Phase 2	-	-	-	32,189	-
Math/Science Partnership	-	-	-	23,733	-
IDEA Improvement Grants Part D	-	-	-	120,912	-
Institute	-	-	-	-	-
Title II Teacher Quality Leadership Grant	-	-	-	73,972	-
TOTAL	\$ 514,244	\$ 4,047,492	\$ 393,917	\$ 1,406,116	\$ 816,031

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
 DISTRIBUTIVE FUND

For the Year Ended June 30, 2006

	Lakeshore Learning Materials	TARGET	Regional Office of Education	Total
General State Aid	\$ -	\$ -	\$ -	\$ 343,303
Special Education Association	19,139	-	-	4,882,662
School Bus Driver Training	-	-	1,200	1,200
Truants Alternative/Optional Education	-	180,433	-	351,374
ROE/ISC Operations	-	-	-	129,546
Supervisory Expense	-	-	1,000	1,000
Technology for Schools - Networks	-	-	-	259,188
Tech Hub Education Tech Competitive Grant	-	-	-	134,729
Coordination & Services Grant	-	-	-	-
Standards and Assessments	-	-	-	375,000
Title VI SEA	-	-	-	10,000
School Improvement	-	-	-	626,490
Reading First Super Region	-	-	-	14,274
Reading First Phase 2	-	-	-	32,189
Math/Science Partnership	-	-	-	23,733
IDEA Improvement Grants Part D	-	-	-	120,912
Institute	-	-	1,569	1,569
Title II Teacher Quality Leadership Grant	-	-	-	73,972
TOTAL	\$ 19,139	\$ 180,433	\$ 3,769	\$ 7,381,141

FEDERAL COMPLIANCE SECTION

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2006

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	CFDA Number	Project # (1st Eight Digits) or Contract #	Federal Expenditures July 1, 2005 through June 30, 2006	Obligations/ Encumbrances	Final Status	Amount Provided to Subrecipients
U.S. DEPARTMENT OF EDUCATION						
Passed through Illinois State Board of Education:						
Title I - Reading First Part B SEA Funds	84.357A	2006-4337-00	12,739	3,196	15,935	-
Title I - Reading First Part B SEA Funds	84.357A	2006-4337-02	32,432	-	32,432	-
Total Title I - Reading First Part B SEA Funds			45,171	3,196	48,367	-
Technology - Enhancing Education - Competitive						
Title I - School Improvement and Accountability (*)	84.318X	2005-4972-00	50,782	-	50,782	-
Title II - Teacher Quality Leadership Grant	84.010A	2006-4331-SS	1,142,701	16,389	1,159,090	162,449
Title V - Innovative Programs - SEA Projects	84.367A	2006-4935-SS	55,491	-	55,491	-
Mathematics & Science Partnerships	84.298A	2005-4105-SS	25,020	-	25,020	-
IDEA - Improvement Grants - Part D	84.366B	2006-4936-00	75,357	29,050	104,407	-
Total passed through Illinois State Board of Education	84.323A	2006-4631-RC	30,632	7,501	38,133	-
			1,425,154	56,136	1,481,290	162,449
Passed through Regional Office of Education #11:						
Standards Aligned Classroom - Statewide Professional Development	84.298A	2006-4999-00	336,558	18,456	355,014	-
Passed through Regional Office of Education #26:						
Education for Homeless Children and Youth	84.196A	2006-4920-00	58,000	-	58,000	-
Passed through Regional Office of Education #51:						
Title I - Reading First Part B SEA Funds	84.357A	2006-4337-01	19,704	-	19,704	-
Title I - Reading First Part B SEA Funds	84.357A	2006-4337-04	18,655	26,612	45,267	-
Total Title I - Reading First Part B SEA Funds			38,359	26,612	64,971	-
Passed through the Illinois Community College Board:						
Adult Education State Grant Program	84.002A	514AB	21,376	-	21,376	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,879,447	\$ 101,204	\$ 1,980,651	\$ 162,449

(*) = Major Program

The accompanying notes are an integral part of this schedule.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

For the Year Ended June 30, 2006

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Peoria County Regional Office of Education #48 (ROE) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, ROE #48 provided federal awards to subrecipients as follows:

Title I – School Improvement and Accountability	84.010A	\$162,449
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3. DESCRIPTION OF MAJOR FEDERAL PROGRAMS

The primary goals of the Title I School Improvement and Accountability program are to provide funds for programs that will help children who are both academically challenged and reside in areas with high concentrations of children with low income families meet academic standards. These activities can consist of instructional, counseling, or mentoring programs.

4. NON-CASH ASSISTANCE

The Peoria County Regional Office of Education #48 did not receive any Federal awards involving non-cash assistance with continuing compliance requirements.

5. AMOUNT OF INSURANCE

The Peoria County Regional Office of Education #48 did not receive any Federal awards involving insurance with continuing compliance requirements.

6. LOANS OR LOAN GUARANTEES OUTSTANDING

The Peoria County Regional Office of Education #48 did not receive any Federal awards involving loans or loan guarantees with continuing compliance requirements.