

**State of Illinois  
SUBURBAN COOK COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 14  
FINANCIAL AUDIT**

**(In Accordance with the Single Audit Act  
and OMB Circular A-133)**

**For the Year Ended June 30, 2006**

**Performed as Special Assistant Auditors  
for the Office of the Auditor General**

SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14

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**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**

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**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**

**OFFICIALS**

Regional Superintendent  
(current and during the audit period)

Honorable Robert Ingrassia

Assistant Regional Superintendent  
(current and during the audit period)

Ms. Margot Fennelly

Assistant Regional Superintendent  
(10 months during the audit period)

Mr. Thomas O'Malley

Assistant Regional Superintendent  
(5.5 months during the audit period)

Mr. Joseph Scolire

Assistant Regional Superintendent  
(5.5 months during the audit period)

Mr. James Fiore

Office is located at:

10110 Gladstone Street  
Westchester, Illinois 60154-2618

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**

**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 control 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	2	2
Repeated audit findings	1	0
Prior recommendations implemented or not repeated	1	0

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

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

Item No.    Page                    Description

FINDINGS (GOVERNMENT AUDITING STANDARDS)

06-1            11                    Controls Over Compliance with Laws and Regulations  
06-2            14                    Continuation as a Going Concern

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2006

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

05-1            19                    Inaccurate Expenditure Report

**INFORMAL EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on September 21, 2006. Attending were Honorable Robert Ingraffia, Regional Superintendent, Mr. Richard Maday, Bookkeeper, and Joe Hoerschelmann, from Clifton Gunderson LLP. Responses to the recommendations were provided by Honorable Robert Ingraffia, Regional Superintendent on December 22, 2006.

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of Suburban Cook County Regional Office of Education No. 14 was performed by Clifton Gunderson LLP.

Based on their audit, the auditors expressed an unqualified opinion on Suburban Cook County Regional Office of Education No. 14's basic financial statements.

## INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Suburban Cook County Regional Office of Education No. 14, as of and for the year ended June 30, 2006, which collectively comprise the Suburban Cook County Regional Office of Education No. 14's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Suburban Cook County Regional Office of Education No. 14's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Suburban Cook County Regional Office of Education No. 14, as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2006, on our consideration of the Suburban Cook County Regional Office of Education No. 14's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 20 through 29 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Suburban Cook County Regional Office of Education No. 14's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Clifton Gundersen LLP*

Clinton, Iowa  
September 21, 2006



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

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Suburban Cook County Regional Office of Education No. 14, as of and for the year ended June 30, 2006, which collectively comprise the Suburban Cook County Regional Office of Education No. 14's basic financial statements and have issued our report thereon dated September 21, 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 Suburban Cook County Regional Office of Education No. 14'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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 Suburban Cook County Regional Office of Education No. 14's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 06-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that 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 do not believe the reportable condition described above is a material weakness.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Suburban Cook County Regional Office of Education No. 14's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance 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, the Illinois State Board of Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Henderson LLP*

Clinton, Iowa  
September 21, 2006

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE FOR EACH PROGRAM  
DETERMINED TO BE MAJOR BY THE ILLINOIS STATE BOARD OF  
EDUCATION IN THEIR MONITORING OF FEDERAL PROGRAMS**

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

We have audited the compliance of the Suburban Cook County Regional Office of Education No. 14 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 Suburban Cook County Regional Office of Education No. 14's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Suburban Cook County Regional Office of Education No. 14's management. Our responsibility is to express an opinion on the Suburban Cook County Regional Office of Education No. 14'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 criteria as required by the *Guidelines to Auditing and Reporting for a Regional Office of Education*. Those standards and criteria 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 Suburban Cook County Regional Office of Education No. 14's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Suburban Cook County Regional Office of Education No. 14's compliance with those requirements.

In our opinion, the Suburban Cook County Regional Office of Education No. 14 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.

## **Internal Control Over Compliance**

The management of the Suburban Cook County Regional Office of Education No. 14 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 Suburban Cook County Regional Office of Education No. 14'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 criteria as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*.

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

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

*Clifton Henderson LLP*

Clinton, Iowa  
September 21, 2006

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2006**

**Section I: Summary of Auditor's Results:**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?        yes   x   no
- Reportable condition(s) identified that are not considered to be material weaknesses?   x   yes        none reported
- Noncompliance material to financial statements noted?        yes   x   no

**Federal Awards**

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.196A</u>	<u>Stewart B. McKinney Education for Homeless Children and Youth Program</u>
<u>      </u>	<u>      </u>
<u>      </u>	<u>      </u>
<u>      </u>	<u>      </u>

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

Auditee qualified as low-risk auditee?        yes   x   no

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2006**

**Section II: Findings Related to the Basic Financial Statements:**

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

**Criteria/Specific Requirements:**

- A. The Illinois School Code 105 ILCS 5/3-14.11 states that the Regional Superintendent shall examine at least once each year all books, accounts, and vouchers of every school treasurer in his educational service region, and if he finds any irregularities in them, to report them at once, in writing, to the trustees in Class II county school units, to the respective school boards of those school districts which form a part of a Class II county school unit but which are not subject to the jurisdiction of the trustees of schools of any township in which any such district is located, or to the respective school boards of the district in Class I county school units whose duty it shall be to take immediately such action as the case demands. (This mandate has existed in its current form since at least 1953.)
- B. The Illinois School Code 105 ILCS 5/3-5 states that the county superintendent shall present under oath or affirmation to the county board at its meeting in September and as nearly quarterly thereafter as it may have regular or special meetings, a report of all his acts as county superintendent, including a list of 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 Regional Office of Education No. 14 is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent has been examining school district financial statements on an annual basis.
- B. The Regional Office of Education No. 14 did not present at the September county board meeting and as nearly quarterly thereafter, a report of all his acts including a list of all schools visited and dates of visitation.
- C. The Regional Office of Education No. 14 performs compliance inspections for each public school in his region on a rotational basis every 3 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.

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2006**

**Section II: Findings Related to the Basic Financial Statements:**

**FINDING NO. 06-1 - Controls Over Compliance with Laws and Regulations (Continued)**

**Effects:**

The Regional Office of Education No. 14 did not comply with statutory requirements.

**Causes:**

- A. According to Regional Office officials, this mandate is not possible due to the time requirement and knowledge necessary for a thorough review of every school districts' books, accounts, and vouchers. The Regional Superintendent instead relies on audit opinions provided by the independent auditors of each school district.
- B. The Regional Superintendent was not aware that this mandate applied to his office due to the population being greater than two million within the district.
- C. The Regional Superintendent stated that the periodic compliance visits completed at the public schools were sufficient to satisfy the statutory requirement because they were being done on a three year rotating basis.

**Auditor's Recommendations:**

- A. The Regional Office of Education No. 14 should comply with the requirements of 105 ILCS 5/3-14.11.
- B. The Regional Superintendent should attend the county board meeting in September and quarterly thereafter to report all of his acts, including a list of all the schools visited and dates of visitation as required by 105 ILCS 5/3-5.
- C. The Regional Superintendent should visit each public school annually to review all items noted in the statute as required by 105 ILCS 5/3-14.5.

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

**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.

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2006**

**Section II: Findings Related to the Basic Financial Statements:**

**FINDING NO. 06-1 - Controls Over Compliance with Laws and Regulations (Continued)**

- B. Beginning in September 2007 and quarterly thereafter, the Regional Superintendent will request a meeting with the Cook County Board of Commissioners to report all of his acts as county superintendent, including a list of all schools visited with the dates of visitation.
  
- C. The Illinois Association of Regional Superintendents of Schools and the Illinois State Board of Education have agreed to seek legislation to remove duplicative and/or obsolete sections of the Illinois School Code. Both parties agree that section 1.20 of the 23<sup>rd</sup> 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.



**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2006**

**Section II: Findings Related to the Basic Financial Statements:**

**FINDING NO. 06-2 – Continuation as a Going Concern**

**Criteria/Specific Requirement:**

All audits conducted in accordance with generally accepted auditing standards require the auditor to evaluate the entity's financial position and contemplate the continuation of the entity as a going concern.

**Condition:**

The Suburban Cook County Regional Office of Education No. 14's liabilities exceed its total net assets by \$259,188. On a cash basis of accounting, the Regional Office has sufficient financial resources to operate through fiscal year 2007. However, if the Regional Office continues to operate at the current level without obtaining additional funding or decreasing expenditures, its ability to continue as a going concern may be questioned in future years.

**Effect:**

At the present time, financial statement analysis shows that the Suburban Cook County Regional Office of Education No. 14 will not be able to continue as a going concern in future years unless it lowers expenditures or obtains additional funding.

**Cause:**

According to Regional Office officials, the Suburban Cook County Regional Office of Education No. 14 has experienced a significant loss of funding in recent years. Along with this decreased funding, there has also been an increase in the Office's responsibilities regarding the teacher certification program, causing the Office to hire additional staff and thus increasing expenditures. Regional Office officials also stated that the Suburban Cook County Regional Office of Education No. 14 is the only Regional Office of Education in the State of Illinois that does not receive funding from its respective county.

**Recommendation:**

The Suburban Cook County Regional Office of Education No. 14 should attempt to streamline operations so that expenditures are lowered and/or seek additional funding sources.

**Management's Response:**

The Suburban Cook County Regional Office of Education No. 14 shall attempt to lower expenditures as well as seek out additional funding sources in order to continue operations. The Office has attempted to secure funding from Cook County every year for the past 10+ years but has been unsuccessful.

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2006**

**Section III: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NONCOMPLIANCE:**

None

**REPORTABLE CONDITIONS:**

None

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS**  
**Year Ended June 30, 2006**

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

**Condition:**

- A. The Regional Office of Education No. 14 is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent has been examining school district financial statements on an annual basis.
- B. The Regional Office of Education No. 14 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 schools visited and dates of visitation.
- C. The Regional Office of Education No. 14 performs compliance inspections for each public school in his Region on a rotational basis every 3 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. Region Superintendent will request the opportunity to speak at the September 2007 Cook County Board of Commissioners' meeting.

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
Year Ended June 30, 2006**

**FINDING NO. 06-1 - Controls Over Compliance with Laws and Regulations (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 section of the Illinois School Code. Both parties agree that section 1.20 of the 23rd Illinois Administrative Code is a more current, thorough, and comprehensive requirement concerning visitation of public schools by the Regional Superintendent. As a result, the two parties working together will seek legislation to repeal section 5/3-14.5 of the Illinois School Code.

**Anticipated Date of Completion:**

Immediately

**Name of Contact Person:**

Honorable Robert Ingrassia, Regional Superintendent

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
Year Ended June 30, 2006**

**FINDING NO. 06-2 - Continuation as a Going Concern**

**Condition:**

The Suburban Cook County Regional Office of Education No. 14's liabilities exceed its total net assets by \$259,188. On a cash basis of accounting, the Regional Office has sufficient financial resources to operate through fiscal year 2007. However, if the Regional Office continues to operate at the current level without obtaining additional funding or decreasing expenditures, its ability to continue as a going concern may be questioned in future years.

**Plan:**

The Regional Superintendent will attempt to reduce expenditures, as well as, seek additional funding sources in order to continue operations.

**Anticipated Date of Completion:**

This will be an ongoing plan for the next several years.

**Name of Contact Person:**

Honorable Robert Ingrassia, Regional Superintendent

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**June 30, 2006**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
05-1	Inaccurate Expenditure Report	Resolved
05-2	Controls Over Compliance with Laws and Regulations	Repeated

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2006**

Suburban Cook County Regional Office of Education No. 14 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2006. We encourage readers to consider this information in conjunction with Suburban Cook County Regional Office of Education No. 14's financial statements, which follow.

**2006 FINANCIAL HIGHLIGHTS**

- General Fund revenues decreased from \$901,058 in fiscal year 2005 to \$882,103 in fiscal year 2006, and General Fund expenditures decreased from \$968,529 in fiscal year 2005 to \$854,872 in fiscal year 2006. Suburban Cook County Regional Office of Education No. 14's General Fund balance increased from \$67,945 in fiscal year 2005 to \$95,176 in fiscal year 2006, a 40% increase.
- The decrease in General Fund revenues was attributable to decrease in the ROE Operations grant. The reason for the decrease in General Fund expenditures was also attributable to the decrease in the ROE Operations grant.
- The Institute Fund revenues decreased from \$546,827 in 2005 to \$469,388 in 2006. This decrease is primarily due to an increase in the deferral of the revenue due to the certifications being made for years after June 30, 2006. Expenditures increased from \$684,968 in 2005 to \$821,249 in 2006. This increase is primarily due to a need to hire additional staff because of legislation affecting the certification process.
- The Education Fund revenues increased from \$150,029 in 2005 to \$168,360 in 2006. This increase is primarily due to a new grant during the year, the McKinney Homeless grant. Expenditures increased from \$148,867 in 2005 to \$189,086 in 2006. This increase is primarily due to school districts submitting their requests for reimbursement after the year end for fiscal year 2005.

**USING THIS ANNUAL REPORT**

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

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of Suburban Cook County Regional Office of Education No. 14'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 Suburban Cook County Regional Office of Education No. 14 as a whole and present an overall view of Suburban Cook County Regional Office of Education No. 14's finances.



**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2006**

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Suburban Cook County Regional Office of Education No. 14's operations in more detail than the government-wide statements by providing information about the most significant funds.

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

Other Supplemental Information provides detailed information about the General Fund, Education Fund and the nonmajor special revenue funds.

Summarized below are the major features of Suburban Cook County Regional Office of Education No. 14's financial statements, including the portion of Suburban Cook County Regional Office of Education No. 14's activities they cover and the types of information they contain.

	<u>Government-wide Statements</u>	<u>Governmental Funds</u>
Scope	Entire Suburban Cook County Regional Office of Education No. 14	The activities of Suburban Cook County Regional Office of Education, such as the General, Education and Institute Funds
Required financial statements	Statement of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due during the year or soon thereafter

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2006**

**REPORTING SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14'S FINANCIAL ACTIVITIES**

***Government-wide Financial Statements***

The government-wide financial statements report information about Suburban Cook County Regional Office of Education No. 14 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of Suburban Cook County Regional Office of Education No. 14's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report Suburban Cook County Regional Office of Education No. 14's net assets and how they have changed. Net assets - the difference between Suburban Cook County Regional Office of Education No. 14's assets and liabilities - are one way to measure Suburban Cook County Regional Office of Education No. 14's financial health or financial position. Over time, increases or decreases in Suburban Cook County Regional Office of Education No. 14's net assets are an indicator of whether financial position is improving or deteriorating. To assess Suburban Cook County Regional Office of Education No. 14's overall health, additional non-financial factors, such as changes in Suburban Cook County Regional Office of Education No. 14's community and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, Suburban Cook County Regional Office of Education No. 14's activities are in one category:

- *Governmental activities:* All of Suburban Cook County Regional Office of Education No. 14's basic services are included here, such as grants and teacher certifications. State grants and local programs finance most of these activities.

***Fund Financial Statements***

The fund financial statements provide more detailed information about Suburban Cook County Regional Office of Education No. 14's funds, focusing on its most significant or "major" funds - not Suburban Cook County Regional Office of Education No. 14 as a whole. Funds are accounting devices Suburban Cook County Regional Office of Education No. 14 uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law. Suburban Cook County Regional Office of Education No. 14 establishes other funds to control and manage money for particular purposes, such as accounting for special revenue funds, or to show that it is properly using certain revenues, such as federal grants.

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2006**

Suburban Cook County Regional Office of Education No. 14 has one kind of fund:

- *Governmental funds:* All of Suburban Cook County Regional Office of Education No. 14's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance Suburban Cook County Regional Office of Education No. 14's programs.

Suburban Cook County Regional Office of Education No. 14's governmental funds include General Fund, Institute Fund, Education Fund, Directory Fund, Bus Driver Fund, Supervisory Fund, and Fingerprinting Fund.

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

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

#### **Government-Wide Financial Analysis**

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of Suburban Cook County Regional Office of Education No. 14, assets were exceeded by liabilities by \$259,188 as of June 30, 2006.

A portion of Suburban Cook County Regional Office of Education No. 14's net assets reflects its investment in capital assets (e.g., furniture and equipment), less any related debt used to acquire those assets that is still outstanding. Suburban Cook County Regional Office of Education No. 14 did not use any debt to finance the purchase of capital assets. The Government-wide statements also include \$983,736 in liabilities consisting of accounts payable, amounts due to other governments, and deferred revenue.

Suburban Cook County Regional Office of Education No. 14's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2006**

The following table presents a summary of Suburban Cook County Regional Office of Education No. 14's net assets for the fiscal years ended June 30, 2006 and 2005.

	<b>Governmental Activities</b>	
	<b><u>2006</u></b>	<b><u>2005</u></b>
Current assets	\$ 704,036	\$ 679,864
Capital assets, net of accumulated depreciation	<u>20,512</u>	<u>31,259</u>
Total assets	<u>724,548</u>	<u>711,123</u>
Current liabilities	<u>983,736</u>	<u>573,710</u>
Net assets		
Invested in capital assets, net of related debt	20,512	31,259
Unrestricted	<u>(279,700)</u>	<u>106,154</u>
<b>Total net assets</b>	<b><u>\$ (259,188)</u></b>	<b><u>\$ 137,413</u></b>

The largest portion of Suburban Cook County Regional Office of Education No. 14's net assets is cash that is to be used to finance operations. Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements were \$(279,700) at year end.

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2006**

**Changes in net assets.** Suburban Cook County Regional Office of Education No. 14's total revenue for the fiscal year ended June 30, 2006 was \$1,700,924. The total cost of all programs and services was \$2,097,525. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2006 and 2005.

	<b>Governmental Activities</b>	
	<u>2006</u>	<u>2005</u>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 182,695	\$ 182,943
Operating grants and contributions	699,623	700,694
General revenues:		
Local sources	489,806	28,067
State sources	11,302	10,680
On-behalf payments	<u>317,498</u>	<u>315,605</u>
Total revenues	<u>1,700,924</u>	<u>1,237,989</u>
<b>Expenses:</b>		
Education:		
Salaries	559,471	516,160
Benefits	1,533	4,863
Purchased services	524,398	328,680
Supplies and materials	29,658	24,372
Payments to other governments	471,525	546,086
State teachers' certification board	182,695	182,943
Capital outlay	-	1,142
Depreciation expense	10,747	11,046
Administrative:		
On-behalf payments	<u>317,498</u>	<u>315,605</u>
Total expenses	<u>2,097,525</u>	<u>1,930,897</u>
Changes in net assets	(396,601)	(692,908)
Beginning net assets	<u>137,413</u>	<u>830,321</u>
<b>Ending net assets</b>	<u><b>\$ (259,188)</b></u>	<u><b>\$ 137,413</b></u>

Operating grants and contributions account for 41% of the total revenue. Suburban Cook County Regional Office of Education No. 14's expenses primarily relate to education which accounts for 85% of the total expenses.

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2006**

**Governmental Activities**

Revenues for governmental activities were \$1,700,924 and \$1,237,989 and expenses were \$2,097,525 and \$1,930,897 for June 30, 2006 and 2005, respectively.

The following tables present the cost of Suburban Cook County Regional Office of Education No. 14's functional governmental activities. The tables also show each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and Suburban Cook County Regional Office of Education No. 14's community by each of these functions.

**2006**

	<u>Total Expenses</u>	<u>Net (Expenses) Revenues</u>
Education		
Salaries	\$ 559,471	\$ (518,786)
Benefits	1,533	(720)
Purchased services	524,398	(322,064)
Supplies and materials	29,658	(10,405)
Payments to other governments	471,525	(34,987)
State teachers' certification board	182,695	-
Depreciation expense	10,747	(10,747)
Administrative		
On-behalf payments	<u>317,498</u>	<u>(317,498)</u>
<b>Total expenses</b>	<b><u>\$ 2,097,525</u></b>	<b><u>\$ (1,215,207)</u></b>

**2005**

	<u>Total Expenses</u>	<u>Net (Expenses) Revenues</u>
Education		
Salaries	\$ 516,160	\$ (483,000)
Benefits	4,863	(360)
Purchased services	328,680	(162,773)
Supplies and materials	24,372	(10,930)
Payments to other governments	546,086	(62,404)
State teachers' certification board	182,943	-
Capital outlay	1,142	(1,142)
Depreciation expense	11,046	(11,046)
Administrative		
On-behalf payments	<u>315,605</u>	<u>(315,605)</u>
<b>Total expenses</b>	<b><u>\$ 1,930,897</u></b>	<b><u>\$ (1,047,260)</u></b>

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2006**

The cost of all governmental activities was \$2,097,525 and \$1,930,897 for June 30, 2006 and 2005, respectively.

Charges for services and operating grants and contributions subsidized certain governmental activities with grants and contributions and other local revenues of \$882,318 and \$883,637 for June 30, 2006 and 2005, respectively.

Net cost of governmental activities, \$1,215,207 and \$1,047,260 at June 30, 2006 and 2005, respectively, was financed by local and state sources that are not directly associated with the functions and objects above.

### **INDIVIDUAL FUND ANALYSIS**

As previously noted, Suburban Cook County Regional Office of Education No. 14 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of Suburban Cook County Regional Office of Education No. 14 as a whole is reflected in its governmental funds, as well. As Suburban Cook County Regional Office of Education No. 14 completed the year, its governmental funds reported a combined fund balance of \$(279,700). This is below last year's ending fund balance of \$106,154.

### **GOVERNMENTAL FUND HIGHLIGHTS**

- Suburban Cook County Regional Office of Education No. 14's increasing General Fund financial position is the result of the Regional Office cutting expenditures due to a decrease in the ROE Operations grant. The decrease in expenditures was greater than the decrease in revenue.
- The Institute Fund balance decreased from \$(62,222) to \$(414,083), due to a need to hire additional staff based on legislation affecting the certification process.
- The Education Fund balance decreased from \$46,621 to \$25,895, due to school districts submitting reimbursable expenses for fiscal year ending June 30, 2005 after that date.

### **BUDGETARY HIGHLIGHTS**

Suburban Cook County Regional Office of Education No. 14 prepares budgets for three grants including General Fund, McKinney Homeless Grant, and Truant Alternative Grant. They amended the General Fund, McKinney Homeless Grant, and the Truant Alternative Grant budget during the fiscal year.

Suburban Cook County Regional Office of Education No. 14 prepares a five year revenue budget for the Institute Fund. This budget is not presented, as it is not based on expenses and would not be a good indicator of financial position. It is used by management to prepare for expected receipts for teacher certifications and renewals.

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2006**

**CAPITAL ASSETS**

As of June 30, 2006, Suburban Cook County Regional Office of Education No. 14 had invested \$20,512 in capital assets, including furniture and equipment. Total depreciation expense for the year was \$10,747.

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

	<u>Governmental Activities</u>
Furniture and equipment	\$ <u>20,512</u>

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

	<u>Governmental Activities</u>
Furniture and equipment	\$ <u>31,259</u>

Additional information on Suburban Cook County Regional Office of Education No. 14's capital assets can be found in Note 2 on page 44 of this report.

**ECONOMIC FACTORS BEARING ON SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14'S FUTURE**

At the time these financial statements were prepared and audited, Suburban Cook County Regional Office of Education No. 14 was aware of several existing circumstances that could significantly affect its financial health in the future:

The most important factor bearing on the Regional Office will be funding from Cook County. Due to the losses sustained in the recent years in the Institute fund, it does not appear that the Regional Office can sustain operations without additional funding coming from Suburban Cook County.

**CONTACTING SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14'S FINANCIAL MANAGEMENT**

This financial report is designed to provide Suburban Cook County Regional Office of Education No. 14's citizens, taxpayers, customers, and creditors with a general overview of Suburban Cook County Regional Office of Education No. 14's finances and to demonstrate Suburban Cook County Regional Office of Education No. 14's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Suburban Cook County Regional Office of Education No. 14, 10110 Gladstone Street, Westchester, Illinois 60154-2618.



## **BASIC FINANCIAL STATEMENTS**

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**STATEMENT OF NET ASSETS**  
**June 30, 2006**

	<u>Primary Government Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 449,039
Investments	212,772
Prepaid expenses	42,225
Total current assets	704,036
Noncurrent assets:	
Capital assets, being depreciated, net	20,512
Total assets	724,548
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	40,870
Due to other governments	91,125
Deferred revenue	851,741
Total liabilities	983,736
<b>NET ASSETS</b>	
Investment in capital assets, net of related debt	20,512
Unrestricted	(279,700)
<b>Total net assets</b>	<b>\$ (259,188)</b>

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

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2006**

**EXHIBIT B**

<b>FUNCTIONS/PROGRAMS</b>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Assets Primary Government Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Primary government:				
Governmental activities:				
Education:				
Salaries	\$ 559,471	\$ -	\$ 40,685	\$ (518,786)
Benefits	1,533	-	813	(720)
Purchased services	524,398	-	202,334	(322,064)
Supplies and materials	29,658	-	19,253	(10,405)
Payments to other governments	471,525	-	436,538	(34,987)
State teachers' certification board	182,695	182,695	-	-
Depreciation expense	10,747	-	-	(10,747)
Administrative:				
On-behalf payments	317,498	-	-	(317,498)
<b>Total primary government</b>	<u>\$ 2,097,525</u>	<u>\$ 182,695</u>	<u>\$ 699,623</u>	<u>(1,215,207)</u>
General revenues:				
Local sources				475,731
State sources				11,302
Investment earnings				14,075
On-behalf payments				<u>317,498</u>
Total general revenues				<u>818,606</u>
<b>CHANGES IN NET ASSETS</b>				(396,601)
<b>NET ASSETS, BEGINNING OF YEAR</b>				<u>137,413</u>
<b>NET ASSETS, END OF YEAR</b>				<u>\$ (259,188)</u>

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

SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
 June 30, 2006

EXHIBIT C

	General Fund	Institute Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 100,103	\$ 202,797	\$ 132,827	\$ 13,312	\$ 449,039
Investments	-	205,090	7,682	-	212,772
Prepaid expenses	42,225	-	-	-	42,225
<b>TOTAL ASSETS</b>	<b>\$ 142,328</b>	<b>\$ 407,887</b>	<b>\$ 140,509</b>	<b>\$ 13,312</b>	<b>\$ 704,036</b>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 40,870	\$ -	\$ 40,870
Due to other governments	47,152	-	43,973	-	91,125
Deferred revenue	-	821,970	29,771	-	851,741
Total liabilities	47,152	821,970	114,614	-	983,736
<b>FUND BALANCES (DEFICIT)</b>					
Unreserved, reported in:					
General fund	95,176	-	-	-	95,176
Special revenue funds	-	(414,083)	25,895	13,312	(374,876)
Total fund balances (deficit)	95,176	(414,083)	25,895	13,312	(279,700)
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<b>\$ 142,328</b>	<b>\$ 407,887</b>	<b>\$ 140,509</b>	<b>\$ 13,312</b>	<b>\$ 704,036</b>

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

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
June 30, 2006**

**Total fund balances (deficit) - governmental funds (page 33)** \$ (279,700)

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.

20,512

**Net assets of governmental activities (page 31)**

\$ (259,188)

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

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2006**

	<u>General Fund</u>	<u>Institute Fund</u>	<u>Education Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>					
Local sources	\$ 8,455	\$ 469,388	\$ 24,265	\$ 170,393	\$ 672,501
State sources	556,150	-	85,268	10,680	652,098
Federal sources	-	-	58,827	-	58,827
On-behalf payments	317,498	-	-	-	317,498
Total revenues	<u>882,103</u>	<u>469,388</u>	<u>168,360</u>	<u>181,073</u>	<u>1,700,924</u>
<b>EXPENDITURES:</b>					
Current:					
Education:					
Salaries	11,487	481,805	-	66,179	559,471
Benefits	878	655	-	-	1,533
Purchased services	49,216	148,312	172,796	154,074	524,398
Supplies and materials	4,268	7,782	16,290	1,318	29,658
Payments to other governments	471,525	-	-	-	471,525
State teachers' certification board	-	182,695	-	-	182,695
Administrative:					
On-behalf payments	317,498	-	-	-	317,498
Total expenditures	<u>854,872</u>	<u>821,249</u>	<u>189,086</u>	<u>221,571</u>	<u>2,086,778</u>
<b>NET CHANGE IN FUND BALANCES</b>	27,231	(351,861)	(20,726)	(40,498)	(385,854)
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	<u>67,945</u>	<u>(62,222)</u>	<u>46,621</u>	<u>53,810</u>	<u>106,154</u>
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<u>\$ 95,176</u>	<u>\$ (414,083)</u>	<u>\$ 25,895</u>	<u>\$ 13,312</u>	<u>\$ (279,700)</u>

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

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2006**

<b>Net change in fund balances (page 35)</b>	<b>\$ (385,854)</b>
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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.

Depreciation expense	<u>(10,747)</u>
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<b>Change in net assets of governmental activities (page 32)</b>	<b><u><u>\$ (396,601)</u></u></b>
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These financial statements should be read only in connection with the  
accompanying independent auditor's report, summary of significant  
accounting policies, and notes to financial statements.

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**June 30, 2006**

The Suburban Cook County Regional Office of Education No. 14 was created to develop and maintain educational services for the school districts in Cook County, Illinois. The Suburban Cook County Regional Office of Education No. 14 services 697 public schools and 143 districts within the county (exclusive of District 299).

The functions of the Suburban Cook County Regional Office of Education No. 14 include, but are not limited to the following:

- Processing teachers' certificates
- Teaching initial and refresher classes for school bus drivers within Suburban Cook County Regional Office of Education No. 14
- Review life/safety requirements for schools in conjunction with the State of Illinois
- Issuing newsletters regarding new Illinois life/safety requirements
- Monitoring compliance with State laws and Department of Education policies and procedures
- Providing directions to teachers and school officials on science, art and teaching methods
- Implementing the State Board of Education's Policy Programs
- Encouraging camaraderie among teachers through the teachers' institute

Suburban Cook County Regional Office of Education No. 14 has no distributive fund since the State of Illinois maintains responsibility for the function of distributing state and federal aid to individual school districts.

The State of Illinois also maintains responsibility for the GED program, therefore, there is no GED fund.

The financial statements of the Suburban Cook County Regional Office of Education No. 14 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The following is a summary of the significant accounting policies:

**REPORTING ENTITY**

For financial reporting purposes, Suburban Cook County Regional Office of Education No. 14 has included all funds, organizations, agencies, boards, commissions and authorities. Suburban Cook County Regional Office of Education No. 14 has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with Suburban Cook County Regional Office of Education No. 14 are such that exclusion would cause Suburban Cook County Regional Office of Education No. 14's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of Suburban Cook County Regional Office of Education No. 14 to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on Suburban Cook County Regional Office of Education No. 14. Suburban Cook County Regional Office of Education No. 14 has no component units which meet the Governmental Accounting Standards Board criteria.



**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**June 30, 2006**

**BASIS OF PRESENTATION**

**Government-wide Financial Statements** - The Statement of Net Assets and the Statement of Activities report information on all of the activities of Suburban Cook County Regional Office of Education No. 14. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by intergovernmental and local revenues.

The Statement of Net Assets presents Suburban Cook County Regional Office of Education No. 14's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

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

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

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

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

**Fund Financial Statements** - Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

Suburban Cook County Regional Office of Education No. 14 reports the following major governmental funds:

The General Fund is the operating fund of the Suburban Cook County Regional Office of Education No. 14. The General Fund accounts for all financial resources except those required to be accounted for in another fund.

The Institute Fund accounts for registration and renewal fees related to teachers' certificates. Funds collected from registration and renewal fees are expended to defray the costs incidental to teachers' institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**June 30, 2006**

**BASIS OF PRESENTATION (CONTINUED)**

Education Fund - Accounts for grant funds which are restricted as to their use except for those accounted for in the Supervisory Fund. Restricted grant funds include:

Title II - Eisenhower - Leadership Grant - to account for grant monies received for, and payment of, expenditures incurred in providing workshops.

Special Appropriation Grant - to account for grant monies received to supplement general operations of the office.

Substance Abuse and Violence Prevention Grant - to account for monies received for, and payment of, expenditures incurred in facilitating the Substance Abuse and Violence Prevention program.

Truant Alternative Grant - to account for grant monies received for, and payment of, expenditures incurred for after school programs to avoid truant behavior in children.

Cook County Learning Technology Center - to account for monies received for, and payment of, expenditures incurred to support technology applications throughout the Districts served.

Lehman Scholarships - to account for monies received for, and payment of, expenditures incurred in providing scholarships.

Scientific Learning - to account for monies received for, and payment of, expenditures for scientific learning.

Building Survey - to account for monies received for, and payment of, expenditures to conduct a pilot of ISBE web based school facility inventory.

SES Monitoring -- to account for monies received for, and payment of, expenditures for the evaluation of applications used for supplemental education services.

Illinois Terrorism Task Force - to account for monies received for, and payment of, expenditures to provide training designed to enhance the capacity of schools to plan for and manage critical incidents.

McKinney Homeless Grant - to account for monies received for, and payment of, expenditures that will coordinate enrollment, attendance, social and educational success of identified students in Suburban Cook County Schools.

Other - to account for monies received for, and payment of, expenditures for other education operations.

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**June 30, 2006**

**BASIS OF PRESENTATION (CONTINUED)**

Suburban Cook County Regional Office of Education No. 14 reports the following nonmajor governmental funds:

Directory - Accounts for sales proceeds and costs of producing directories of all school buildings within the Suburban Cook County Regional Office of Education No. 14's jurisdiction.

Bus Driver - Accounts for school bus drivers' permit fees which may be expended for school bus drivers' refresher courses.

Supervisory - Accounts for State funding used to pay expenses for supervision of school districts within the Suburban Cook County Regional Office of Education No. 14's jurisdiction.

Fingerprinting - Accounts for reimbursement from school districts to pay expenses of providing fingerprinting services.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

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

Intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by Suburban Cook County Regional Office of Education No. 14.

Suburban Cook County Regional Office of Education No. 14 records on-behalf payments made by the State to the Teachers' Retirement System as revenue and expenditures.

Suburban Cook County Regional Office of Education No. 14 recognizes teacher certificate registration fees for school years ending after June 30, 2006 as deferred revenue.

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

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**June 30, 2006**

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)**

Under the terms of grant agreements, Suburban Cook County Regional Office of Education No. 14 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is Suburban Cook County Regional Office of Education No. 14's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

Suburban Cook County Regional Office of Education No. 14 maintains its financial records on the cash basis. The financial statements of Suburban Cook County Regional Office of Education No. 14 are prepared by making memorandum adjusting entries to the cash basis financial records.

**ASSETS, LIABILITIES AND FUND EQUITY**

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

Cash and investments - The cash and investment balances of Suburban Cook County Regional Office of Education No. 14 are valued at cost.

Capital assets - Capital assets, which include furniture and equipment, are reported in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by Suburban Cook County Regional Office of Education No. 14 as assets with an initial, individual cost in excess of \$500 and estimated useful lives in excess of two years. Capital assets are depreciated using the straight line method over 5-10 years.

Deferred revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the revenue is not earned until a future period. Deferred revenue consists of teacher certificate registration fees for school years ending after June 30, 2006.

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

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**June 30, 2006**

**ASSETS, LIABILITIES AND FUND EQUITY (CONTINUED)**

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

**BUDGETS AND BUDGETARY ACCOUNTING**

The budgetary comparison and related disclosures are reported as supplementary information.

Suburban Cook County Regional Office of Education No. 14 did not formally adopt a budget for the year ended June 30, 2006 and is not legally required to do so. The Illinois State Board of Education requires budgets for certain State programs. These budgets were used to prepare statements of revenues, expenditures, and changes in fund balance - budget and actual for the following programs: General Fund, Truant Alternative Grant, and McKinney Homeless Grant.

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

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 1 - CASH AND INVESTMENTS**

The deposit and investment of monies is governed by the provisions of the Illinois Compiled Statutes.

A. Deposits

At June 30, 2006, the carrying amount of the deposits was \$449,039 (net of overdrafts) and the bank balance was \$564,194.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, Suburban Cook County Regional Office of Education No. 14's deposits may not be returned. Suburban Cook County Regional Office of Education No. 14 does not have a deposit policy for custodial credit risk. As of June 30, 2006, all of Suburban Cook County Regional Office of Education No. 14's deposits were either covered by FDIC insurance or covered by collateral held by the financial institution in Suburban Cook County Regional Office of Education No. 14's name.

B. Investments

Suburban Cook County Regional Office of Education No. 14 invests primarily in certificates of deposit with original maturities greater than three months from the date of acquisition. The investments of Suburban Cook County Regional Office of Education No. 14 monies are governed by the provisions of the Illinois Compiled Statutes.

Interest Rate Risk - Suburban Cook County Regional Office of Education No. 14 does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk and Concentration of Credit Risk - Suburban Cook County Regional Office of Education No. 14 does not have a formal investment policy that would limit its investment choices or would limit the amount Suburban Cook County Regional Office of Education No. 14 may invest in one issuer.

At June 30, 2006, investments included the following:

	<u>Morningstar Rating</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Institute Fund			
Certificates of Deposit	Unrated	\$ 205,090	\$ 205,090
Other Nonmajor Funds			
Lehman Scholarships			
Certificates of Deposit	Unrated	<u>7,682</u>	<u>7,682</u>
<b>Total investments</b>		<u>\$ 212,772</u>	<u>\$ 212,772</u>

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 2 - CAPITAL ASSETS**

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

	<u>Balance June 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2006</u>
Governmental activities:				
Furniture and equipment	\$ 72,384	\$ -	\$ 12,600	\$ 59,784
Less accumulated depreciation	<u>41,125</u>	<u>10,747</u>	<u>12,600</u>	<u>39,272</u>
<b>Total capital assets, net</b>	<u>\$ 31,259</u>	<u>\$ (10,747)</u>	<u>\$ -</u>	<u>\$ 20,512</u>

Depreciation expense was charged as follows:

Governmental activities:

Education:

Depreciation expense \$ 10,747

**NOTE 3 - DUE TO OTHER GOVERNMENTS**

The detail of balances that are due to other governments at June 30, 2006 is as follows:

Education Fund	
McKinney Homeless Grant	
Due to Regional Office of Education No. 31	<u>\$ 43,973</u>
General Fund	
Due to other entities and local school districts	<u>\$ 47,152</u>

**NOTE 4 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

Generally accepted accounting principles require disclosure as part of the combined financial statements of certain information concerning individual funds as follows:

The following funds had deficit fund balances at June 30, 2006:

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 4 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (CONTINUED)**

Institute Fund	\$ (414,083)
Education Fund	
Title II - Eisenhower - Leadership Grant	(444)
Building Survey	(94)
Illinois Terrorism Task Force	(2,943)
Other	(175)
Other Nonmajor Funds	
Supervisory	(2,156)

**NOTE 5 - ON-BEHALF PAYMENTS**

Salaries of the Regional Superintendent and his two assistants are paid by the State of Illinois. The State of Illinois and the respective employees also pay pension plan contributions associated with these salaries. The Suburban Cook County Regional Office of Education No. 14 pays all other salaries.

On-behalf payments are as follows:

Regional Superintendent - salary	\$ 90,712
Regional Superintendent - benefits	9,674
Assistant Regional Superintendents - salaries	200,701
Assistant Regional Superintendents - benefits	<u>16,411</u>
<b>Total on-behalf payments</b>	<b><u>\$ 317,498</u></b>

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



**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 6 - RISK MANAGEMENT**

Suburban Cook County Regional Office of Education No. 14 is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. Suburban Cook County Regional Office of Education No. 14 assumes liability for any deductibles and claims in excess of coverage limitations. There has been no significant reduction in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the year.

**NOTE 7 - NEW PRONOUNCEMENT**

In 2006, Suburban Cook County Regional Office of Education No. 14 adopted Governmental Accounting Standards Board (GASB) Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section, an Amendment of NCGA Statement 1*, GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation, an Amendment of GASB No. 34*, and GASB No. 47, *Accounting for Termination Benefits*. The Regional Office of Education implemented these standards during the current year, however; they do not have a significant impact on the financial statements.

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

**OTHER SUPPLEMENTAL INFORMATION**

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**Year Ended June 30, 2006**

**SCHEDULE 1**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Local sources	\$ -	\$ -	\$ 8,455	\$ 8,455
State sources	556,150	556,150	556,150	-
On-behalf payments	-	-	317,498	317,498
Total revenues	556,150	556,150	882,103	325,953
<b>EXPENDITURES:</b>				
Current:				
Education:				
Salaries	20,500	11,700	11,487	213
Benefits	6,000	925	878	47
Purchased services	55,125	68,000	49,216	18,784
Supplies and materials	2,000	4,000	4,268	(268)
Payments to other governments	471,525	471,525	471,525	-
Capital outlay	1,000	-	-	-
On-behalf payments	-	-	317,498	(317,498)
Total expenditures	556,150	556,150	854,872	(298,722)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	27,231	<b>\$ 27,231</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			67,945	
<b>FUND BALANCE, END OF YEAR</b>			<b>\$ 95,176</b>	

SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 June 30, 2006

	Title II - Eisenhower - Leadership Grant	Special Appropriation Grant	Substance Abuse and Violence Prevention Grant	Truant Alternative Grant
<b>ASSETS</b>				
Cash (overdraft)	\$ (444)	\$ -	\$ 11,473	\$ 67,690
Investments	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ (444)</b>	<b>\$ -</b>	<b>\$ 11,473</b>	<b>\$ 67,690</b>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 36,895
Due to other governments	-	-	-	-
Deferred revenue	-	-	-	29,771
Total liabilities	-	-	-	66,666
<b>FUND BALANCE (DEFICIT)</b>				
Fund balance (deficit), unreserved and undesignated	(444)	-	11,473	1,024
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ (444)</b>	<b>\$ -</b>	<b>\$ 11,473</b>	<b>\$ 67,690</b>

SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2006

	<u>Cook County Learning Technology Center</u>	<u>Lehman Scholarships</u>	<u>Scientific Learning</u>	<u>Building Survey</u>
<b>ASSETS</b>				
Cash (overdraft)	\$ 3,000	\$ 5,170	\$ -	\$ (94)
Investments	-	7,682	-	-
<b>TOTAL ASSETS</b>	<u>\$ 3,000</u>	<u>\$ 12,852</u>	<u>\$ -</u>	<u>\$ (94)</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT)</b>				
Fund balance (deficit), unreserved and undesignated	<u>3,000</u>	<u>12,852</u>	<u>-</u>	<u>(94)</u>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<u>\$ 3,000</u>	<u>\$ 12,852</u>	<u>\$ -</u>	<u>\$ (94)</u>

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2006**

	<u>SES Monitoring</u>	<u>Illinois Terrorism Task Force</u>	<u>McKinney Homeless Grant</u>	<u>Other</u>	<u>Total</u>
<b>ASSETS</b>					
Cash (overdraft)	\$ 1,202	\$ (2,943)	\$ 47,948	\$ (175)	\$ 132,827
Investments	-	-	-	-	7,682
<b>TOTAL ASSETS</b>	<u>\$ 1,202</u>	<u>\$ (2,943)</u>	<u>\$ 47,948</u>	<u>\$ (175)</u>	<u>\$ 140,509</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 3,975	\$ -	\$ 40,870
Due to other governments	-	-	43,973	-	43,973
Deferred revenue	-	-	-	-	29,771
Total liabilities	<u>-</u>	<u>-</u>	<u>47,948</u>	<u>-</u>	<u>114,614</u>
<b>FUND BALANCE (DEFICIT)</b>					
Fund balance (deficit), unreserved and undesignated	<u>1,202</u>	<u>(2,943)</u>	<u>-</u>	<u>(175)</u>	<u>25,895</u>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<u>\$ 1,202</u>	<u>\$ (2,943)</u>	<u>\$ 47,948</u>	<u>\$ (175)</u>	<u>\$ 140,509</u>

SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 Year Ended June 30, 2006

	Title II - Eisenhower - Leadership Grant	Special Appropriation Grant	Substance Abuse and Violence Prevention Grant	Truant Alternative Grant
<b>REVENUES:</b>				
Local sources	\$ -	\$ -	\$ -	\$ 2,239
State sources	-	-	-	85,268
Federal sources	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,507</u>
<b>EXPENDITURES:</b>				
Current:				
Education:				
Purchased services	-	5,437	8,100	70,109
Supplies and materials	-	-	97	16,084
Total expenditures	<u>-</u>	<u>5,437</u>	<u>8,197</u>	<u>86,193</u>
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	-	(5,437)	(8,197)	1,314
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<u>(444)</u>	<u>5,437</u>	<u>19,670</u>	<u>(290)</u>
<b>FUND BALANCE (DEFICIT), RESERVED, END OF YEAR</b>	<u>\$ (444)</u>	<u>\$ -</u>	<u>\$ 11,473</u>	<u>\$ 1,024</u>

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
Year Ended June 30, 2006**

	<b>Cook County Learning Technology Center</b>	<b>Lehman Scholarships</b>	<b>Scientific Learning</b>	<b>Building Survey</b>
<b>REVENUES:</b>				
Local sources	\$ -	\$ 4,059	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>-</u>	<u>4,059</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Current:				
Education:				
Purchased services	1,159	5,279	1,540	-
Supplies and materials	-	-	-	-
Total expenditures	<u>1,159</u>	<u>5,279</u>	<u>1,540</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	(1,159)	(1,220)	(1,540)	-
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<u>4,159</u>	<u>14,072</u>	<u>1,540</u>	<u>(94)</u>
<b>FUND BALANCE (DEFICIT), RESERVED, END OF YEAR</b>	<u>\$ 3,000</u>	<u>\$ 12,852</u>	<u>\$ -</u>	<u>\$ (94)</u>



SCHEDULE 3  
(CONTINUED)

SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
Year Ended June 30, 2006

	SES Monitoring	Illinois Terrorism Task Force	McKinney Homeless Grant	Other	Total
<b>REVENUES:</b>					
Local sources	\$ 12,019	\$ 5,948	\$ -	\$ -	\$ 24,265
State sources	-	-	-	-	85,268
Federal sources	-	-	58,827	-	58,827
Total revenues	<u>12,019</u>	<u>5,948</u>	<u>58,827</u>	<u>-</u>	<u>168,360</u>
<b>EXPENDITURES:</b>					
Current:					
Education:					
Purchased services	10,817	8,891	58,718	2,746	172,796
Supplies and materials	-	-	109	-	16,290
Total expenditures	<u>10,817</u>	<u>8,891</u>	<u>58,827</u>	<u>2,746</u>	<u>189,086</u>
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	1,202	(2,943)	-	(2,746)	(20,726)
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,571</u>	<u>46,621</u>
<b>FUND BALANCE (DEFICIT), RESERVED, END OF YEAR</b>	<u>\$ 1,202</u>	<u>\$ (2,943)</u>	<u>\$ -</u>	<u>\$ (175)</u>	<u>\$ 25,895</u>

SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 Year Ended June 30, 2006

	Truant Alternative Grant				McKinney Homeless Grant				Total			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final			Original	Final			Original	Final		
<b>REVENUES:</b>												
Local sources	\$ -	\$ -	\$ 2,239	\$ 2,239	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,239	\$ 2,239
State sources	122,382	122,382	85,268	(37,114)	-	-	-	-	122,382	122,382	85,268	(37,114)
Federal sources	-	-	-	-	102,800	102,800	58,827	(43,973)	102,800	102,800	58,827	(43,973)
Total revenues	122,382	122,382	87,507	(34,875)	102,800	102,800	58,827	(43,973)	225,182	225,182	146,334	(78,848)
<b>EXPENDITURES:</b>												
Current:												
Education:												
Salaries	12,400	14,300	-	14,300	-	14,300	-	14,300	12,400	28,600	-	28,600
Benefits	1,506	1,806	-	1,806	-	1,806	-	1,806	1,506	3,612	-	3,612
Purchased services	98,476	96,276	70,109	26,167	95,000	95,000	58,718	36,282	193,476	191,276	128,827	62,449
Supplies and materials	10,000	10,000	16,084	(6,084)	7,800	7,800	109	7,691	17,800	17,800	16,193	1,607
Total expenditures	122,382	122,382	86,193	36,189	102,800	118,906	58,827	60,079	225,182	241,288	145,020	96,268
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>1,314</u>	<u>\$ 1,314</u>	<u>\$ -</u>	<u>(16,106)</u>	<u>-</u>	<u>\$ 16,106</u>	<u>\$ -</u>	<u>\$ (16,106)</u>	<u>1,314</u>	<u>\$ 17,420</u>
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>			<u>(290)</u>				<u>-</u>				<u>(290)</u>	
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>			<u>\$ 1,024</u>				<u>\$ -</u>				<u>\$ 1,024</u>	

SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 June 30, 2006

	<u>Directory</u>	<u>Bus Driver</u>	<u>Supervisory</u>	<u>Fingerprinting</u>	<u>Total</u>
<b>ASSETS</b>					
Cash (overdraft)	<u>\$ 8,246</u>	<u>\$ 1,948</u>	<u>\$ (2,156)</u>	<u>\$ 5,274</u>	<u>\$ 13,312</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>					
<b>LIABILITIES</b>					
None	\$ -	\$ -	\$ -	\$ -	\$ -
<b>FUND BALANCES (DEFICIT)</b>					
Unreserved	<u>8,246</u>	<u>1,948</u>	<u>(2,156)</u>	<u>5,274</u>	<u>13,312</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<u><u>\$ 8,246</u></u>	<u><u>\$ 1,948</u></u>	<u><u>\$ (2,156)</u></u>	<u><u>\$ 5,274</u></u>	<u><u>\$ 13,312</u></u>

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**  
**Year Ended June 30, 2006**

**SCHEDULE 6**

	<u>Directory</u>	<u>Bus Driver</u>	<u>Supervisory</u>	<u>Fingerprinting</u>	<u>Total</u>
<b>REVENUES:</b>					
Local sources	\$ 39,109	\$ 46,240	\$ -	\$ 85,044	\$ 170,393
State sources	-	9,680	1,000	-	10,680
Total revenues	<u>39,109</u>	<u>55,920</u>	<u>1,000</u>	<u>85,044</u>	<u>181,073</u>
<b>EXPENDITURES:</b>					
Current:					
Education:					
Salaries	33,720	32,459	-	-	66,179
Purchased services	12,477	36,942	819	103,836	154,074
Supplies and materials	197	-	335	786	1,318
Total expenditures	<u>46,394</u>	<u>69,401</u>	<u>1,154</u>	<u>104,622</u>	<u>221,571</u>
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	(7,285)	(13,481)	(154)	(19,578)	(40,498)
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<u>15,531</u>	<u>15,429</u>	<u>(2,002)</u>	<u>24,852</u>	<u>53,810</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ 8,246</u>	<u>\$ 1,948</u>	<u>\$ (2,156)</u>	<u>\$ 5,274</u>	<u>\$ 13,312</u>

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended June 30, 2006**

<b>Federal Grantor/Pass- Through Grantor, Program Title &amp; Major Program Designation</b>	<b><u>CFDA Number</u></b>	<b><u>Project Number (1st 8 digits) or Contract #</u></b>	<b><u>Expenditures 7/1/05- 6/30/2006</u></b>
U.S. Dept. of Education passed through Lee/Ogle ROE: (M) Stewart B. McKinney Education for Homeless Children and Youth Program	84.196A	06-4920-00	\$ <u>58,827</u>

(M) Program was audited as a major program

The accompanying notes are an integral part of this schedule.

**SUBURBAN COOK COUNTY REGIONAL OFFICE OF EDUCATION NO. 14**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2006**

**NOTE 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Suburban Cook County Regional Office of Education No. 14 and is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**NOTE 2 - SUBRECIPIENTS**

N/A

**NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAMS**

McKinney Homeless Grant - to account for monies received for, and payment of, expenditures that will coordinate enrollment, attendance, social and educational success of identified students in Suburban Cook County Schools.

**NOTE 4 - NON-CASH ASSISTANCE**

N/A

**NOTE 5 - AMOUNT OF INSURANCE**

N/A

**NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING**

N/A

This information is an integral part of the accompanying schedule.