

State of Illinois
BUREAU/HENRY/STARK COUNTIES
REGIONAL OFFICE OF EDUCATION #28
FINANCIAL AUDIT
(In Accordance with the Single Audit Act & OMB Circular A-133)
For the Year Ended June 30, 2006

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

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28

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BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28

OFFICIALS

Regional Superintendent Dr. Bruce Dennison (current and during the audit period)

Assistant Regional Superintendent Ms. Angela Conrad (current and during the audit period)

Offices are located at:

107 South State Street
Atkinson, Illinois 61235-9788

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28

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	1	1
Repeated audit findings	1 (partial)	1 (partial)
Prior recommendations implemented or not repeated	0	0

Details of the audit finding is presented in a separately tabbed report section.

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
FINDINGS (GOVERNMENTAL AUDITING STANDARDS)		
06-01	15-17	Controls over compliance with laws and regulations

EXIT CONFERENCE

Management waived having an exit conference per a letter dated January 5, 2007. Response to the recommendation was provided by Dr. Bruce Dennison, Regional Superintendent, on January 5, 2007.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying basic financial statements of Bureau/Henry/Stark Counties Regional Office of Education #28 (ROE) was performed by Ginoli & Company Ltd.

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



INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bureau/Henry/Stark Counties Regional Office of Education #28, as of and for the year ended June 30, 2006, which collectively comprise the Bureau/Henry/Stark Counties Regional Office of Education #28's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Bureau/Henry/Stark Counties Regional Office of Education #28'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 Bureau/Henry/Stark Counties Regional Office of Education #28, 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 18, 2006 on our consideration of Bureau/Henry/Stark Counties Regional Office of Education #28'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 23 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 Bureau/Henry/Stark Counties Regional Office of Education #28's basic financial statements. The combining and individual nonmajor fund financial statements, the Schedule of Disbursements to School District Treasurers and Other Entities and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Bureau/Henry/Stark Counties Regional Office of Education #28. The combining and individual nonmajor fund financial statements, the Schedule of Disbursements to School District Treasurers and Other Entities, 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.

GINOLI & COMPANY LTD

GINOLI & COMPANY LTD
Certified Public Accountants

Peoria, Illinois
September 18, 2006



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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bureau/Henry/Stark Counties Regional Office of Education #28, as of and for the year ended June 30, 2006, which collectively comprise Bureau/Henry/Stark Counties Regional Office of Education #28's basic financial statements and have issued our report thereon dated September 18, 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 Bureau/Henry/Stark Counties Regional Office of Education #28's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bureau/Henry/Stark Counties Regional Office of Education #28'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, 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.

GINOLI & COMPANY LTD

GINOLI & COMPANY LTD
Certified Public Accountants

Peoria, Illinois
September 18, 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 Bureau/Henry/Stark Counties Regional Office of Education #28 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 Regional Office of Education #28'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 Regional Office of Education #28's management. Our responsibility is to express an opinion on the Regional Office of Education #28'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 Regional Office of Education #28'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 Regional Office of Education #28's compliance with those requirements.

In our opinion, the Bureau/Henry/Stark Counties Regional Office of Education #28 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 Bureau/Henry/Stark Counties Regional Office of Education #28 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Bureau/Henry/Stark Counties Regional Office of Education #28's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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

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

GINOLI & COMPANY LTD

GINOLI & COMPANY LTD
Certified Public Accountants

Peoria, Illinois
September 18, 2006

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified
(unqualified, qualified, adverse, disclaimer)

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Reportable condition(s) identified that are not considered to be material weakness(es)? yes X 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
(unqualified, qualified, adverse, disclaimer)

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

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006
(CONTINUED)

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.287	Title IV-21st Century Community Learning Centers

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

Auditee qualified as low-risk auditee X yes no

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006
(CONTINUED)

Section II-Financial Statement Findings

Finding No. 06-01 – Controls Over Compliance with Laws and Regulations (Section A. is Repeated from Finding 05-01)

Criteria/specific requirement:

- 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.)

Condition:

- A. The Bureau/Henry/Stark Counties Regional Office of Education #28 is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent signs off on the Annual Financial Reports from the school districts in his region. In addition, the Regional Office gets a spreadsheet from the Illinois State Board of Education (ISBE) that outlines all of the school districts and their audit exceptions, if any. The Regional Office follows up with school districts having exceptions and gets the corrective action and forwards it to ISBE.

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

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006
(CONTINUED)

- B. The Bureau/Henry/Stark Counties Regional Office of Education #28 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 the schools visited and dates of visitation. The Regional Office submitted an annual financial report to the county board by December 31, 2005.

- C. The Bureau/Henry/Stark Counties Regional Office of Education #28 performs compliance inspections for each public school in his region on a rotational basis every 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 textbooks used in the district.

Effect:

The Bureau/Henry/Stark Counties Regional Office of Education #28 did not comply with statutory requirements.

Cause:

- A. This section of the Illinois School Code is duplicative and/or obsolete; therefore, the mandate was not followed.

- B. (105 ILCS 5/3-5) Historically, the Regional Superintendent has provided the county boards of the region with information and financial reports as requested by them, and according to the practices established by acts of predecessor Regional Superintendents and county boards. This section of the statute is entitled "Report of Official Acts" and within the section is stated "a report of all his acts as county superintendent". Management has been unable to find a listing and/or description of all official acts of the Regional Superintendent as it relates to this section of the statute. Additionally, the section references a presentation "to the county board" and does not appear to pertain to multi-county regions such as Bureau, Henry, Stark Counties Regional Office of Education #28.

- C. This section of the Illinois School Code is duplicative and/or obsolete; therefore, the mandate was not followed.

Recommendation:

- A. The Bureau/Henry/Stark Counties Regional Office of Education #28 should ensure they comply with all applicable provisions of the Illinois Compiled Statutes. Specifically, the Regional Office should submit the information required by 105 ILCS 5/3-14.11 to the County by the deadline.

- B. The Bureau/Henry/Stark Counties Regional Office of Education #28 should comply with the requirements of 105 ILCS 5/3-5.

- C. The Bureau/Henry/Stark Counties Regional Office of Education #28 should comply with the requirements of 105 ILCS 5/3-14.5.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006
(CONTINUED)

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 Response:

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

- B. The Regional Superintendent will comply with this section, and will seek technical assistance in determining the definition/description and legislative intent of the term "official acts" as it pertains to the statute. The Regional Superintendent will also seek the assistance of ISBE and the IARSS to seek legislation to remove this obsolete section of the Illinois School Code.

- 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.

Section III – Federal Awards Findings:

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

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
JUNE 30, 2006

Corrective Action Plan

Finding No: 06-01

Condition:

- A. The Bureau/Henry/Stark Counties Regional Office of Education No. 28 is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent signs off on the Annual Financial Reports from the school districts in his region. In addition, the Regional Office gets a spreadsheet from the Illinois State Board of Education (*ISBE*) that outlines all of the school districts and their audit exceptions, if any. The Regional Office follows up with school districts having exceptions and gets the corrective action and forwards it to ISBE.

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

Corrective Action Plan:

The Regional Superintendent will seek a legislative solution to this and other obsolete passages.

Anticipated Date of Completion: December 31, 2006

Contact Person: Dr. Bruce Dennison, Regional Superintendent

Condition:

- B. The Bureau/Henry/Stark Counties Regional Office of Education #28 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 the schools visited and dates of visitation. The Regional Office submitted an annual financial report to the county board by December 31, 2005.

Corrective Action Plan:

The Regional Superintendent will comply with the mandate, and will also seek a legislative solution to this passage.

Anticipated Date of Completion: June 30, 2007

Contact Person: Dr. Bruce Dennison, Regional Superintendent

Condition:

- C. The Bureau/Henry/Stark Counties Regional Office of Education #28 performs compliance inspections for each public school in his Region on a rotational basis every 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 textbooks used in the district.

Corrective Action Plan:

The Regional Superintendent will seek a legislative solution to this and other obsolete passages.

Anticipated Date of Completion: December 31, 2006

Contact Person: Dr. Bruce Dennison, Regional Superintendent

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28

SUMMARY SCHEDULE OF PRIOR YEAR'S FINDINGS
FOR THE YEAR ENDED JUNE 30, 2006

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
05-01	Noncompliance with Statutory Mandates	Partially in Compliance Partially Repeated

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

The Regional Office of Education #28 for the Counties of Bureau, Henry and Stark 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. Readers are encouraged to consider this information in conjunction with the Regional Office's financial statements which follow.

2006 Financial Highlights

- Within the Governmental Funds;
 - The General Fund revenue increased by \$31,473 from \$660,236 in fiscal year 2003 to \$691,709 in fiscal year 2004. However, General Fund Revenue decreased by \$58,881 to \$632,828 in FY05, then increased by \$40,857 to \$673,685 in FY06.
 - The General Fund expenditures decreased by \$52,664 from \$707,551 in fiscal year 2003 to \$654,887 in fiscal year 2004. General Fund expenditures continued to decrease in FY05, by \$19,843 to \$635,044, then increased by \$51,567 to \$686,611 in FY06.

- Within the Governmental Funds;
 - The Special Revenue Funds revenue increased by \$549,370 from \$1,034,346 in fiscal year 2003 to \$1,583,716 in fiscal year 2004. However, Special Revenue Funds revenue decreased by \$14,795 to \$1,568,921 in FY05, and decreased by \$206,453 to \$1,362,468 in FY06.
 - The Special Revenue Funds expenditures increased by \$560,449 from \$1,025,580 in fiscal year 2003 to \$1,586,029 in fiscal year 2004. However, Special Revenue Funds expenditures decreased by \$24,437 to \$1,561,592 in FY05, and decreased by \$207,128 to \$1,354,464 in FY06.

- Within the Governmental Funds;
 - The General Fund balance increased by \$36,822 from \$149,171 in fiscal year 2003 to \$185,993 in fiscal year 2004. However, the General Fund balance decreased by \$2,216 to \$183,777 in FY05, and decreased by \$12,926 to \$170,851 in FY06.
 - The Special Revenue Funds fund balance decreased by \$2,313 from \$10,826 in fiscal year 2003 to \$8,513 in fiscal year 2004. However, the Special Revenue Funds fund balance increased by \$7,329 to \$15,842 in FY05, and by \$8,004 to \$23,846 in FY06.

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 detail information about the non-major funds.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

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 #28 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.

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 and 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 all of the Office's activities as governmental activities. Local, state and federal aid finances most of these activities.

The fund financial statements provide detailed information about the Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices which 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 #28 established other funds to control and manage money for particular purposes.

The Office has two types of funds:

- 1) Governmental 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 funds 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 and the Special Revenue 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 #28 in a trust capacity or as an agent for individual 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.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2006

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 Total Net Assets can be summarized as follows: FY03 - \$267,633, FY04 - \$298,935, FY05 - \$331,841, FY06 - \$294,935. The analysis that follows provides a comparison of the Office's net assets for the governmental funds:

CONDENSED STATEMENT OF NET ASSETS

	FY06	FY05	Governmental Activities FY04
Current Assets	\$1,066,676	\$897,995	\$660,003
Capital Assets, being depreciated, Net	<u>100,238</u>	<u>132,222</u>	<u>104,429</u>
Total Assets	\$1,166,914	\$1,030,217	\$764,432
Current Liabilities	<u>\$871,979</u>	<u>\$698,376</u>	<u>\$465,497</u>
Total Liabilities	\$871,979	\$698,376	\$465,497
Net Assets			
Invested in Capital Assets, net of related debt	\$100,238	\$132,222	\$104,429
Unrestricted	186,535	192,967	193,013
Restricted for teacher professional development	<u>8,162</u>	<u>6,652</u>	<u>1,493</u>
Total Net Assets	<u>\$294,935</u>	<u>\$331,841</u>	<u>\$298,935</u>

The Regional Office of Education's net assets increased by \$31,302 from FY03, and \$32,906 from FY04 to FY05. Net Assets decreased by \$36,906 from FY05 to FY06. In addition, net assets related to the Institute Fund are considered restricted for teacher professional development. The following analysis shows the changes in net assets for the year ended June 30, 2006.

CHANGES IN NET ASSETS

	FY06	Governmental Activities FY05	FY04
Revenues:			
Program Revenues:			
Operating grants and contributions	\$1,130,404	\$979,018	\$1,480,615
Capital grants and contributions	<u>1,274</u>	<u>1,483</u>	<u>11,779</u>
Total Program Revenues	\$1,131,678	\$980,501	\$1,492,394
General Revenues:			
Local sources	140,083	168,343	164,277
State sources	172,856	510,267	54,925
On-behalf payments-State/Local	<u>591,536</u>	<u>542,638</u>	<u>563,829</u>
Total Revenues	<u>\$2,036,153</u>	<u>\$2,201,749</u>	<u>\$2,275,425</u>
Expenses:			
Program Expenses:			
Purchased services	\$255,402	\$210,467	\$ 221,242
Supplies and Materials	108,896	96,834	107,171
Payments to other governments	1,085,241	1,330,185	1,326,247
Depreciation expense	31,984	23,066	25,634
Administrative Expenses:			
On-behalf payments-State/Local	<u>591,536</u>	<u>542,638</u>	<u>563,829</u>
Total Expenses	<u>\$2,073,059</u>	<u>\$2,203,190</u>	<u>\$2,244,123</u>
Increase in Net Assets	\$(36,906)	\$ (1,441)	\$ 31,302
Correction to beginning accumulated depreciation	-	34,347	-
Net Assets, beginning of year	<u>331,841</u>	<u>298,935</u>	<u>267,633</u>
Net Assets, end of year	<u>\$294,935</u>	<u>\$331,841</u>	<u>\$ 298,935</u>

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006

Financial Analysis of the Regional Office of Education #28 Funds

Revenues for governmental activities were \$2,275,425 and expenses were \$2,244,123 in FY04. In FY05, revenues were \$2,201,749 and expenses were \$2,203,190. For FY06, revenues were \$2,036,153 and expenditures were \$2,073,059. As previously noted, the Regional Office of Education #28 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Office's Governmental Funds reported combined fund balances of \$194,506 at the end of FY04. This was an increase of \$34,509 over the ending balance of \$159,997 at the end of FY03. FY05 showed an increase of \$5,113 over the ending balance of \$194,506 at the end of FY04. However, FY06 showed a decrease of \$4,922 to \$194,697.

The decrease in revenues (\$165,596) for governmental activities in FY06 compared to FY05 was due primarily to a significant decrease in revenues from state and local sources that were only modestly offset with increases in on-behalf payments. Total expenses for FY06 continued to decline compared to FY05 and FY04, and reflected appropriate decreases as a result of the loss of revenues.

Budgetary Highlights:

The Regional Office of Education #28 annually adopts budgets for several funds. All grants budgets are prepared by the Regional Office of Education #28 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 Regional Office of Education #28 include office equipment, computers, audio-visual equipment and office furniture. The Regional Office of Education #28 maintains an inventory of capital assets. In addition, the Regional Office of Education #28 has adopted a depreciation schedule which reflects the level of Net Governmental Activities Capital Assets of \$100,238. More detailed information about capital assets is available in Notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the Office was aware of some existing circumstances that could significantly affect its financial health in the future:

- The interest rate on investments remains low and will continue to negatively impact interest earned.
- Several grants have remained near or at previous funding levels. In addition, the School Services funding levels have been reduced.
- The number of students served by the Regional Office of Education #28 is expected to remain approximately the same.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Offices' 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 information, please contact the Regional Superintendent of the Regional Office of Education #28 at 107 South State Street, Atkinson, IL 61235.

BASIC FINANCIAL STATEMENTS

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION # 28
 STATEMENT OF NET ASSETS
JUNE 30, 2006

<u>ASSETS</u>	<u>Primary Government Governmental Activities</u>
Current Assets:	
Cash	\$ 1,056,568
Investments	6,993
Due from other governments:	
State	3,115
Total Current Assets	\$ 1,066,676
Noncurrent Assets:	
Capital assets, being depreciated, net	\$ 100,238
Total Assets	\$ 1,166,914

<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable	\$ 73,795
Due to other governments:	
Local	72,677
State	-
Deferred revenue	725,507
Total Current Liabilities	\$ 871,979
NET ASSETS	
Investment in capital assets, net of related debt	\$ 100,238
Unrestricted	186,535
Restricted for teacher professional development	8,162
Total Net Assets	\$ 294,935

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

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION # 28
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2006

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental	
				Activities	Total
Primary government:					
Governmental activities:					
Instructional services:					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Employee benefits	-	-	-	-	-
Purchased services	255,402	194,283	-	(61,119)	(61,119)
Supplies and materials	108,896	81,175	-	(27,721)	(27,721)
Capital outlay	-	-	1,274	1,274	1,274
Other objects	-	255	-	255	255
Payments to other governmental units	1,085,241	854,691	-	(230,550)	(230,550)
Depreciation expense	31,984	-	-	(31,984)	(31,984)
Administrative:					
On-behalf payments - State	198,481	-	-	(198,481)	(198,481)
On-behalf payments - Local	393,055	-	-	(393,055)	(393,055)
Total primary government	<u>\$ 2,073,059</u>	<u>\$ 1,130,404</u>	<u>\$ 1,274</u>	<u>\$ (941,381)</u>	<u>\$ (941,381)</u>
General Revenues:					
Local sources				\$ 129,938	\$ 129,938
State sources				172,856	172,856
Investment income				10,145	10,145
On-behalf payments - State				198,481	198,481
On-behalf payments - Local				393,055	393,055
Total general revenues				<u>\$ 904,475</u>	<u>\$ 904,475</u>
CHANGE IN NET ASSETS				\$ (36,906)	\$ (36,906)
NET ASSETS, BEGINNING OF YEAR				331,841	331,841
NET ASSETS, END OF YEAR				<u>\$ 294,935</u>	<u>\$ 294,935</u>

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

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
BALANCE SHEET-GOVERNMENTAL FUNDS
JUNE 30, 2006

<u>ASSETS</u>	<u>General</u>	<u>Education</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Governmental</u>
				<u>Funds</u>
Cash	\$ 88,672	\$ 870,464	\$ 97,432	\$ 1,056,568
Investments	6,993	-	-	6,993
Due from other funds	79,299	-	440	79,739
Due from other governmental units	-	3,115	-	3,115
<hr/>				
Total Assets	<u>\$ 174,964</u>	<u>\$ 873,579</u>	<u>\$ 97,872</u>	<u>\$ 1,146,415</u>

<u>LIABILITIES</u>				
Accounts payable	\$ 3,673	\$ 70,122	\$ -	\$ 73,795
Due to other funds	440	72,236	7,063	79,739
Due to other governmental units	-	72,677	-	72,677
Deferred revenue	-	704,064	21,443	725,507
<hr/>				
Total Liabilities	<u>\$ 4,113</u>	<u>\$ 919,099</u>	<u>\$ 28,506</u>	<u>\$ 951,718</u>

<u>FUND BALANCES</u>				
Unreserved, reported in:				
General fund	\$ 170,851	\$ -	\$ -	\$ 170,851
Special revenue funds (Deficit)	-	(45,520)	69,366	23,846
<hr/>				
Total Fund Balances (Deficit)	<u>\$ 170,851</u>	<u>\$ (45,520)</u>	<u>\$ 69,366</u>	<u>\$ 194,697</u>
<hr/>				
Total Liabilities and Fund Balances	<u>\$ 174,964</u>	<u>\$ 873,579</u>	<u>\$ 97,872</u>	<u>\$ 1,146,415</u>

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

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION # 28
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET ASSETS
JUNE 30, 2006

Total fund balances-governmental funds	\$	194,697
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore are not reported in the government funds.	100,238
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Net assets of governmental activities	<u>\$</u>	<u>294,935</u>
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BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006

	General Fund	Education Fund	Nonmajor Funds	Total Governmental Funds
REVENUES:				
Local sources	\$ 15,339	\$ 102,709	\$ 22,035	\$ 140,083
State sources	66,810	607,640	3,259	677,709
Federal sources	-	626,825	-	626,825
On-behalf payments-State	198,481	-	-	198,481
On-behalf payments-Local	393,055	-	-	393,055
Total Revenues	<u>\$ 673,685</u>	<u>\$ 1,337,174</u>	<u>\$ 25,294</u>	<u>\$ 2,036,153</u>

EXPENDITURES:				
Instructional Services:				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee benefits	-	-	-	-
Purchased services	24,139	216,952	14,311	255,402
Supplies and materials	7,324	99,418	2,154	108,896
Capital outlay	-	-	-	-
Payments to other governmental units	63,612	1,021,153	476	1,085,241
On-behalf payments-State	198,481	-	-	198,481
On-behalf payments-Local	393,055	-	-	393,055
Total Expenditures	<u>\$ 686,611</u>	<u>\$ 1,337,523</u>	<u>\$ 16,941</u>	<u>\$ 2,041,075</u>

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (12,926)	\$ (349)	\$ 8,353	\$ (4,922)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	183,777	(45,171)	61,013	199,619
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 170,851</u>	<u>\$ (45,520)</u>	<u>\$ 69,366</u>	<u>\$ 194,697</u>

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

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION # 28
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 \$ (4,922)

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

Governmental funds report capital outlays as expenditures
while governmental activities report depreciation expense to
allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	-
Depreciation expense	(31,984)

Change in net assets of governmental activities \$ (36,906)

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2006

		<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	\$	16,591
Investments		-
Due from other governments		815,112
TOTAL ASSETS	<u>\$</u>	<u>831,703</u>
 <u>LIABILITIES</u>		
Due to other governments	<u>\$</u>	<u>831,703</u>
TOTAL LIABILITIES	<u>\$</u>	<u>831,703</u>

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education's (ROE) accounting policies conform to generally accepted accounting principles which are appropriate for local governmental units of this type.

A. Principles Used to Determine the Scope of the Reporting Entity

The Bureau/Henry/Stark Counties Regional Office of Education #28 was formed as a result of an Educational Service Region becoming a Regional Office of Education on August 7, 1995. The ROE operates under The School Code (105 ILCS 5/3 and 5/3A). Regional Office of Education #28 encompasses Bureau, Henry, and Stark Counties in Illinois. A Regional Superintendent of Schools serves as chief administrative officer of the ROE and is elected pursuant to 105 ILCS 5/3 and 5/3A of The School Code. The principal duties of the Regional Superintendent are to receive and distribute monies due to school districts from State and federal sources, as well as various other sources, to act as a support provider for the school districts' educational efforts, and evaluate the schools in the region; examine school treasurer's books, accounts, and vouchers; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the Regional Superintendent's office; and file and keep the reports and statements returned by school treasurers and trustees.

The ROE's reporting entity includes all related organizations for which it exercises oversight responsibility in accordance with Statement No. 14 of the Governmental Accounting Standards Board.

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

The Film Library Fund is a joint agreement that has been determined to be a blended component unit. A blended component is an entity that is legally separate from the ROE, but whose operations are so intertwined with the ROE that it is, in substance, the same as the ROE. The ROE is the administrative agent for the Fund, and the Fund operates exclusively for the benefit of the ROE. The Fund is blended into the Special Revenue funds.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Basis of Presentation and Basis of Accounting

The financial activities of the Regional Office of Education #28 consist only of governmental activities. For its reporting purposes, the ROE has separate fund and government-wide financial statements and reconciles individual line items of fund financial data to government-wide data. A brief description of the ROE's government-wide and fund financial statements is as follows:

Government-wide Statements: The Government-Wide Statement of Net Assets and Statement of Activities report the overall financial activity of the ROE. The financial activities of the ROE consist only of governmental activities, which are primarily supported by state and federal revenues.

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 at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the ROE gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. On an accrual basis, revenue from grants, entitlements, and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (i.e. general government) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the ROE's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining funds are aggregated and reported in a single column.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Basis of Presentation and Basis of Accounting- continued

Governmental Funds – The Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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. For purposes of these financial statements, the accounting for all the funds has been converted to the modified accrual basis, as required by generally accepted accounting principles. Under 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.

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.

Major Funds - Generally accepted accounting principles require that the general fund be reported as a major fund and that all other governmental funds whose assets, liabilities, revenues, or expenditures exceed 10% of the total for all governmental funds also be reported as major funds. Accordingly, the ROE administers the following major governmental funds:

General Funds - General Funds are the general operating funds of the ROE. These funds account for all financial resources except those required to be accounted for in another fund. The general fund accounts for the ROE's on-behalf payments from the State of Illinois and the counties to pay the salary and benefits of the Regional Superintendent, Assistant Regional Superintendent and clerical staff. The ROE maintains three separate funds to account for these resources. A description of the ROE's general funds are as follows:

Local Fund - to account for transition monies provided by the closing of the Educational Service Region.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Basis of Presentation and Basis of Accounting- continued

Interest Office Expense Fund - to account for the interest income retained by the ROE from the Distributive Fund.

General Operations Fund - to account for monies from the State of Illinois for expenditures incurred providing program services to the various districts.

Educational Funds - to account for grant funds administered by the Regional Office of Education. Revenue is provided by federal and State of Illinois grant funds. A description of the ROE's Educational funds follows:

Goals 2000 – A source of professional development funding.

Title II Professional Development – A federal-funded program designed to bring about more effective professional development programs for teachers of core subjects.

Networking for Information – Technology conference held twice a year.

Administrators Academy – A State grant to support professional development of administrators.

Scientific Literacy – A State grant to support workshops for science and math teachers.

Special Populations – Professional development opportunities are provided for teachers and other school personnel who address educational requirements of students with special needs including special education students, high potential students, and students with physical and emotional disabilities.

Truants Alternative and Optional Education Program – Initiative focusing on truancy prevention, intervention, and remediation services. The program also provides access to vital resources in order to link students with unmet needs to the community services designed to meet those needs.

Paraprofessional - To provide training for teacher's aides.

Title II Leadership – A new federal-funded program which replaces Title II Professional Development.

Learning Standards – A State-funded program designed to promote the understanding and effective use of the Illinois Learning Standards.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Basis of Presentation and Basis of Accounting- continued

ROE Internal Review – Money to assist schools in developing their required internal review plans.

Career Awareness and Development – Money to support professional development to teachers in career areas.

Regional Safe Schools – to serve eligible students who are under suspension, expulsion, or expelled and readmitted for administrative transfer to an alternative setting. The education objectives are to improve behavior, attendance, and to receive academic credit leading to graduation or return to their home school.

Sci-Lit Real Math – A grant for professional development of math teachers.

Salary - To account for grant money due to the counties for services provided.

Standard Aligned Classrooms (SAC) Special – A grant to support teacher teams working on alignment of a curriculum with standards.

McKinney Education for Homeless Children – The Homeless Youth Connection (HYC) provides services for the educational needs of 450 homeless PK-12 students in Rock Island, Bureau, Henry and Stark counties. The goal of the program is to ensure that homeless students receive the services they need to attend school on a regular basis despite being homeless.

Project Success – An organization providing services which join together community service agencies in order to benefit children.

School to Work – Mission to improve the quality and relevance of education for every student and prepare them for a personally and professionally rewarding life in the 21st century.

Bare Bones – A software program created by the Regional Office of Education for use by districts to aid schools in managing school improvement data, goals, and activities.

Learning Tech – Learning Technology Center with a main function to help districts use technology to improve students learning.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Basis of Presentation and Basis of Accounting- continued

Right Track – Program to assist at-risk youth, especially youth no longer attending school, with additional education, training, and employment opportunities.

Technology Grant – Funds to pay for technology workshops and purchase items for the office.

Language Arts – Funds to pay for Language Arts workshops.

Department of Commerce and Economic Opportunity - To provide services to other ROE's to cover costs of programs.

Early Childhood – Small contracts for professional development of early childhood teachers.

Title IV 21st Century Community Learning Centers (Projects 04 and 00) – Provide academic enrichment opportunities during the extended school day and extended school year. Through academic enrichment, students will receive support in developing and mastering their reading, writing, and math skills via additional learning opportunities, tutoring, and homework support.

Early Childhood Math – Contracts for professional development of early childhood teachers.

Math Science – Development money for a summer program for math teachers.

Math Performance – Money for a special one time professional development summer program for math teachers.

Tech Matters – Federally funded technology grant through the Illinois State Board of Education written to improve K-3 reading.

Title IV Community Service – Grant funds to support school-based learning programs specifically for at-risk populations of suspended or expelled students housed in the Regional Safe School Program. In conjunction with the city of Geneseo and the Friends of the Hennepin Canal, students at the Rock River Cooperative Alternative School will assist in the beautification and maintenance of the ground around the canal near the school.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Basis of Presentation and Basis of Accounting- continued

Title I - Reading First Part B SEA Funds (Project 02 and 00) – Funding to support all Bureau/Henry/Stark districts and grades in reading initiatives and in public workshops.

Illinois Reading First – Funding to support DePue District #103 as it implements Reading First.

Even Start – A program to enhance family’s literacy involvement with support for children’s learning. The program is also used to break the cycle of poverty and illiteracy by improving educational opportunities for low income families.

Summer Bridges – A State legislative allocation usually not released until mid-May or June to support Kewanee, Irvine and Leepertown and other schools identified for low reading scores on the 3rd and 5th grade ISAT tests.

Scientific Literacy Mini-grant – Small grants to support professional development for science and math teachers at the building level.

Lab Tech – To help the Regional Office of Education in staying abreast of changing technology for the office.

Regular Education Initiative – A State-funded program designed to bring special education and regular education teachers together to create a more effective program of instruction for all children.

X Type Continuing Professional Development Units - To provide workshops to assist teacher's move from initial to standard certificates.

Fine Arts - To provide instruction on cultural issues.

School Improvement - To provide state mandated services.

Early Childhood Block Grant Prekindergarten and Parental Training – To ensure that children start school ready to learn.

Early Childhood Block Grant Prevention Initiative and Parental Training – To nurture infant/child and family development.

Bureau County Right Track Program - To fulfill the increasing need for services to Bureau County youth identified as not being successful in the educational process.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Basis of Presentation and Basis of Accounting- continued

Rural Educational Achievement Program – To provide support to students in developing their reading, math and writing skills.

District Services – To account for reimbursements from school districts for criminal background checks.

Regional Educational Support Providers - To account for reimbursements from school districts for consultant's expense.

System of Support - To account for reimbursements from school districts for consultant's expense.

NonMajor Funds – All nonmajor funds are aggregated and reported in a single column. The ROE administers the following non-major governmental funds:

Film Library Fund - to account for the maintenance of a cooperative video co-op for the benefit of the ROE's various school districts.

Institute Fund – This fund accounts 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.

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

Bus Driver Fund - to account for the ROE's stewardship of the assets held in trust in connection with the Bus Driver Training Program.

Hearing Fund - to account for fees collected for expenditures incurred in publishing and filing petition requests.

Supervisory Fund - to account for monies from the State of Illinois for expenditures incurred providing supervisory services in the County.

All governmental funds are special revenue funds except for the General Fund. Special revenue funds are used to account for revenues from specific sources that are legally restricted to disbursements for specified purposes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Basis of Presentation and Basis of Accounting- continued

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, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The school districts within the ROE’s geographic responsibility have signed formal agreements which allow the ROE to retain any interest earned during the year. A description of the ROE’s fiduciary funds are as follows:

Distributive Fund - to account for the pass-through of State aid monies from the Regional Office of Education to the various school districts within the Region. 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.

Governmental and Expendable Trust Funds – Measurement Focus

The financial statements of all governmental funds and expendable trust 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 balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (cash receipts and other financing sources) and decreases (cash disbursements 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.

C. Budget and Budgetary Accounting

The ROE does not adopt, and is not legally required to adopt, a formal budget for all revenues and expenditures of the governmental funds. Certain programs administered by the ROE are subject to budget approval by the State of Illinois. These include the General Operations Fund, Truants Alternative and Optional Education, Regional Safe Schools, Title IV - 21st Century Community Learning Centers- Projects 00 and 04, Title I - Reading First Part B SEA Funds – Projects 00 and 02, Even Start, Early Childhood Block Grants Pre-K and Parental Training, Early Childhood Block Grant Prevention Initiative and Parental Training, and the Film Library Fund.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

D. Assets, Liabilities and Net Assets

Deposits and investments

The ROE's cash and cash equivalents are considered to be demand deposits and short term investments. All investment income is recognized as revenue in the appropriate fund's Statement of Revenues, Expenditures and Changes in Fund Balance. Negative balances are shown separately as overdrafts.

Receivables and payables

Transactions between funds and other entities that are representative of the recognition of revenues or expenditures are referred to as "due to/from" the other funds or entities. "Other Funds" are funds managed by the ROE. "Other Governmental Units" include the Federal Government or political subdivisions of the State of Illinois.

Accounts receivable represents amounts due to the ROE at the end of the year that will be received in the next year. These are amounts due from local sources.

Accounts payable represents amounts owed at the end of the year that will be paid in the next year. These are amounts due to vendors and others.

Prepaid expenses

Amounts disbursed to pay liabilities of the future periods are recorded as prepaid expenses in the current period.

Capital assets

Capital assets, which include equipment, are reported in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$500 or more. Capital assets are recorded at historical costs if purchased.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight line method.

Deferred revenue

Deferred revenue arises when resources are received by the ROE before it has a legal claim to them, as when monies are received prior to incurring qualifying expenditures (unearned). In subsequent periods, when both revenue recognition criteria are met, or when the ROE has a legal claim to the resources, revenue is recognized.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

D. Assets, Liabilities and Net Assets – continued

Net assets

In the government-wide financial statements, equity is displayed in three components as follows:

Investment in capital assets-net of depreciation – This category groups all capital assets into one component of net assets. Accumulated depreciation on these assets reduces this category.

Unrestricted net assets – This category represents the net assets of the ROE that are not restricted for any project or other purpose.

Restricted for teacher professional development - Teacher registration fees are to be used to defray expenses connected with improving the technology necessary for the efficient processing of certificates as well as any expenses incidental to teacher institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers. All funds generated remain restricted until expended only on the aforementioned activities.

E. Use of Estimates

The preparation of financial statements in conformity with GAAP 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 and expenses during the reporting period. Actual results could differ from those estimates.

F. New Accounting Pronouncements

Effective June 30, 2006, the ROE adopted Governmental Accounting Standards Board Statement No. 42, Accounting and Financial reporting for Impairment of Capital Assets and for Insurance Recoveries, which establishes standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries.

Effective June 30, 2006, the ROE adopted Governmental Accounting Standards Board Statement No. 44, Economic Condition Reporting: The Statistical Section, which improves the understandability and usefulness of the statistical information section.

Effective June 30, 2006, the ROE adopted Governmental Accounting Standards Board Statement No. 46, Net Assets Restricted by Enabling Legislation (an amendment of GASB Statement No. 34), which clarifies the definition of legal enforceability as it relates net assets restricted by enabling legislation and requires disclosure of the amount of net assets restricted by enabling legislation.

There was no significant impact on the ROE's financial statements as a result of adopting these statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: DEPOSITS AND INVESTMENTS

A. Deposits

The investment and deposit of ROE monies is governed by the provisions of the Illinois Revised Statutes. The ROE has policies regarding custodial credit risk for deposits.

At June 30, 2006, the carrying amount of the ROE's deposits was \$1,073,159 and the bank balances were \$2,422,699. Of these balances, \$200,000 was covered by federal depository insurance and \$2,222,699 was collateralized with securities held by the ROE's financial institution in the ROE's name.

B. Investments

The ROE does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2006, the ROE had investments with carrying and fair values of \$6,993.

Credit Risk

At June 30, 2006, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investment Act 30 ILCS 235. All investments are fully collateralized.

Interest Rate Risk

The Illinois Funds Money Market Fund, created by the Illinois General Assembly, enables custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. The investment policy of the Illinois Funds Money Market Funds states that, unless authorized specifically by the Treasurer, a minimum of 75% of its investments shall have less than one-year maturity and no investment shall exceed two years maturity.

NOTE 3: COMMON BANK ACCOUNT

The Regional Office of Education #28 does not maintain separate bank accounts for all funds. The accounting records being maintained show the portion of the common checking account balance attributable to each participating fund.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units consists of the following at June 30, 2006:

Due from Illinois State Board of Education for unpaid portion of various programs: Scientific Literacy	<u>\$ 3,115</u>
Due from Illinois State Board of Education for unpaid portion of various programs due to Local Agencies:	
Distributive Fund –	
Title II – Teacher Quality	\$ 29,848
Title V - Innovative Programs	1,266
Special Education – Orphanage	110,271
School Breakfast Incentive	1,959
Title I - Low Income	329,241
Illinois Free Lunch	1,805
National School Lunch	15,768
Early Childhood	138,241
Technology - Enhancing Education	258
Bilingual Education	43,561
Arts & Foreign Language Assistance	40,000
Title III	5,244
Title IV - Safe & Drug Free Schools	126
School Breakfast Program	7,583
Title I -Comprehensive School Reform	837
Title I - Reading First	54,380
Special Education - Room & Board	24,942
Hurricane Education Relief Act	1,782
Reorganization Incentive - Feasibility Study	<u>8,000</u>
 Total	 <u>\$815,112</u>
 Total due from other governments	 <u>\$818,227</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: DUE FROM/TO OTHER FUNDS

As of June 30, 2006, the interfund account balances were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Local Fund	Hearing	\$ 440
Bus Driver Fund	Interest Office Expense	405
General Educational Development Fund	Interest Office Expense	6,658
ROE Internal Review Fund	Local	1,805
Scientific Literacy Fund	Local	5,224
Regular Education Initiative Fund	Local	117
Right Track Fund	Local	10,507
Goals 2000	Local	1,032
Sci-Lit Real Math	Local	4,884
Summer Bridges	Local	13,082
Networking for Information	Local	5,648
Even Start	Local	2,223
Title II Leadership	Local	490
SAC Special	Local	302
Project Success	Local	96
Math Performance	Local	7,497
School to Work	Local	1,322
Title IV 21 st Century	Local	11,195
Tech Matters	Local	952
Title IV Community Service	Local	429
Department of Commerce and Economic Opportunity	Local	5
Bureau County Right Track	Local	1,571
X Type Continuing Professional Education	Local	1
Reading First	Local	6
Early Childhood	Local	<u>3,848</u>
Total		<u>\$79,739</u>

NOTE 6: CAPITAL ASSETS

Capital asset activity during the 2006 fiscal year was as follows:

	<u>Balance</u> <u>07-01-05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06-30-06</u>
Equipment	\$ 259,094	\$ -	-	\$ 259,094
Videos	78,523	-	-	78,523
Less accumulated depreciation	<u>(205,395)</u>	<u>(31,984)</u>	<u>-</u>	<u>(237,379)</u>
Total	<u>\$ 132,222</u>	<u>\$(31,984)</u>	<u>-</u>	<u>\$ 100,238</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: DUE TO OTHER GOVERNMENTAL UNITS

Due to other governmental units consists of the following at June 30, 2006:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
Various school districts and agencies	Distributive	\$831,703
Bureau County	Salary	72,667

NOTE 8: DEFICIT FUND BALANCES

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

<u>Fund</u>	<u>Balance</u>
Title I - Reading First Part B SEA Funds Project 00	\$ (6)
Bureau County Right Track	(1,571)
Title IV – Community Service	(429)
Early Childhood	(4,031)
SAC Special	(302)
Title II Leadership	(490)
General Educational Development	(5,728)
Regular Education Initiative	(117)
Right Track	(14,270)
Even Start	(2,493)
Summer Bridges	(13,921)
Networking for Information	(5,648)
Sci-Lit Real Math	(4,884)
Goals 2000	(1,032)
Project Success	(96)
School to Work	(1,321)
Tech Matters	(952)
Department of Commerce and Economic Opportunity	(5)
X Type Continuing Professional Development Units	(1)
Math Performance	(342)

NOTE 9: EMPLOYEE BENEFIT PLAN

The ROE's employees are covered under the Illinois Municipal Retirement Fund. Contributions to the Fund are made by Bureau/Henry/Stark Counties on behalf of the Bureau/Henry/Stark Counties Regional Office of Education #28 employees.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: EMPLOYEE BENEFIT PLAN - continued

Bureau/Henry/Stark Counties is a participating member of the Illinois Municipal Retirement Fund whose coverage includes all ROE employees who:

- a. Occupy a job normally requiring 1,000 hours or more per year;
- b. Are paid on a regular payroll from County or ROE funds;
- c. Were under age sixty when first entering employment; and
- d. Are not covered by another state created retirement system for the same service.

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

The Superintendent and the Assistant Regional Superintendent of Bureau/Henry/Stark Counties Regional Office of Education #28 are paid by the State of Illinois. The other employees of the ROE’s office are employed and paid by Henry County. Bureau/Henry/Stark Counties Regional Office of Education #28 has no separate employee retirement plan.

NOTE 10: ON-BEHALF PAYMENTS

The following 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:

Regional Superintendent salary	\$ 84,737
Regional Superintendent benefits (includes state paid insurance)	18,094
Assistant Regional Superintendent salary	76,263
Assistant Regional Superintendent benefits (includes state paid insurance)	<u>19,387</u>
Total	<u>\$198,481</u>

The following salary and benefit data for other employees of the ROE was calculated based on data provided by Bureau, Henry, and Stark Counties:

Salaries	\$323,124
Benefits	<u>69,931</u>
Total	<u>\$393,055</u>

The total of on-behalf payments shown above of \$591,536 are reported as revenues and expenditures in the General Fund.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: RISK MANAGEMENT

The Regional Office of Education #28 is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Regional Office has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with prior years. During the year ended June 30, 2006 and the two previous fiscal years, no settlement exceeded insurance coverage.

SUPPLEMENTARY INFORMATION

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28

COMBINING SCHEDULE OF ACCOUNTS

GENERAL FUND ACCOUNTS

JUNE 30, 2006

<u>ASSETS</u>	<u>General</u> <u>Operations</u>	<u>Local</u>	<u>Interest</u> <u>Office</u> <u>Expense</u>	<u>Total</u>
Cash	\$ 46,162	\$23,198	\$19,312	\$ 88,672
Investments	-	-	6,993	6,993
Due from other funds	-	72,236	7,063	79,299
Due from other governments	-	-	-	-
 Total Assets	 <u>\$ 46,162</u>	 <u>\$95,434</u>	 <u>\$33,368</u>	 <u>\$174,964</u>

LIABILITIES AND FUND BALANCES

LIABILITIES:

Accounts payable	\$ 3,673	\$ -	\$ -	\$ 3,673
Due to other funds	-	440	-	440
 Total Liabilities	 <u>\$ 3,673</u>	 <u>\$ 440</u>	 <u>\$ -</u>	 <u>\$ 4,113</u>

FUND BALANCES:

Fund balances:				
Unreserved	\$ 42,489	\$94,994	\$33,368	\$170,851
Reserved	-	-	-	-
 Total Fund Balances	 <u>\$ 42,489</u>	 <u>\$94,994</u>	 <u>\$33,368</u>	 <u>\$170,851</u>
 Total Liabilities and Fund Balances	 <u>\$ 46,162</u>	 <u>\$95,434</u>	 <u>\$33,368</u>	 <u>\$174,964</u>

See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2006

	<u>General</u> <u>Operations</u>	<u>Local</u>	<u>Interest</u> <u>Office</u> <u>Expense</u>	<u>Total</u>
REVENUES:				
Local sources	\$ 8,053	\$ 1,334	\$ 5,952	\$ 15,339
State sources	66,810	-	-	66,810
On-behalf payments-State	198,481	-	-	198,481
On-behalf payments-Local	393,055	-	-	393,055
	<hr/>			
Total Revenues	\$ 666,399	\$ 1,334	\$ 5,952	\$ 673,685
EXPENDITURES:				
Purchased services	\$ 14,547	\$ -	\$ 9,592	\$ 24,139
Supplies and materials	6,010	-	1,314	7,324
Capital outlay	-	-	-	-
Payments to other governmental units	63,612	-	-	63,612
On-behalf payments-State	198,481	-	-	198,481
On-behalf payments-Local	393,055	-	-	393,055
	<hr/>			
Total Expenditures	\$ 675,705	\$ -	\$ 10,906	\$ 686,611
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (9,306)	\$ 1,334	\$ (4,954)	\$ (12,926)
FUND BALANCES, BEGINNING OF YEAR	51,795	93,660	38,322	183,777
	<hr/>			
FUND BALANCES, END OF YEAR	\$ 42,489	\$ 94,994	\$ 33,368	\$ 170,851
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See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2006

General Operations Fund

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
REVENUES:				
Local sources	\$ -	\$ -	\$ 8,053	\$ 8,053
State sources	66,810	66,810	66,810	-
Federal sources	-	-	-	-
On-behalf payments-State	198,481	198,481	198,481	-
On-behalf payments-Local	393,055	393,055	393,055	-
Total Revenues	\$ 658,346	\$ 658,346	\$ 666,399	\$ 8,053
EXPENDITURES:				
Purchased services	\$ 10,500	\$ 10,500	\$ 14,547	\$ (4,047)
Supplies and materials	7,115	7,115	6,010	1,105
Capital outlay	1,500	1,500	-	1,500
Other objects	300	300	-	300
Payments to other governmental units	47,395	47,395	63,612	(16,217)
On-behalf payments-State	198,481	198,481	198,481	-
On-behalf payments-Local	393,055	393,055	393,055	-
Total Expenditures	\$ 658,346	\$ 658,346	\$ 675,705	\$ (17,359)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ (9,306)	\$ (9,306)
FUND BALANCES , BEGINNING OF YEAR			51,795	
FUND BALANCES , END OF YEAR			\$ 42,489	

See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 COMBINING SCHEDULE OF ACCOUNTS - EDUCATION FUND ACCOUNTS
 JUNE 30, 2006

ASSETS	Goals 2000	Title II				Administrators Academy	Scientific Literacy	Special Populations	Truant Alternative/ Optional Ed. Program	Para- Professional
		Professional Development	Networking For Information	Administrators Academy	Scientific Literacy					
Cash	\$ -	\$ 4,467	\$ 7,173	\$ 63,572	\$ 8,757	\$ 16,862	\$ 6,231	\$ 5,209		
Due from other funds	-	-	-	-	-	-	-	-	-	
Due from other governmental units	-	-	-	-	3,115	-	-	-	-	
Total Assets	\$ -	\$ 4,467	\$ 7,173	\$ 63,572	\$ 11,872	\$ 16,862	\$ 6,231	\$ 5,209		

LIABILITIES

Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 226	\$ 5,244	\$ -	
Due to other funds	1,032	-	5,648	-	5,224	-	-	-	
Due to other governmental units	-	-	-	-	-	-	-	-	
Deferred revenue	-	4,467	7,173	63,572	6,648	16,636	987	5,209	
Total Liabilities	\$ 1,032	\$ 4,467	\$ 12,821	\$ 63,572	\$ 11,872	\$ 16,862	\$ 6,231	\$ 5,209	

FUND BALANCES

Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Unreserved (Deficit)	(1,032)	-	(5,648)	-	-	-	-	-	
Total Fund Balances(Deficit)	\$ (1,032)	\$ -	\$ (5,648)	\$ -	\$ -	\$ -	\$ -	\$ -	

Total Liabilities and Fund Balances	\$ -	\$ 4,467	\$ 7,173	\$ 63,572	\$ 11,872	\$ 16,862	\$ 6,231	\$ 5,209	
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(Continued - 1.)

See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 COMBINING SCHEDULE OF ACCOUNTS - EDUCATION FUND ACCOUNTS
 JUNE 30, 2006

	Title II Leadership	Learning Standards	ROE Internal Review	Career Awareness and Development	Regional Safe Schools	Sci-Lit Real Math	Salary	Standard Aligned Classrooms Special	McKinney Education for Homeless Children
Cash	\$ -	\$ 2,803	\$ 2,246	\$ 1,701	\$ 169,762	\$ -	\$ 72,677	\$ 17,104	\$ 64
Due from other funds	-	-	-	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-	-	-	-
Total Assets	\$ -	\$ 2,803	\$ 2,246	\$ 1,701	\$ 169,762	\$ -	\$ 72,677	\$ 17,104	\$ 64
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 294	\$ -	\$ -	\$ -	\$ -
Due to other funds	490	-	1,805	-	-	4,884	-	302	-
Due to other governmental units	-	-	-	-	-	-	72,677	-	-
Deferred revenue	-	2,792	441	1,701	169,468	-	-	17,104	64
Total Liabilities	\$ 490	\$ 2,792	\$ 2,246	\$ 1,701	\$ 169,762	\$ 4,884	\$ 72,677	\$ 17,406	\$ 64
FUND BALANCES									
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved (Deficit)	(490)	11	-	-	-	(4,884)	-	(302)	-
Total Fund Balances(Deficit)	\$ (490)	\$ 11	\$ -	\$ -	\$ -	\$ (4,884)	\$ -	\$ (302)	\$ -
Total Liabilities and Fund Balances	\$ -	\$ 2,803	\$ 2,246	\$ 1,701	\$ 169,762	\$ -	\$ 72,677	\$ 17,104	\$ 64

(Continued - 2.)

See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 COMBINING SCHEDULE OF ACCOUNTS - EDUCATION FUND ACCOUNTS
 JUNE 30, 2006

	Project Success	School To Work	Bare Bones	Learning Tech	Right Track	Technology Grant	Language Arts	Dept of Commerce & Economic Opportunity
<u>ASSETS</u>								
Cash	\$ -	\$ 1,322	\$ 481	\$ 8,345	\$ 4,212	\$ 9,339	\$ 31,386	\$ -
Due from other funds	-	-	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-	-	-
Total Assets	\$ -	\$ 1,322	\$ 481	\$ 8,345	\$ 4,212	\$ 9,339	\$ 31,386	\$ -
<u>LIABILITIES</u>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	96	1,322	-	-	10,507	-	-	5
Due to other governmental units	-	-	-	-	-	-	-	-
Deferred revenue	-	1,321	481	8,345	7,975	9,339	31,386	-
Total Liabilities	\$ 96	\$ 2,643	\$ 481	\$ 8,345	\$ 18,482	\$ 9,339	\$ 31,386	\$ 5
<u>FUND BALANCES</u>								
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved (Deficit)	(96)	(1,321)	-	-	(14,270)	-	-	(5)
Total Fund Balances(Deficit)	\$ (96)	\$ (1,321)	\$ -	\$ -	\$ (14,270)	\$ -	\$ -	\$ (5)
Total Liabilities and Fund Balances	\$ -	\$ 1,322	\$ 481	\$ 8,345	\$ 4,212	\$ 9,339	\$ 31,386	\$ -

(Continued - 3.)

See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 COMBINING SCHEDULE OF ACCOUNTS - EDUCATION FUND ACCOUNTS
 JUNE 30, 2006

ASSETS	Title IV 21st Century Community Learning Centers							Title IV Community Service		
	Early Childhood	Project 04	Centers	Project 00	Early Childhood Math	Math Science	Math Performance	Tech Matters	Community Service	
Cash	\$ -	\$ 229,334	\$ 10,079	\$ 4,024	\$ 15,226	\$ 7,155	\$ -	\$ -	\$ 3	
Due from other funds	-	-	-	-	-	-	-	-	-	
Due from other governmental units	-	-	-	-	-	-	-	-	-	
Total Assets	\$ -	\$ 229,334	\$ 10,079	\$ 4,024	\$ 15,226	\$ 7,155	\$ -	\$ -	\$ 3	
<u>LIABILITIES</u>										
Accounts payable	\$ -	\$ 37,905	\$ 10,079	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Due to other funds	3,848	11,195	-	-	-	7,497	952	429	-	
Due to other governmental units	-	-	-	-	-	-	-	-	-	
Deferred revenue	183	179,505	-	4,024	15,226	-	-	-	3	
Total Liabilities	\$ 4,031	\$ 228,605	\$ 10,079	\$ 4,024	\$ 15,226	\$ 7,497	\$ 952	\$ 432	\$ -	
<u>FUND BALANCES</u>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Unreserved (Deficit)	(4,031)	729	-	-	-	(342)	(952)	(429)	-	
Total Fund Balances(Deficit)	\$ (4,031)	\$ 729	\$ -	\$ -	\$ -	\$ (342)	\$ (952)	\$ (429)	\$ -	
Total Liabilities and Fund Balances	\$ -	\$ 229,334	\$ 10,079	\$ 4,024	\$ 15,226	\$ 7,155	\$ -	\$ -	\$ 3	

(Continued - 4.)

See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 COMBINING SCHEDULE OF ACCOUNTS - EDUCATION FUND ACCOUNTS
 JUNE 30, 2006

	Title I		Title I		Even Start	Summer Bridges	Scientific Literacy		Lab Tech	Regular Education Initiative	X Type Cont Prof Dev Units
	Reading First Part B SEA Funds Project 02	Reading First Part B SEA Funds Project 00	Illinois Reading First	Mini-grant							
ASSETS											
Cash	\$ 1,536	\$ -	\$ 10,239	\$ 12,146	\$ 13,072	\$ 4,600	\$ 45,648	\$ 6,000	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 1,536	\$ -	\$ 10,239	\$ 12,146	\$ 13,072	\$ 4,600	\$ 45,648	\$ 6,000	\$ -	\$ -	\$ -
LIABILITIES											
Accounts payable	\$ -	\$ -	\$ -	\$ 2,565	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	6	-	2,223	13,082	-	-	-	117	-	1
Due to other governmental units	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	1,536	-	10,239	9,851	13,911	4,600	45,648	6,000	-	-	-
Total Liabilities	\$ 1,536	\$ 6	\$ 10,239	\$ 14,639	\$ 26,993	\$ 4,600	\$ 45,648	\$ 6,117	\$ 1	\$ -	\$ -
FUND BALANCES											
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved (Deficit)	-	(6)	-	(2,493)	(13,921)	-	-	(117)	(1)	-	-
Total Fund Balances(Deficit)	\$ -	\$ (6)	\$ -	\$ (2,493)	\$ (13,921)	\$ -	\$ -	\$ (117)	\$ (1)	\$ -	\$ (1)
Total Liabilities and Fund Balances	\$ 1,536	\$ -	\$ 10,239	\$ 12,146	\$ 13,072	\$ 4,600	\$ 45,648	\$ 6,000	\$ -	\$ -	\$ -

(Continued - 5.)

See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 COMBINING SCHEDULE OF ACCOUNTS - EDUCATION FUND ACCOUNTS
JUNE 30, 2006

ASSETS	Fine Arts	School Improvement	Early Childhood		Bureau County Right Track
			Block Grant	Pre-K and Parental Training	
Cash	\$ 19,056	\$ 21,389	\$ 11,841	\$ 1,968	\$ 1,571
Due from other funds	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
Total Assets	\$ 19,056	\$ 21,389	\$ 11,841	\$ 1,968	\$ 1,571

LIABILITIES

Accounts payable	\$ -	\$ -	\$ 11,841	\$ 1,968	\$ -
Due to other funds	-	-	-	-	1,571
Due to other governmental units	-	-	-	-	-
Deferred revenue	19,056	21,389	-	-	1,571
Total Liabilities	\$ 19,056	\$ 21,389	\$ 11,841	\$ 1,968	\$ 3,142

FUND BALANCES

Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved (Deficit)	-	-	-	-	(1,571)
Total Fund Balances(Deficit)	\$ -	\$ -	\$ -	\$ -	\$ (1,571)

Total Liabilities and Fund Balances	\$ 19,056	\$ 21,389	\$ 11,841	\$ 1,968	\$ 1,571
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(Continued - 6.)

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 COMBINING SCHEDULE OF ACCOUNTS - EDUCATION FUND ACCOUNTS
 JUNE 30, 2006

<u>ASSETS</u>	Rural Education Achievement Program	District Services	Regional Educational Support Providers	System of Support	<u>Total</u>
Cash	\$ -	\$ 10,165	\$ 11,274	\$ 425	\$ 870,464
Due from other funds	-	-	-	-	-
Due from other governmental units	-	-	-	-	3,115
Total Assets	<u>\$ -</u>	<u>\$ 10,165</u>	<u>\$ 11,274</u>	<u>\$ 425</u>	<u>\$ 873,579</u>

LIABILITIES

Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 70,122
Due to other funds	-	-	-	-	72,236
Due to other governmental units	-	-	-	-	72,677
Deferred revenue	-	4,514	11,274	425	704,064
Total Liabilities	<u>\$ -</u>	<u>\$ 4,514</u>	<u>\$ 11,274</u>	<u>\$ 425</u>	<u>\$ 919,099</u>

FUND BALANCES

Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved (Deficit)	-	5,651	-	-	(45,520)
Total Fund Balances(Deficit)	<u>\$ -</u>	<u>\$ 5,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (45,520)</u>

Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 10,165</u>	<u>\$ 11,274</u>	<u>\$ 425</u>	<u>\$ 873,579</u> (Concluded -7.)
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See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2006

	Goals 2000	Title II Professional Development	Networking For Information	Administrators Academy	Scientific Literacy	Special Populations
REVENUES:						
Local sources	\$ -	\$ 1,451	\$ -	\$ 1,081	\$ -	\$ 1,780
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Total Revenues	\$ -	\$ 1,451	\$ -	\$ 1,081	\$ -	\$ 1,780
EXPENDITURES:						
Purchased services	\$ -	\$ -	\$ -	\$ 255	\$ -	\$ 1,179
Supplies and materials	-	-	-	77	-	211
Capital outlay	-	-	-	-	-	-
Payments to other governmental units	-	1,451	-	749	-	390
Total Expenditures	\$ -	\$ 1,451	\$ -	\$ 1,081	\$ -	\$ 1,780
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	(1,032)	-	(5,648)	-	-	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ (1,032)	\$ -	\$ (5,648)	\$ -	\$ -	\$ -

(Continued - 1.)

See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2006

	Truant Alternative/ Optional Ed. Program	Para- Professional	Title II Leadership	Learning Standards	ROE Internal Review	Career Awareness and Development	Regional Safe Schools
REVENUES:							
Local sources	\$ 423	\$ 2,470	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	96,986	-	-	-	-	-	291,559
Federal sources	-	-	-	-	-	-	-
Total Revenues	\$ 97,409	\$ 2,470	\$ -	\$ -	\$ -	\$ -	\$ 291,559
EXPENDITURES:							
Purchased services	\$ 11,863	\$ 2,379	\$ -	\$ -	\$ -	\$ -	\$ 30,911
Supplies and materials	2,424	91	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Payments to other governmental units	83,122	-	-	-	-	-	260,648
Total Expenditures	\$ 97,409	\$ 2,470	\$ -	\$ -	\$ -	\$ -	\$ 291,559
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	-	-	(490)	11	-	-	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ -	\$ -	\$ (490)	\$ 11	\$ -	\$ -	\$ -

(Continued - 2.)

See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2006

		<u>Sci-Lit</u>	<u>Standards</u>	<u>McKinney</u>	<u>School</u>	<u>Bare</u>	<u>Learning</u>
		<u>Real</u>	<u>Aligned</u>	<u>Education</u>	<u>to</u>	<u>Bones</u>	<u>Tech</u>
		<u>Math</u>	<u>Classrooms</u>	<u>for Homeless</u>	<u>Success</u>	<u>Work</u>	<u> </u>
		<u>Salary</u>	<u>Special</u>	<u>Children</u>	<u>Project</u>	<u> </u>	<u> </u>
REVENUES:							
Local sources	\$ -	\$ 954	\$ 537	\$ 20,900	\$ -	\$ -	\$ 48,898
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Total Revenues	\$ -	\$ 954	\$ 537	\$ 20,900	\$ -	\$ -	\$ 48,898
EXPENDITURES:							
Purchased services	\$ -	\$ -	\$ 537	\$ 3,565	\$ -	\$ -	\$ 22,236
Supplies and materials	-	-	-	7,970	-	-	784
Capital outlay	-	-	-	-	-	-	-
Payments to other governmental units	-	954	-	9,365	-	-	25,878
Total Expenditures	\$ -	\$ 954	\$ 537	\$ 20,900	\$ -	\$ -	\$ 48,898
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	(4,884)	-	(302)	-	(96)	(1,321)	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ (4,884)	\$ -	\$ (302)	\$ -	\$ (96)	\$ (1,321)	\$ -

(Continued - 3.)

See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2006

	Right Track	Technology Grant	Language Arts	Dept of Commerce & Economic Oppty			Early Childhood	Title IV 21st Century Community Learning Centers Project 04
				Language Arts	Oppty	Childhood		
REVENUES:								
Local sources	\$ -	\$ -	\$ 3,209	\$ -	\$ -	\$ 70	\$ -	113
State sources	7	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	307,306
Total Revenues	\$ 7	\$ -	\$ 3,209	\$ -	\$ -	\$ 70	\$ -	307,419
EXPENDITURES:								
Purchased services	\$ 7	\$ -	\$ 1,474	\$ -	\$ -	\$ 35	\$ -	58,629
Supplies and materials	-	-	183	-	-	35	-	23,017
Capital outlay	-	-	-	-	-	-	-	-
Payments to other governmental units	-	-	1,552	-	-	-	-	225,773
Total Expenditures	\$ 7	\$ -	\$ 3,209	\$ -	\$ -	\$ 70	\$ -	307,419
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	(14,270)	-	-	(5)	(4,031)	-	-	729
FUND BALANCES (DEFICIT), END OF YEAR	\$ (14,270)	\$ -	\$ -	\$ (5)	\$ (4,031)	\$ -	\$ -	729

(Continued - 4.)

See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2006

	Title IV						
	21st Century		Early		Title IV		
	Community Learning	Childhood	Math	Math	Math	Tech	Community
	Centers	Math	Science	Performance	Matters	Service	Matters
	Project 00	Math	Science	Performance	Matters	Matters	Service
REVENUES:							
Local sources	\$ -	\$ -	\$ 5,525	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	208,600	-	-	-	-	-	-
Total Revenues	\$ 208,600	\$ -	\$ 5,525	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:							
Purchased services	\$ 13,622	\$ -	\$ 3,954	\$ 342	\$ -	\$ -	\$ -
Supplies and materials	19,595	-	1,571	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Payments to other governmental units	175,383	-	-	-	-	-	-
Total Expenditures	\$ 208,600	\$ -	\$ 5,525	\$ 342	\$ -	\$ -	\$ -
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -	\$ (342)	\$ -	\$ -	\$ -
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	-	-	-	-	(952)	(429)	(429)
FUND BALANCES (DEFICIT), END OF YEAR	\$ -	\$ -	\$ -	\$ (342)	\$ (952)	\$ (429)	\$ (429)

(Continued - 5.)

See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2006

	Title I	Title I											
	Reading	Reading	First Part B	Illinois	Reading	Even	Summer	Scientific	Lab				
	SEA Funds	SEA Funds	Project 00	First	Start	Bridges	Mini-grant	Literacy	Tech				
	Project 02	Project 00	First	Start	Bridges	Mini-grant	Literacy	Tech					
REVENUES:													
Local sources	\$ 60	\$ -	\$ 8,588	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ 1,528				
State sources	-	-	-	-	-	-	-	-	-				
Federal sources	17,574	6,071	-	85,157	-	-	-	-	-				
Total Revenues	\$ 17,634	\$ 6,071	\$ 8,588	\$ 88,157	\$ -	\$ -	\$ -	\$ -	\$ 1,528				
EXPENDITURES:													
Purchased services	\$ 9,691	\$ 3,597	\$ 196	\$ 16,952	\$ -	\$ -	\$ -	\$ -	\$ 1,230				
Supplies and materials	6,192	1,430	27	3,342	-	-	-	-	28				
Capital outlay	-	-	-	-	-	-	-	-	-				
Payments to other governmental units	1,751	1,050	8,365	67,863	-	-	-	-	270				
Total Expenditures	\$ 17,634	\$ 6,077	\$ 8,588	\$ 88,157	\$ -	\$ -	\$ -	\$ -	\$ 1,528				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ (6)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	-	-	-	(2,493)	(13,921)	-	-	-	-				
FUND BALANCES (DEFICIT), END OF YEAR	\$ -	\$ (6)	\$ -	\$ (2,493)	\$ (13,921)	\$ -	\$ -	\$ -	\$ -				

(Continued - 6.)

See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2006

	X Type		Early Childhood		Early Childhood	
	Regular Education Initiative	Cont Prof Dev Units	School Improvement	Block Grant	Pre-K and Parental Training	Block Grant Prevention Initiative
REVENUES:						
Local sources	\$ -	\$ -	\$ 786	\$ -	\$ -	\$ -
State sources	-	455	-	141,600	-	41,169
Federal sources	-	-	-	-	-	-
Total Revenues	\$ -	\$ 455	\$ 786	\$ 141,600	\$ -	\$ 41,169
EXPENDITURES:						
Purchased services	\$ -	\$ -	\$ 623	\$ 20,818	\$ -	\$ 6,996
Supplies and materials	-	-	163	13,974	-	4,034
Capital outlay	-	-	-	-	-	-
Payments to other governmental units	-	456	-	106,808	-	30,139
Total Expenditures	\$ -	\$ 456	\$ 786	\$ 141,600	\$ -	\$ 41,169
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ (1)	\$ -	\$ -	\$ -	\$ -
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	(117)	-	-	-	-	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ (117)	\$ (1)	\$ -	\$ -	\$ -	\$ -

(Continued - 7.)

See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2006

	Bureau County Right Track	Rural Education Achievement Program	District Services	Regional Educational System Support of Providers	Support	Total
REVENUES:						
Local sources	\$ -	\$ -	\$ 1,336	\$ -	\$ -	\$ 102,709
State sources	14,570	21,294	-	-	-	607,640
Federal sources	-	-	-	2,117	-	626,825
	<u>\$ 14,570</u>	<u>\$ 21,294</u>	<u>\$ 1,336</u>	<u>\$ 2,117</u>	<u>\$ -</u>	<u>\$ 1,337,174</u>
Total Revenues						
EXPENDITURES:						
Purchased services	\$ 2,294	\$ 1,150	\$ 300	\$ 2,117	\$ -	\$ 216,952
Supplies and materials	-	14,270	-	-	-	99,418
Capital outlay	-	-	-	-	-	-
Payments to other governmental units	12,276	5,874	1,036	-	-	1,021,153
	<u>\$ 14,570</u>	<u>\$ 21,294</u>	<u>\$ 1,336</u>	<u>\$ 2,117</u>	<u>\$ -</u>	<u>\$ 1,337,523</u>
Total Expenditures						
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (349)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	(1,571)	-	5,651	-	-	(45,171)
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$(1,571)</u>	<u>\$ -</u>	<u>\$ 5,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (45,520)</u>

(Concluded - 8.)

See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 BUDGETARY COMPARISON SCHEDULES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2006

	Truants Alternative and Optional Education Program			Regional Safe Schools Fund		
	Budgeted Amounts Original	Actual Amounts	Variance From Final Budget	Budgeted Amounts Original	Actual Amounts	Variance From Final Budget
REVENUES:						
Local sources	\$ -	\$ 423	\$ 423	\$ -	\$ -	\$ -
State sources	97,388	96,986	(402)	158,288	291,559	133,271
Federal sources	-	-	-	-	-	-
Total Revenues	\$ 97,388	\$ 97,409	\$ 21	\$ 158,288	\$ 291,559	\$ 133,271
EXPENDITURES:						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased services	12,547	11,863	684	29,800	30,911	(1,111)
Supplies and materials	1,500	2,424	(924)	-	-	-
Capital outlay	-	-	-	-	-	-
Payments to other governmental units	83,341	83,122	219	128,488	260,648	(132,160)
Total Expenditures	\$ 97,388	\$ 97,409	\$ (21)	\$ 158,288	\$ 291,559	\$ (133,271)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	-	-	-	-	-	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying Independent Auditors' Report.

(Continued - 1)

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 BUDGETARY COMPARISON SCHEDULES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2006

Title IV 21st Century Community Learning Centers-00 Title IV 21st Century Community Learning Centers-00

Title IV 21st Century Community Learning Centers-04

	Budgeted Amounts		Actual Amounts	Variance From		Budgeted Amounts		Actual Amounts	Variance From	
	Original	Final		Final Budget	Original	Final	Final Budget		Final Budget	
REVENUES:										
Local sources	\$ -	\$ -	\$ 113	\$ 113	\$ -	\$ 113	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	501,200	501,200	307,306	(193,894)		208,600	208,600	208,600		
Total Revenues	\$ 501,200	\$ 501,200	\$ 307,419	\$ (193,781)		\$ 208,600	\$ 208,600	\$ 208,600		\$ -
EXPENDITURES:										
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased services	55,000	55,000	58,629	(3,629)		16,000	16,000	13,622		2,378
Supplies and materials	36,989	36,989	23,017	13,972		23,505	23,505	19,595		3,910
Capital outlay	-	-	-	-	-	-	-	-	-	-
Payments to other governmental units	409,211	409,211	225,773	183,438		169,095	169,095	175,383		(6,288)
Total Expenditures	\$ 501,200	\$ 501,200	\$ 307,419	\$ 193,781		\$ 208,600	\$ 208,600	\$ 208,600		\$ -
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		\$ -
FUND BALANCES (DEFICIT), BEGINNING OF YEAR										
				729						
FUND BALANCES (DEFICIT), END OF YEAR				\$ 729						

See accompanying Independent Auditors' Report.

(Continued - 2)

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 BUDGETARY COMPARISON SCHEDULES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2006

	<u>Title I Reading First Part B SEA Funds-02</u>		<u>Title I Reading First Part B SEA Funds-00</u>			
	Budgeted Amounts		Actual Amounts		Variance From	
	Original	Final	Final	Final	Original	Final
REVENUES:						
Local sources	\$ -	\$ -	\$ 60	\$ 60	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	30,581	30,581	17,574	(13,007)	15,000	6,071
	<u>30,581</u>	<u>30,581</u>	<u>17,634</u>	<u>(12,947)</u>	<u>15,000</u>	<u>6,071</u>
Total Revenues	\$ 30,581	\$ 30,581	\$ 17,634	\$ (12,947)	\$ 15,000	\$ (8,929)
EXPENDITURES:						
Salaries	-	-	-	-	-	-
Purchased services	16,000	16,000	9,691	6,309	6,000	3,597
Supplies and materials	5,826	5,826	6,192	(366)	3,525	1,430
Capital outlay	-	-	-	-	-	-
Payments to other governmental units	8,755	8,755	1,751	7,004	5,475	1,050
	<u>8,755</u>	<u>8,755</u>	<u>1,751</u>	<u>7,004</u>	<u>5,475</u>	<u>1,050</u>
Total Expenditures	\$ 30,581	\$ 30,581	\$ 17,634	\$ 12,947	\$ 15,000	\$ 6,077
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6)</u>
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	-	-	-	-	-	-
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6)</u>	<u>\$ (6)</u>

See accompanying Independent Auditors' Report.

(Continued - 3)

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 BUDGETARY COMPARISON SCHEDULES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2006

Early Childhood Block Grant
Pre-K and Parental Training

Even Start

	Budgeted Amounts		Actual Amounts	Variance From		Budgeted Amounts		Actual Amounts	Variance From	
	Original	Final		Final Budget	Final Budget	Original	Final		Final Budget	Final Budget
REVENUES:										
Local sources	\$ -	\$ -	\$ 3,000	\$ 3,000	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	141,600	141,600	141,600	-	-
Federal sources	95,000	95,000	85,157	(9,843)	(9,843)	-	-	-	-	-
Total Revenues	\$ 95,000	\$ 95,000	\$ 88,157	\$ (6,843)	\$ (6,843)	\$ 141,600	\$ 141,600	\$ 141,600	\$ 141,600	\$ -
EXPENDITURES:										
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased services	21,500	21,500	16,952	4,548	4,548	24,400	24,400	20,818	3,582	3,582
Supplies and materials	3,500	3,500	3,342	158	158	15,000	15,000	13,974	1,026	1,026
Capital outlay	-	-	-	-	-	-	-	-	-	-
Payments to other governmental units	70,000	70,000	67,863	2,137	2,137	102,200	102,200	106,808	(4,608)	(4,608)
Total Expenditures	\$ 95,000	\$ 95,000	\$ 88,157	\$ 6,843	\$ 6,843	\$ 141,600	\$ 141,600	\$ 141,600	\$ 141,600	\$ -
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES (DEFICIT), BEGINNING OF YEAR										
			(2,493)							
FUND BALANCES (DEFICIT), END OF YEAR			\$ (2,493)							

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES

FUND BALANCES (DEFICIT), BEGINNING OF YEAR

FUND BALANCES (DEFICIT), END OF YEAR

See accompanying Independent Auditors' Report.

(Continued - 4)

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 BUDGETARY COMPARISON SCHEDULES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2006

Early Childhood Block Grant
 Prevention Initiative and Parental Training

	Budgeted Amounts		Actual	Variance From	
	Original	Final	Amounts	Final	Budget
REVENUES:					
Local sources	\$ -	\$ -	\$ -	\$ -	-
State sources	41,169	41,169	41,169	-	-
Federal sources	-	-	-	-	-
Total Revenues	\$ 41,169	\$ 41,169	\$ 41,169	\$ -	-
EXPENDITURES:					
Salaries	\$ -	\$ -	\$ -	-	-
Purchased services	6,000	6,000	6,996	(996)	(996)
Supplies and materials	7,955	7,955	4,034	3,921	3,921
Capital outlay	-	-	-	-	-
Payments to other governmental units	27,214	27,214	30,139	(2,925)	(2,925)
Total Expenditures	\$ 41,169	\$ 41,169	\$ 41,169	\$ -	-

EXCESS (DEFICIENCY) OF REVENUES
 OVER EXPENDITURES

\$ -

FUND BALANCES (DEFICIT),
 BEGINNING OF YEAR

-

FUND BALANCES (DEFICIT), END OF YEAR

\$ -

See accompanying Independent Auditors' Report.

(Concluded - 5)

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2006

ASSETS	Film Library Fund	Institute Fund	General				Supervisory Fund	Total
			Educational Development Fund	Bus Driver Fund	Hearing Fund	Fund		
Cash	\$ 61,188	\$ 29,379	\$ 930	\$ 4,772	\$ 1,109	\$ 54	\$ 97,432	
Due from other funds	-	-	-	-	440	-	440	
Due from other governmental units	-	-	-	-	-	-	-	
Total Assets	\$ 61,188	\$ 29,379	\$ 930	\$ 4,772	\$ 1,549	\$ 54	\$ 97,872	

LIABILITIES

Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	6,658	405	-	-	7,063
Due to other governmental units	-	-	-	-	-	-	-
Deferred revenue	-	21,217	-	-	226	-	21,443
Total Liabilities	\$ -	\$ 21,217	\$ 6,658	\$ 405	\$ 226	\$ -	\$ 28,506

FUND BALANCES

Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved (Deficit)	61,188	8,162	(5,728)	4,367	1,323	54	69,366
Total Fund Balances (Deficit)	\$ 61,188	\$ 8,162	\$ (5,728)	\$ 4,367	\$ 1,323	\$ 54	\$ 69,366

Total Liabilities and
Fund Balances

	\$ 61,188	\$ 29,379	\$ 930	\$ 4,772	\$ 1,549	\$ 54	\$ 97,872
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See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006

	General						Total
	Film Library	Institute Fund	Educational Development Fund	Bus Driver Fund	Hearing Supervisory Fund	Fund	
REVENUES:							
Local sources	\$ 7,742	\$ 7,869	\$ 4,428	\$ 1,996	\$ -	\$ -	\$ 22,035
State sources	-	-	-	-	-	3,259	3,259
Federal sources	-	-	-	-	-	-	-
Total Revenues	\$ 7,742	\$ 7,869	\$ 4,428	\$ 1,996	\$ -	\$ 3,259	\$ 25,294
EXPENDITURES:							
Purchased services	\$ 513	\$ 4,292	\$ 4,524	\$ 1,559	\$ 153	\$ 3,270	\$ 14,311
Supplies and materials	270	1,591	272	21	-	-	2,154
Capital outlay	-	-	-	-	-	-	-
Payments to other governmental units	-	476	-	-	-	-	476
Total Expenditures	\$ 783	\$ 6,359	\$ 4,796	\$ 1,580	\$ 153	\$ 3,270	\$ 16,941
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 6,959	\$ 1,510	\$ (368)	\$ 416	\$ (153)	\$ (11)	\$ 8,353
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	54,229	6,652	(5,360)	3,951	1,476	65	61,013
FUND BALANCES (DEFICIT), END OF YEAR	\$ 61,188	\$ 8,162	\$ (5,728)	\$ 4,367	\$ 1,323	\$ 54	\$ 69,366

See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 BUDGETARY COMPARISON SCHEDULES
 NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

Film Library Fund

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
REVENUES:				
Local sources	\$ 6,700	\$ 6,700	\$ 7,742	\$ 1,042
State sources	-	-	-	-
Federal sources	-	-	-	-
Total Revenues	\$ 6,700	\$ 6,700	\$ 7,742	\$ 1,042
EXPENDITURES:				
Purchased services	\$ 4,900	\$ 4,900	\$ 513	\$ 4,387
Supplies and materials	3,500	3,500	270	3,230
Capital outlay	3,000	3,000	-	3,000
Other objects	15,000	15,000	-	15,000
Payments to other governmental units	-	-	-	-
Total Expenditures	\$ 26,400	\$ 26,400	\$ 783	\$ 25,617
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (19,700)</u>	<u>\$ (19,700)</u>	\$ 6,959	<u>\$ 26,659</u>
FUND BALANCES , BEGINNING OF YEAR			<u>54,229</u>	
FUND BALANCES , END OF YEAR			<u>\$ 61,188</u>	

See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

<u>ASSETS</u>	Balance July 1, <u>2005</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2006</u>
Cash	\$ 17,200	\$ 53,729,858	\$ 53,730,467	\$ 16,591
Investments	158,976	-	158,976	-
Due from other governmental units	887,370	815,112	887,370	815,112
	<hr/>			
Total Assets	\$ 1,063,546	\$ 54,544,970	\$ 54,776,813	\$ 831,703
	<hr/>			
<u>LIABILITIES</u>				
Due to other governmental units	\$ 1,063,546	\$ 54,544,970	\$ 54,776,813	\$ 831,703
	<hr/>			
Total Liabilities	\$ 1,063,546	\$ 54,544,970	\$ 54,776,813	\$ 831,703
	<hr/>			

See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
 DISTRIBUTIVE FUND
 FOR THE YEAR ENDED JUNE 30, 2006

DISTRICT	Reorganization						
	General State Aid 3001	Hold Harmless 3002	Feasibility Study 3021	Transition Assistance 3099	Education Fac. Tuition 3100	Education Extraordinary 3105	
BRADFORD CUSD #1	\$ 620,081	\$ -	\$ -	\$ -	\$ 985	\$ 4,299	
MALDEN G.D. SD # 84	126,681	60,174				10,653	
CHERRY G.S. SD # 92	206,779			2,754		3,549	
LADD G.S. SD # 94	570,554				6,668	20,906	
STARK COUNTY CUSD #100	1,854,358				6,344	10,895	
DEPUÉ UNIT SD # 103	1,815,694				8,291	54,986	
PRINCETON ELEM SD # 115	1,158,046	749,119			7,236	176,557	
LEPERTOWN G.S. DIST. # 175	232,812	6,185				11,475	
COLONA ELEM SD # 190	2,188,315					46,310	
ORION CUSD # 223	2,310,068	179,890		23,984	39,124	20,891	
GALVA CUSD # 224	1,875,765				16,945	18,884	
ALWOOD CUSD # 225	1,027,979					19,615	
ANNAWAN CUSD # 226	963,303					6,135	
CAMBRIDGE CUSD # 227	1,586,142	40,089				7,230	
GENESEO CUSD # 228	6,064,192					43,956	
KEWANEE CUSD # 229	7,256,818				52,144	63,258	
WETHERSFIELD CUSD # 230	1,895,338				24,529		
NEPONSET C.C. SD # 307	298,216	82,049				6,717	
BRUCE DENNISON, REG SUPT #28	143,271		6,000			1,483	
BUREAU VALLEY CUSD # 340	3,294,838						85,854
PRINCETON H.S. SD # 500	829,882	561,799					21,091
TOTAL	\$ 36,319,132	\$ 1,679,305	\$ 6,000	\$ 26,738	\$ 162,266	\$ 634,744	

See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
 DISTRIBUTIVE FUND
 FOR THE YEAR ENDED JUNE 30, 2006

DISTRICT	Education Personnel 3110	Orphanage Group 3120	Orphanage Foster 3130	Education Summer School 3145	Bilingual Education 3305	Illinois Free Lunch 3360	Breakfast Incentive 3365
BRADFORD CUSD #1	\$ 17,978	\$ -	\$ -	\$ -	\$ -	\$ 1,769	\$ 10
MALDEN G.D. SD # 84	35,819					368	
CHERRY G.S. SD # 92	24,047					268	
LADD G.S. SD # 94	14,776					774	
STARK COUNTY CUSD #100	50,013			598		7,555	334
DEPUE UNIT SD # 103	31,391	7,465		1,096	25,243	4,406	
PRINCETON ELEM SD # 115	164,227	42,563				7,562	334
LEPERTOWN G.S. DIST. # 175	13,531					1,653	46
COLONA ELEM SD # 190	34,452	962				5,736	69
ORION CUSD # 223	65,850	23,644		1,359	406	1,396	
GALVA CUSD # 224	45,638	4,690		1,499		2,991	105
ALWOOD CUSD # 225	38,156	55,452	447	232		2,742	185
ANNAWAN CUSD # 226	37,242					1,305	
CAMBRIDGE CUSD # 227	18,291					3,586	213
GENESEO CUSD # 228	149,568			2,579		9,429	521
KEWANEE CUSD # 229	43,465	27,863		2,317	29,422	28,097	120
WETHERSFIELD CUSD # 230	17,124	5,031				3,510	11
NEPONSET C.C. SD # 307	4,876					1,506	40
BRUCE DENNISON, REG SUPT #28							
BUREAU VALLEY CUSD # 340	199,743	22,159				12,119	217
PRINCETON H.S. SD # 500	67,271	20,032				1,840	4
TOTAL	\$ 1,073,458	\$ 209,861	\$ 447	\$ 9,680	\$ 55,071	\$ 98,612	\$ 2,209

See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
 DISTRIBUTIVE FUND
 FOR THE YEAR ENDED JUNE 30, 2006

DISTRICT	Driver Education		Transportation Regular		Transportation Special Education		School Bus Driver Training		Board Certificate		Truants Alternative Education	
	3370	3500	3500	3500	3510	3520	3520	3520	3651	3651	3695	3695
BRADFORD CUSD #1	\$ -	\$ 104,377	\$ 18,329	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MALDEN G.D. SD # 84		29,139	9,853									
CHERRY G.S. SD # 92		11,591	6,488									
LADD G.S. SD # 94		22,550	27,482									
STARK COUNTY CUSD #100	8,085	134,461	77,818							2,896		
DEPUÉ UNIT SD # 103	3,919	29,624	56,705									
PRINCETON ELEM SD # 115		241,402	91,828									
LEPERTOWN G.S. DIST. # 175		28,288	4,990									
COLONA ELEM SD # 190			31,250									
ORION CUSD # 223	11,650	260,093	31,374									
GALVA CUSD # 224	5,323	80,756	98,013									
ALWOOD CUSD # 225	5,973	109,753	33,730									
ANNAWAN CUSD # 226	4,155	53,331	35,322									
CAMBRIDGE CUSD # 227	8,180	62,578	66,195									
GENESEO CUSD # 228	30,371	536,261	138,042									
KEWANEE CUSD # 229	16,655	206,487	30,399									
WETHERSFIELD CUSD # 230	6,126	47,294	13,036							3,896		
NEPONSET C.C. SD # 307		66,714										
BRUCE DENNISON, REG SUPT #28						600						97,388
BUREAU VALLEY CUSD # 340	14,802	374,946	136,595									
PRINCETON H.S. SD # 500	19,582	52,066	20,111									
TOTAL	\$ 134,821	\$ 2,451,711	\$ 927,560	\$ 600	\$ 6,792	\$ 97,388						

See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
 DISTRIBUTIVE FUND

FOR THE YEAR ENDED JUNE 30, 2006

DISTRICT	Regional					ROE/ISC Operations	Supervisory Expense
	Safe Schools	Early Childhood Block Grant	Reading Improvement				
	3696	3705	3715	3715	3715		3745
BRADFORD CUSD #1	\$ -	\$ 85,496	\$ 10,678	\$ -	\$ -		-
MALDEN G.D. SD # 84		80,982	3,136				
CHERRY G.S. SD # 92			3,003				
LADD G.S. SD # 94			7,141				
STARK COUNTY CUSD #100		167,392	29,872				
DEPUY UNIT SD # 103		149,572	16,509				
PRINCETON ELEM SD # 115		514,591	51,352				
LEPERTOWN G.S. DIST. # 175		64,763	1,632				
COLONA ELEM SD # 190		74,618	31,459				
ORION CUSD # 223		104,468	25,180				
GALVA CUSD # 224		100,394	20,600				
ALWOOD CUSD # 225		116,081	14,655				
ANNAWAN CUSD # 226		101,183	12,301				
CAMBRIDGE CUSD # 227		122,645	16,320				
GENESEO CUSD # 228		202,722	69,441				
KEWANEE CUSD # 229		147,133	77,617				
WETHERSFIELD CUSD # 230		119,996	17,529				
NEPONSET C.C. SD # 307		61,244	5,744				
BRUCE DENNISON, REG SUPT #28	158,288	182,769			66,810		3,000
BUREAU VALLEY CUSD # 340		177,835	40,915				
PRINCETON H.S. SD # 500							
TOTAL	\$ 158,288	\$ 2,573,884	\$ 455,084	\$ 66,810	\$ 3,000		

See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
 DISTRIBUTIVE FUND
 FOR THE YEAR ENDED JUNE 30, 2006

DISTRICT	ADA Safety Ed Block Grant 3775	Summer Bridges 3825	Title V 4100	SEA Programs 4105	Title V 4210	Lunch, Brkfst and Milk 4210
BRADFORD CUSD #1	\$ 9,831	\$ -	757	\$ -	\$ 27,977	
MALDEN G.D. SD # 84	2,753		192		7,840	
CHERRY G.S. SD # 92	2,491				5,814	
LADD G.S. SD # 94	6,794		490		17,958	
STARK COUNTY CUSD #100	26,633		2,758		98,114	
DEPUJE UNIT SD # 103	13,350		1,425		74,426	
PRINCETON ELEM SD # 115	37,708		4,079		121,501	
LEPERTOWN G.S. DIST. # 175	1,704	21,000	88		17,266	
COLONA ELEM SD # 190	17,185		2,009		77,822	
ORION CUSD # 223	35,506		2,887		59,610	
GALVA CUSD # 224	20,102		2,879		61,759	
ALWOOD CUSD # 225	16,389		1,468	850	46,518	
ANNAWAN CUSD # 226	13,612		1,200		38,145	
CAMBRIDGE CUSD # 227	16,367		19,615		49,031	
GENESEO CUSD # 228	90,416		6,676	4,745	195,818	
KEWANEE CUSD # 229	56,381		26,899	2,570	370,731	
WETHERSFIELD CUSD # 230	20,413		1,951		63,461	
NEPONSET C.C. SD # 307	4,098		532		17,656	
BRUCE DENNISON, REG SUPT #28						
BUREAU VALLEY CUSD # 340	41,033		4,006		157,018	
PRINCETON H.S. SD # 500	20,140		2,144		38,217	
TOTAL	\$ 452,906	\$ 21,000	\$ 82,055	\$ 8,165	\$ 1,546,682	

See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
 DISTRIBUTIVE FUND

FOR THE YEAR ENDED JUNE 30, 2006

DISTRICT	Lunch Special Milk Program	Breakfast Program	Title 1 4300	Comprehensive School Reform	Reading First
	4215	4220	4300	4332	4334
BRADFORD CUSD #1	\$ -	\$ 5,039	\$ 55,125	\$ -	\$ -
MALDEN G.D. SD # 84	253				
CHERRY G.S. SD # 92					
LADD G.S. SD # 94					
STARK COUNTY CUSD #100		35,678	139,437		
DEPUY UNIT SD # 103		14,496	111,270	99,163	51,614
PRINCETON ELEM SD # 115		26,062	171,543		
LEPERTOWN G.S. DIST. # 175		6,484	3,373		
COLONA ELEM SD # 190		22,251	167,604		
ORION CUSD # 223			38,273		
GALVA CUSD # 224		5,098	69,457		
ALWOOD CUSD # 225		7,749	53,126		
ANNAWAN CUSD # 226			46,017		
CAMBRIDGE CUSD # 227	723	16,867	108,689		
GENESEO CUSD # 228		40,351	95,466		
KEWANEE CUSD # 229		100,853	591,763	200,000	
WETHERSFIELD CUSD # 230		7,650	101,976		
NEPONSET C.C. SD # 307		10,737	74,495		
BRUCE DENNISON, REG SUPT #28					
BUREAU VALLEY CUSD # 340		51,180	165,972		
PRINCETON H.S. SD # 500		2,599	65,326		
TOTAL	\$ 976	\$ 353,094	\$ 2,058,912	\$ 299,163	\$ 51,614

See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
 DISTRIBUTIVE FUND

FOR THE YEAR ENDED JUNE 30, 2006

DISTRICT	Even Start 4335	Migrant Education 4340	Drug Free Schools 4400	21st Century			Education Room & Board 4625	Title III Language 4909
				Community Learning 4421	\$	\$		
BRADFORD CUSD #1				1,713	\$	-	\$	-
MALDEN G.D. SD # 84								
CHERRY G.S. SD # 92				478		30		
LADD G.S. SD # 94				3,899		326		
STARK COUNTY CUSD #100				2,610		533		21,099
DEPUJE UNIT SD # 103								
PRINCETON ELEM SD # 115				148				
LEPERTOWN G.S. DIST. # 175				4,175		2,761		
COLONA ELEM SD # 190				3,556		498		
ORION CUSD # 223				2,684				
GALVA CUSD # 224				1,866				
ALWOOD CUSD # 225				2,363				
ANNAWAN CUSD # 226				4,394				
CAMBRIDGE CUSD # 227				8,396		98,186		
GENESEO CUSD # 228				14,038		83,063		12,933
KEWANEE CUSD # 229				9,000				
WETHERSFIELD CUSD # 230								
NEPONSET C.C. SD # 307						607,743		
BRUCE DENNISON, REG SUPT #28	95,000							
BUREAU VALLEY CUSD # 340				5,770		1		
PRINCETON H.S. SD # 500				8,039				
TOTAL	\$ 95,000	\$ 9,000	\$ 68,578	\$ 607,743	\$ 185,398	\$ 34,032		

See accompanying Independent Auditors' Report.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
 DISTRIBUTIVE FUND

FOR THE YEAR ENDED JUNE 30, 2006

DISTRICT	Renovation IDEA & Tech 4932	Literacy Challenge 4971	HERA 4995	Other Federal Programs 4999	TOTAL
BRADFORD CUSD #1	\$ 18,201	\$ 982	\$ -	\$ -	\$ 983,627
MALDEN G.D. SD # 84	2,309				370,152
CHERRY G.S. SD # 92					266,784
LADD G.S. SD # 94	7,200		2,000		705,801
STARK COUNTY CUSD #100	43,121	2,249			2,702,836
DEPUY UNIT SD # 103	27,970	1,891			2,624,748
PRINCETON ELEM SD # 115	43,046	1,544			3,610,300
LEPERTOWN G.S. DIST. # 175	4,765	62		11,000	431,265
COLONA ELEM SD # 190	41,904	3,104	2,000		2,753,986
ORION CUSD # 223	27,311		6,750		3,273,768
GALVA CUSD # 224	31,923	1,316			2,466,821
ALWOOD CUSD # 225	14,825	903			1,568,694
ANNAWAN CUSD # 226	18,665	640			1,334,919
CAMBRIDGE CUSD # 227	35,734	1,976			2,184,865
GENESEO CUSD # 228	81,047	1,990			7,922,317
KEWANEE CUSD # 229	105,889	12,128	10,000		9,550,428
WETHERSFIELD CUSD # 230	32,997	1,822			2,369,112
NEPONSET C.C. SD # 307	14,295	967			645,867
BRUCE DENNISON, REG SUPT #28					1,360,869
BUREAU VALLEY CUSD # 340	54,229	3,073			4,842,305
PRINCETON H.S. SD # 500	30,344	516			1,761,003
TOTAL	\$ 635,775	\$ 35,163	\$ 20,750	\$ 11,000	\$ 53,730,467

See accompanying Independent Auditors' Report.

FEDERAL COMPLIANCE SECTION

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2006

Federal Grantor/Pass Through Grantor/ Program Title	CFDA Number	Project #	Expenditures 7/1/05-6/30/06	Obligations/ Encumbrances 7/1/05-6/30/06	Expenditures
U.S. Dept. of Education passed through Illinois State Board of Education:					
Title I - Reading First Part B SEA Funds	84.357A	2005-4337-00	\$ 6,071	\$ -	\$ 6,071
Title I - Reading First Part B SEA Funds	84.357A	2005-4337-02	17,574	-	17,574
Total Title I - Reading First Part B SEA Funds			<u>\$ 23,645</u>	<u>\$ -</u>	<u>\$ 23,645</u>
Even Start	84.213C	2006-4335-00	\$ 82,592	\$ 2,565	\$ 85,157
(M) Title IV - 21st Century Community Learning Centers	84.287C	2006-4421-04	\$ 269,401	\$ 37,905	\$ 307,306
(M) Title IV - 21st Century Community Learning Centers	84.287C	2006-4421-00	198,521	10,079	208,600
Total Title IV - 21st Century Community Learning Centers			<u>\$ 467,922</u>	<u>\$ 47,984</u>	<u>\$ 515,906</u>
Total U.S. Dept. of Education passed through Illinois State Board of Education			<u>\$ 574,159</u>	<u>\$ 50,549</u>	<u>\$ 624,708</u>
U.S. Dept. of Education passed through Illinois State Board of Education and Boone/Winnebago Counties Regional Office of Education #4: RESPRO System of Support Grant					
Title I - Grants to Local Educational Agencies	84.010A	2006-4331-SS	\$ 2,117	\$ -	\$ 2,117
Total Expenditures of Federal Awards			<u>\$ 576,276</u>	<u>\$ 50,549</u>	<u>\$ 626,825</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

BUREAU/HENRY/STARK COUNTIES REGIONAL OFFICE OF EDUCATION #28
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Bureau/Henry/Stark Counties Regional Office of Education #28 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 in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2: DESCRIPTION OF MAJOR FEDERAL PROGRAM

The Title IV - 21st Century Community Learning Center program is designed to provide academic enrichment opportunities during the extended school day and extended school year. Through academic enrichment, students will receive support in developing and mastering their reading, writing, and math skills via additional learning opportunities, tutoring, and homework support.

NOTE 3: SUB-RECIPIENTS

None

NOTE 4: NON-CASH ASSISTANCE

None

NOTE 5: AMOUNT OF INSURANCE

None

NOTE 6: LOANS OR LOAN GUARANTEES OUTSTANDING

None