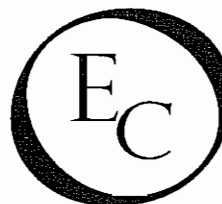


**STATE OF ILLINOIS
LASALLE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 35**

FINANCIAL AUDIT
(In Accordance with the Single Audit Act and OMB Circular A-133)
FOR THE YEAR ENDED JUNE 30, 2006

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



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35

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LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35

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LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
OFFICIALS

Regional Superintendent
(July 1, 2007 to present)

Mr. Richard A. Myers

Regional Superintendent
(During the audit period)

Mr. William G. Novotney

Assistant Regional Superintendent
(During the audit period)

Mr. Richard A. Myers

Assistant Regional Superintendent
(July 1, 2007 to present)

Mr. James Carlson

Office is located at:

119 West Madison Street, Room 102
Ottawa, Illinois 61350

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
COMPLIANCE REPORT SUMMARY**

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	1	3
Repeated audit findings	1	—
Prior recommendations implemented or not repeated	2	1

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Prior Finding Code</u>
06-1	12	FINDINGS (GOVERNMENT AUDITING STANDARDS) Controls Over Compliance with Laws and Regulations	05-1
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE) None			
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)			
	19	Bank Reconciliations Not Completed Properly	05-2
	19	Inadequate Controls Over Cash Disbursements	05-3
PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE) None			

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
JUNE 30, 2006

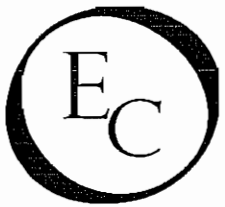
EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on December 8, 2006 held at the LaSalle County Regional Office of Education No. 35, 119 West Madison Street, Ottawa, Illinois 61350. Representing the ROE were William G. Novotney, Regional Superintendent, Richard Myers, Assistant Regional Superintendent, and Cheryl Midnight, Bookkeeper. Representing E. C. Ortiz & Co., LLP were Stella B. Santos, Partner and Leilani N. Rodrigo, Manager. Responses to the recommendations were provided by William G. Novotney in a letter dated April 4, 2007.

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the LaSalle County Regional Office of Education No. 35 was performed by E. C. Ortiz & Co., LLP.

Based on their audit, the auditors expressed an unqualified opinion on the LaSalle County Regional Office of Education No. 35'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, the business-type activities, each major fund, and the aggregate remaining fund information of the LaSalle County Regional Office of Education No. 35, as of and for the year ended June 30, 2006, which collectively comprise the LaSalle County Regional Office of Education No. 35's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the LaSalle County Regional Office of Education No. 35'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, the business-type activities, each major fund, and the aggregate remaining fund information of the LaSalle County Regional Office of Education No. 35, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 18, 2006 on our consideration of the LaSalle County Regional Office of Education No. 35's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 20 through 25 and 57 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the LaSalle County Regional Office of Education No. 35's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Others 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 the *Guidelines to Auditing and Reporting for a Regional Office of Education*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Others, 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.

E. C. Ortiz & Co. LLP

Chicago, Illinois
October 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, the business-type activities, each major fund, and the aggregate remaining fund information of the LaSalle County Regional Office of Education No. 35, as of and for the year ended June 30, 2006, which collectively comprise the LaSalle County Regional Office of Education No. 35's basic financial statements and have issued our report thereon dated October 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 the LaSalle County Regional Office of Education No. 35's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the LaSalle County Regional Office of Education No. 35'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.

E. C. Ortiz & Co. LLP

Chicago, Illinois
October 18, 2006



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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the compliance of the LaSalle County Regional Office of Education No. 35 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 LaSalle County Regional Office of Education No. 35'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 LaSalle County Regional Office of Education No. 35's management. Our responsibility is to express an opinion on the LaSalle County Regional Office of Education No. 35's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 criteria as required by the *Guidelines to Auditing and Reporting for a Regional Office of Education*. Those standards and criteria require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the LaSalle County Regional Office of Education No. 35's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the LaSalle County Regional Office of Education No. 35's compliance with those requirements.

In our opinion, the LaSalle County Regional Office of Education No. 35 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 LaSalle County Regional Office of Education No. 35 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the LaSalle County Regional Office of Education No. 35's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 criteria as required by the *Guidelines to Auditing and Reporting for a Regional Office of Education*.

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

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

E. C. Ortiz & Co. LLP

Chicago, Illinois
October 18, 2006

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

Part I: Summary of the Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Reportable condition(s) identified that are not considered to be material weakness(es)? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Reportable condition(s) identified that are not considered to be material weakness(es)? Yes None reported

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.196A	McKinney Education for Homeless Children
84.367A	Title II - Teacher Quality Leadership Grant

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

Auditee qualified as low-risk auditee? Yes No

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

Part II: Findings Related to the Financial Statements

FINDING NO. 06-1 - Controls Over Compliance with Laws and Regulations (Repeated from 2005 - Finding No. 05-1)

Criteria/Specific Requirements:

- A. The Illinois School Code 105 ILCS 5/3-14.11 states that the Regional Superintendent shall examine at least once each year all books, accounts, and vouchers of every school treasurer in his educational service region, and if he finds any irregularities in them, to report them at once, in writing, to the trustees in Class II county school units, to the respective school boards of those school districts which form a part of a Class II county school unit but which are not subject to the jurisdiction of the trustees of schools of any township in which any such district is located, or to the respective school boards of the district in Class I county school units whose duty it shall be to take immediately such action as the case demands. (This mandate has existed in its current form since at least 1953.)
- B. The Illinois School Code 105 ILCS 5/3-5 states that the county superintendent shall present under oath or affirmation to the county board at its meeting in September and as nearly quarterly thereafter as it may have regular or special meetings, a report of all his acts as county superintendent, including a list of all the schools visited with the dates of visitation. (This mandate has existed in its current form since at least 1953.)
- C. The Illinois School Code 105 ILCS 5/3-14.5 requires the Regional Superintendent to visit each public school in the county at least once a year, noting the methods of instruction, the branches taught, the text-books used, and the discipline, government and general condition of the schools. (This mandate has existed in its current form since at least 1953.)
- D. The Illinois School Code 105 ILCS 5/13B-25.35 states that based on district plans to provide alternative learning opportunities, the Regional Office of Education must submit an annual plan summarizing the number, needs, and demographics of students at risk of academic failure expected to be served in its region. This plan must be updated annually and submitted to the State Board.

Conditions:

- A. The Regional Office of Education No. 35 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

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

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

FINDING NO. 06-1 - Controls Over Compliance with Laws and Regulations (Repeated from 2005 - Finding No. 05-1) (Continued)

Conditions (Continued):

Regional Superintendent has been examining school district financial statements on an annual basis.

- B. The Regional Office of Education No. 35 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 Superintendent submitted to the county board its annual report. The annual report included statistics on major areas of activities of the ROE, including the inspections of school buildings within its region. Details of the dates of visits and other statistics are provided to the board upon request.
- C. The Regional Office of Education No. 35 performs compliance inspections for each public school in his region on a rotational basis every three years instead of annually. While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.
- D. The Regional Office of Education No. 35 did not provide ISBE with an annual regional plan summarizing the number, needs, and demographics of students at risk of academic failure expected to be served in its region, even though school districts within the Regional Office's region participated in an Alternative Learning Opportunities Program (ALOP).

Effect:

The Regional Office of Education No. 35 did not comply with statutory requirements.

Causes:

- A. The Regional Office of Education No. 35's management stated that the procedures currently being performed are deemed sufficient to comply with this mandate and that this mandate is outdated.

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

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

FINDING NO. 06-1 - Controls Over Compliance with Laws and Regulations (Repeated from 2005 - Finding No. 05-1) (Continued)

Causes (Continued):

- B. According to the Regional Superintendent, the ROE submits the annual report to the county every year and the Regional Superintendent attends the Regional Superintendent of Schools Committee meetings monthly. The Regional Superintendent of Schools Committee member presented the ROE's annual report in November 2005. The annual report is believed to have all the pertinent information about the ROE's operations and details of any visits and dates of visitation are available upon request.
- C. The Regional Superintendent stated that the periodic compliance visits on a cycle basis completed at the public schools were sufficient to satisfy the statutory requirement. In addition, due to the magnitude of the task and the limited budget, the visit could not be performed for each public school in the district on an annual basis.
- D. The school district submitted the ALOP plan directly to ISBE. The Regional Superintendent was not aware of the requirement of the mandate hence, the ROE doesn't have a copy of the ALOP plan submitted by the school district. Also, the school district doesn't receive funding for the ALOP from ISBE.

Recommendations:

- A. The Regional Office of Education No. 35 should comply with the requirements of 105 ILCS 5/3-14.11.
- B. The Regional Superintendent should attend the county board meeting in September and quarterly thereafter as it may have regular or special meetings, and present a report of all his acts, including a list of all the schools visited with the dates of visitation as required by 105 ILCS 5/3-5.
- C. The Regional Superintendent should visit each public school annually to review all items required by 105 ILCS 5/3-14.5.
- D. The Regional Superintendent should submit to ISBE the annual ALOP plan as required by ILCS 5/13B-23.35.

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.

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

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

FINDING NO. 06-1 - Controls Over Compliance with Laws and Regulations (Repeated from 2005 - Finding No. 05-1) (Continued)

Management's Responses:

- A. The Illinois Association of Regional Superintendents of Schools and the Illinois State Board of Education have agreed to seek legislation to remove duplicative and/or obsolete sections of the Illinois School Code. Both parties agree that section 5/3-7 of the Illinois School Code is a more current, thorough, and comprehensive requirement concerning a public school district's financial transactions. As a result, the two parties working together will seek legislation to repeal section 5/3-14.11 of the Illinois School Code.
- B. We agree with the recommendation. The Regional Office of Education will report to the county board on a quarterly basis and present the list of schools visited including the dates of visitations for compliance purposes. The Illinois Association of Regional Superintendents of Schools is attempting to repeal these requirements for the Office.
- 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.
- D. The Regional Office of Education will comply to this law but have no district in the county who submitted a plan.

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

Part III: Federal Award Findings

Instances of Noncompliance

None

Reportable Conditions:

None

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
JUNE 30, 2006**

FINDING NO. 06-1 - Controls Over Compliance with Laws and Regulations (Repeated from 2005 - Finding No. 05-1)

Conditions:

- A. The Regional Office of Education No. 35 is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent has been examining school district financial statements on an annual basis.
- B. The Regional Office of Education No. 35 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 Superintendent submitted to the county board its annual report. The annual report included statistics on major areas of activities of the ROE, including the inspections of school buildings within its region. Details of the dates of visits and other statistics are provided to the board upon request.
- C. The Regional Office of Education No. 35 performs compliance inspections for each public school in his region on a rotational basis every three years instead of annually. While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.
- D. The Regional Office of Education No. 35 did not provide ISBE with an annual regional plan summarizing the number, needs, and demographics of students at risk of academic failure expected to be served in its region, even though school districts within the Regional Office's region participated in an Alternative Learning Opportunities Program (ALOP).

Plans:

- A. The Illinois Association of Regional Superintendents of Schools has legislation to delete this mandate from the Illinois School Code.
- B. The Regional Office of Education will report to the county board on a quarterly basis and present the list of schools visited including the dates of visitations for compliance purposes. The Illinois Association of Regional Superintendents of Schools is attempting to repeal these requirements for the Office.

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
JUNE 30, 2006**

FINDING NO. 06-1 - Controls Over Compliance with Laws and Regulations (Repeated from 2005 - Finding No. 05-1)

Plans (Continued):

- C. The Illinois Association of Regional Superintendents of Schools has legislation to delete this mandate from the Illinois School Code.
- D. The Regional Office of Education No. 35 will submit the information to ISBE as required. In the past years, the Regional Office of Education No. 35 had no one participate in an alternative learning opportunities program.

Anticipated Completion Dates:

- A. June 30, 2007
- B. June 30, 2007
- C. June 30, 2007
- D. June 30, 2007 - immediately

Name of Contact Person:

William G. Novotney
Regional Superintendent of LaSalle County

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2006**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
05-1	Controls Over Compliance with Laws and Regulations	Repeated
05-2	Bank Reconciliations Not Completed Properly	Resolved
05-3	Inadequate Controls Over Cash Disbursements	Resolved

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006**

The Regional Office of Education No. 35 for LaSalle County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2006 with comparative information for the year ended June 30, 2005. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

2006 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$13,479 (3%) from \$399,807 in FY 2005 to \$413,286 in FY 2006. General Fund expenditures increased by \$163,820 (40%) from \$410,631 in FY 2005 to \$574,451 in FY 2006.
- Within the Governmental Funds, the Special Revenue Fund revenues decreased by \$96,690 (9%) from \$1,135,905 in FY 2005 to \$1,039,215 in FY 2006. The Special Revenue Fund expenditures increased by \$10,152 (1%) from \$1,120,818 in FY 2005 to \$1,130,970 in FY 2006.
- The Enterprise Fund revenues decreased by \$90,558 (17%) from \$544,457 in FY 2005 to \$453,899 in FY 2006. The Enterprise Fund expenditures decreased by \$160,883 (28%) from \$566,555 in FY 2005 to \$405,672 in FY 2006.

Using This Report

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

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

Overview of the Financial Statements

It is important to note, that many grants are a cooperative effort of the LaSalle County Regional Office of Education and the Marshall/Putnam/Woodford Regional Office of Education. Therefore, these figures may reflect grants that are intended to serve LaSalle County only and grants that serve LaSalle, Marshall, Putnam and Woodford Counties.

Government-wide Financial Statements

The Government-wide statements report information about the Regional Office of Education No. 35 as a whole. The Statement of Net Assets includes all of the assets and liabilities, with the difference reported as *net assets*. 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 Generally Accepted Accounting Principles and GASB 34.

The Government-wide statements report the Office's net assets and how they have changed. Net assets - the difference between assets and liabilities - are one way to measure the ROE's financial condition.

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

Fund Financial Statements

The fund financial statements provide detailed information about the Regional Office's funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office of Education No. 35 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

- (1) Governmental funds account for those funds through which most governmental functions of the Office are financed. 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 the year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Office's programs. The Office's Governmental Funds include: the General Fund and the Special Revenue Fund.

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JUNE 30, 2006**

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

- (2) Proprietary funds account for resources from fees charged directly to those entities or individuals that use its services. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements but with more detail for major and non-major enterprise funds. The proprietary funds required financial statements include a Statement of Net Assets, Statement of Revenues, Expenses and Changes in Fund Net Assets and a Statement of Cash Flows.
- (3) Fiduciary funds are used to account for assets held by the Regional Office of Education No. 35 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds required financial statements include a Statement of Fiduciary Net Assets.

Government-Wide Financial Analysis

As noted earlier, net assets may serve when examined over time as one indicator of the financial position of the Regional Office. The net assets at the end of FY 2006 and 2005 totaled \$1,314,545 and \$1,521,951, respectively. The analysis that follows provides a summary of the Office's net assets as of June 30.

CONDENSED STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
ASSETS						
Current assets	\$ 783,774	\$ 874,006	\$ 676,542	\$ 800,085	\$ 1,460,316	\$ 1,674,091
Capital assets, net of depreciation	6,706	9,419	-	-	6,706	9,419
TOTAL ASSETS	790,480	883,425	676,542	800,085	1,467,022	1,683,510
Current liabilities	108,201	66,935	44,276	94,624	152,477	161,559
TOTAL LIABILITIES	108,201	66,935	44,276	94,624	152,477	161,559
NET ASSETS						
Invested in capital assets, net of related debt	6,706	9,419	-	-	6,706	9,419
Restricted	4,542	110,604	-	-	4,542	110,604
Unrestricted	671,031	696,467	632,266	705,461	1,303,297	1,401,928
TOTAL NET ASSETS	\$ 682,279	\$ 816,490	\$ 632,266	\$ 705,461	\$ 1,314,545	\$ 1,521,951

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The Regional Office of Education's net assets decreased by \$207,406 (14%) from FY 2005. The decrease occurred both in Governmental and Proprietary Funds as a result of grant reductions and decrease in workshop activities. In addition, net assets related to the Teacher Institute Fund are considered restricted for teacher professional development.

CHANGES IN NET ASSETS

The following analysis shows the changes in net assets for the years ended June 30, 2005 and 2006.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues:						
Program revenues:						
Charges for services	\$ 70,534	\$ 29,994	\$ 435,233	\$ 531,111	\$ 505,767	\$ 561,105
Operating grants and contributions	953,445	1,082,833	-	-	953,445	1,082,833
General revenues:						
State sources	128,378	131,776	-	-	128,378	131,776
Fees for services	19,662	23,123	-	-	19,662	23,123
Interest income	46,212	16,031	18,666	13,346	64,878	29,377
On-behalf payments	234,270	251,955	-	-	234,270	251,955
Total revenues	<u>1,452,501</u>	<u>1,535,712</u>	<u>453,899</u>	<u>544,457</u>	<u>1,906,400</u>	<u>2,080,169</u>
Expenses:						
Salaries	737,139	683,033	48,018	108,586	785,157	791,619
Benefits	167,084	134,165	1,310	20,726	168,394	154,891
Purchased services	329,162	249,929	319,958	371,024	649,120	620,953
Supplies and materials	49,225	132,840	29,110	48,420	78,335	181,260
Capital outlay	39,863	28,826	3,635	-	43,498	28,826
Depreciation	2,713	2,713	-	-	2,713	2,713
Payments to other governmental units	112,806	42,669	330	16,150	113,136	58,819
Miscellaneous	35,872	8,032	3,311	1,649	39,183	9,681
On-behalf payments	234,270	251,955	-	-	234,270	251,955
Total expenses	<u>1,708,134</u>	<u>1,534,162</u>	<u>405,672</u>	<u>566,555</u>	<u>2,113,806</u>	<u>2,100,717</u>
Income (loss) before operating transfers	(255,633)	1,550	48,227	(22,098)	(207,406)	(20,548)
Operating transfers	121,422	3,757	(121,422)	(3,757)	-	-
Change in net assets	(134,211)	5,307	(73,195)	(25,855)	(207,406)	(20,548)
Net assets, beginning	816,490	811,183	705,461	731,316	1,521,951	1,542,499
Net assets, ending	<u>\$ 682,279</u>	<u>\$ 816,490</u>	<u>\$ 632,266</u>	<u>\$ 705,461</u>	<u>\$ 1,314,545</u>	<u>\$ 1,521,951</u>

Governmental Activities

Revenues for governmental activities were \$1,452,501 and expenses were \$1,708,134. Some grants increased while others decreased or were not funded in FY 2006. The General State Aid increased by \$26,958 due to the increase in the state funding level per student. The

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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National School Lunch and Regional Safe Schools Programs increased by \$9,348 and \$15,594, respectively due to the increase in the number of students in the programs. The System of Support increased by \$12,057 due to having more schools on the academic watch list and the need to provide services to these schools. Title I - Reading First Part B SEA Funds and Technology Enhancing Education Competitive grant have been severely cut in funding, thus revenues decreased by \$72,702 and \$113,649, respectively. Expenses were proportionally increased or decreased to meet the funding level.

Business-Type Activities

Revenues for business-type activities were \$453,899 and expenditures were \$405,672. The net decrease in revenues and expenditures is attributed to the decrease in workshops for the Administrator's Academy program as well as the local workshops conducted in FY 2006.

Financial Analysis of the Regional Office of Education No. 35 Funds

As previously noted, the Regional Office of Education No. 35 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The ROE's Governmental Funds reported combined fund balances of \$675,573.

Governmental Fund Highlights

- School services received an increase of 19.72% (\$25,026) in dollars when compared to FY 2005. However, this funding did not pay for all school service activities, etc. Normally, enterprise revenues help to offset these activities, however, because of the increased use of these funds, enterprise assets decreased.
- The dollar return on investments (certificate of deposit, short-term investments and interest earned on a float), were reduced because of the low interest rates. In order to provide services budgeted for the Direct Service Budget, certain investments again had to be used which also reduced the amount of interest revenue received.
- County support for the Regional Office of Education No. 35 remained at level funding.
- There was an increase in the state aid foundation level to \$5,334 per student from \$4,964. This helped to off-set the reduction in the grant dollars provided for the Safe Schools Program.

Proprietary Fund Highlights

Total proprietary fund net assets decreased by \$73,195 (10%). The net decrease in the proprietary funds revenues and expenses is due to decrease in workshop activities.

Fiduciary Fund Highlights

There was an increase of \$590 (47%) in total fiduciary funds for FY 2006. Transactions during FY 2006 represent mainly transfers in and out of funds for the Distributive Fund.

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006**

Budgetary Highlights

The Regional Office of Education No. 35 annually prepares budgets for several funds which serve as a guideline for activities and expenditures. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Board for their approval. The Office Operations Budget covers a fiscal year which runs from December 1 to November 30. All grant budgets are prepared by the Regional Office of Education No. 35 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Additionally, all Regional Office of Education funds are reported to the Advisory Board.

Capital Assets

Regional Office of Education No. 35's capital assets include office equipment, computers, audio-visual equipment, and office furniture. The Regional Office of Education No. 35 maintains an inventory of capital assets which have been accumulated over time. For FY 2006 there were no additions or retirements. Depreciation expense for the FY 2006 was \$2,713.

Economic Factors and Next Years' Budget

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

- The interest rate on investments remains low and will impact interest earned.
- Most grants have remained near or at previous levels. The School Services grant increased by 19.72% (\$25,026). However, as previously reported, this funding does not even come close to supporting the required activities of the School Services.
- County Board support for Regional Office of Education No. 35 will remain level.

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 financial information, please contact the Regional Superintendent of the Regional Office of Education No. 35 at 119 W. Madison St., Room No.102, Ottawa, IL. 61350.

BASIC FINANCIAL STATEMENTS



LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 STATEMENT OF NET ASSETS
 JUNE 30, 2006

EXHIBIT A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash	\$ 396,603	\$ 138,098	\$ 534,701
Investments	366,238	529,286	895,524
Accounts receivable	8,982	3,083	12,065
Prepaid expenses	10,118	6,075	16,193
Due from other funds	1,833	-	1,833
Total current assets	<u>783,774</u>	<u>676,542</u>	<u>1,460,316</u>
Noncurrent assets			
Capital assets, net	<u>6,706</u>	<u>-</u>	<u>6,706</u>
TOTAL ASSETS	<u>790,480</u>	<u>676,542</u>	<u>1,467,022</u>
LIABILITIES			
Current liabilities			
Accounts payable	-	357	357
Due to other governments	102,529	-	102,529
Deferred revenues	<u>5,672</u>	<u>43,919</u>	<u>49,591</u>
TOTAL LIABILITIES	<u>108,201</u>	<u>44,276</u>	<u>152,477</u>
NET ASSETS			
Invested in capital assets, net of related debt	6,706	-	6,706
Restricted	4,542	-	4,542
Unrestricted	<u>671,031</u>	<u>632,266</u>	<u>1,303,297</u>
TOTAL NET ASSETS	<u>\$ 682,279</u>	<u>\$ 632,266</u>	<u>\$ 1,314,545</u>

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 JUNE 30, 2006

EXHIBIT C

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
ASSETS					
Cash (overdraft)	\$ (41,010)	\$ 321,486	\$ 106,821	\$ 9,306	\$ 396,603
Investments	336,324	-	-	29,914	366,238
Accounts receivable	2,914	5,818	250	-	8,982
Prepaid expenses	8,068	2,050	-	-	10,118
Due from other funds	1,833	-	-	-	1,833
TOTAL ASSETS	308,129	329,354	107,071	39,220	783,774
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to other governments	-	-	102,529	-	102,529
Deferred revenues	-	5,672	-	-	5,672
Total liabilities	-	5,672	102,529	-	108,201
FUND BALANCES					
Restricted	-	-	4,542	-	4,542
Unrestricted	308,129	323,682	-	39,220	671,031
Total fund balances	308,129	323,682	4,542	39,220	675,573
TOTAL LIABILITIES AND FUND BALANCES	\$ 308,129	\$ 329,354	\$ 107,071	\$ 39,220	\$ 783,774

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2006

EXHIBIT D

Total fund balances - governmental funds	\$	675,573
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		<u>6,706</u>
Net assets of governmental activities	\$	<u><u>682,279</u></u>

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

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2006**

EXHIBIT E

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
REVENUES					
Federal sources	-	\$ 134,514	-	-	\$ 134,514
State sources	128,378	778,851	-	40,080	947,309
Local sources					
Fees for services	19,662	32,753	25,273	12,508	90,196
Interest	30,976	10,594	3,114	1,528	46,212
On-behalf payments	234,270	-	-	-	234,270
Total revenues	413,286	956,712	28,387	54,116	1,452,501
EXPENDITURES					
Current:					
Instructional services:					
Salaries	141,509	565,710	9,628	20,292	737,139
Benefits	43,124	120,550	1,329	2,081	167,084
Purchased services	113,792	172,022	30,698	12,650	329,162
Supplies and materials	12,110	29,950	225	6,940	49,225
Capital outlay	3,106	36,757	-	-	39,863
Miscellaneous	26,540	1,734	40	7,558	35,872
Payments to other governmental units	-	10,277	102,529	-	112,806
On-behalf payments	234,270	-	-	-	234,270
Total expenditures	574,451	937,000	144,449	49,521	1,705,421
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(161,165)	19,712	(116,062)	4,595	(252,920)
OTHER FINANCING SOURCES (USES):					
Transfers in (out)	121,449	(27)	10,000	(10,000)	121,422
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES	(39,716)	19,685	(106,062)	(5,405)	(131,498)
FUND BALANCES, BEGINNING OF YEAR	347,845	303,997	110,604	44,625	807,071
FUND BALANCES, END OF YEAR	\$ 308,129	\$ 323,682	\$ 4,542	\$ 39,220	\$ 675,573

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

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006**

EXHIBIT F

Net change in fund balances	\$	(131,498)
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Depreciation expense		<u>(2,713)</u>
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Change in net assets of governmental activities	\$	<u><u>(134,211)</u></u>
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The notes to the financial statements are an integral part of this statement.

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2006

EXHIBIT G

	<u>Business Type Activities - Enterprise Funds</u>			<u>Total</u>
	<u>Raising Achievement</u>	<u>Workshop</u>	<u>Nonmajor Proprietary Funds</u>	
ASSETS				
Cash	\$ 54,340	\$ 5,347	\$ 78,411	\$ 138,098
Investments	83,124	420,812	25,350	529,286
Accounts receivable	-	2,603	480	3,083
Prepaid expenses	6,075	-	-	6,075
TOTAL ASSETS	<u>143,539</u>	<u>428,762</u>	<u>104,241</u>	<u>676,542</u>
LIABILITIES				
Accounts payable	-	357	-	357
Deferred revenues	1,600	14,175	28,144	43,919
TOTAL LIABILITIES	<u>1,600</u>	<u>14,532</u>	<u>28,144</u>	<u>44,276</u>
NET ASSETS				
Unrestricted	<u>141,939</u>	<u>414,230</u>	<u>76,097</u>	<u>632,266</u>
TOTAL NET ASSETS	<u>\$ 141,939</u>	<u>\$ 414,230</u>	<u>\$ 76,097</u>	<u>\$ 632,266</u>

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

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Business Type Activities - Enterprise Funds</u>			<u>Total</u>
	<u>Raising Achievement</u>	<u>Workshop</u>	<u>Nonmajor Proprietary Funds</u>	
OPERATING REVENUES				
Local sources	\$ 266,625	\$ 81,188	\$ 87,420	\$ 435,233
OPERATING EXPENSES				
Salaries	19,097	-	28,921	48,018
Benefits	903	-	407	1,310
Purchased services	212,927	72,721	34,310	319,958
Supplies and materials	12,951	-	16,159	29,110
Capital outlay	3,105	-	530	3,635
Miscellaneous	3,265	-	46	3,311
Payments to other governmental units	-	300	30	330
Total operating expenses	252,248	73,021	80,403	405,672
OPERATING INCOME	14,377	8,167	7,017	29,561
NONOPERATING REVENUES				
Interest	4,045	13,125	1,496	18,666
INCOME BEFORE OPERATING TRANSFERS	18,422	21,292	8,513	48,227
OPERATING TRANSFERS				
Transfers in (out)	(9,000)	(120,000)	7,578	(121,422)
CHANGE IN NET ASSETS	9,422	(98,708)	16,091	(73,195)
TOTAL NET ASSETS, BEGINNING OF YEAR	132,517	512,938	60,006	705,461
TOTAL NET ASSETS, END OF YEAR	\$ 141,939	\$ 414,230	\$ 76,097	\$ 632,266

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT I

	Business Type Activities - Enterprise Funds			
	Raising Achievement	Workshop	Nonmajor Proprietary Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts for workshops and services	\$ 260,175	\$ 80,995	\$ 122,685	\$ 463,855
Payments to employees	(19,097)	-	(28,921)	(48,018)
Payments to suppliers	(240,613)	(119,702)	(70,366)	(430,681)
Net cash provided by (used in) operating activities	465	(38,707)	23,398	(14,844)
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITY:				
Transfers in (out)	(9,000)	(120,000)	7,578	(121,422)
Net cash provided by (used in) non capital financing activity	(9,000)	(120,000)	7,578	(121,422)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investments	(83,124)	(420,812)	(25,350)	(529,286)
Interest	4,045	13,125	1,496	18,666
Net cash used in investment activities	(79,079)	(407,687)	(23,854)	(510,620)
NET INCREASE (DECREASE) IN CASH	(87,614)	(566,394)	7,122	(646,886)
CASH, BEGINNING OF YEAR	141,954	571,741	71,289	784,984
CASH, END OF YEAR	\$ 54,340	\$ 5,347	\$ 78,411	\$ 138,098
Reconciliation of operating income to				
net cash provided by (used in) operating activities:				
Operating income	\$ 14,377	\$ 8,167	\$ 7,017	\$ 29,561
Adjustments to reconcile operating income to net cash				
provided by (used in) operating activities:				
Effects of changes in assets and liabilities:				
Accounts receivable	-	2,497	9,521	12,018
Prepaid expenses	(6,075)	-	-	(6,075)
Accounts payable	(1,387)	(46,681)	(18,884)	(66,952)
Deferred revenues	(6,450)	(2,690)	25,744	16,604
Net cash provided by (used in) operating activities	\$ 465	\$ (38,707)	\$ 23,398	\$ (14,844)

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2006

EXHIBIT J

ASSETS

Cash	<u>\$ 1,833</u>
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LIABILITIES

Due to other funds	<u>\$ 1,833</u>
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The notes to the financial statements are an integral part of this statement.

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The LaSalle County Regional Office of Education No. 35 operates under the School Code (105 ILCS 5/3 and 5/3A). The LaSalle County Regional Office of Education No. 35 encompasses LaSalle County, Illinois. A Regional Superintendent of Schools serves as Chief Administrative Officer of the region and is elected to the position for a four year term pursuant to 105 ILCS 5/3 and 5/3A of the School Code. The Regional Superintendent is responsible for the supervision and control of the school districts. The principal financial duty of the Regional Superintendent is to receive and distribute monies due to school districts from general State aid, State categorical grants, and various other sources.

The superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring of the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses.

The LaSalle County Regional Office of Education No. 35's accounting policies conform to generally accepted accounting principles which are appropriate for local governmental agencies of this type.

A. Reporting Entity

The LaSalle County Regional Office of Education No. 35's reporting entity includes all related organizations for which the LaSalle County Regional Office of Education No. 35 exercises oversight responsibility. The LaSalle County Regional Office of Education No. 35 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the LaSalle County Regional Office of Education No. 35, including joint agreements which serve pupils from numerous school districts, should be included within its financial reporting entity. The criteria include but are not limited to, whether the LaSalle County Regional Office of Education No. 35 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.

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Blended Component Units

The following component units are entities which are legally separate from the LaSalle County Regional Office of Education No. 35, but are so intertwined with the LaSalle County Regional Office of Education No. 35 that they are, in substance, the same as the LaSalle County Regional Office of Education No. 35. They are reported as part of the LaSalle County Regional Office of Education No. 35 and blended into the appropriate funds.

A joint agreement (LaSalle County Video Coop) has been determined to be part of the reporting entity after applying the manifesting of oversight, scope of public service and special financing relationships criteria. The LaSalle County Regional Office of Education No. 35 does not control the assets, operations or management of the joint agreement. The LaSalle County Video Coop is reported as an Enterprise Fund.

On July 1, 1998, the LaSalle County Regional Office of Education No. 35 entered into an Intergovernmental Agreement executed pursuant to the provisions of the Intergovernmental Cooperation Clause of the Illinois Constitution as well as the provisions of the Intergovernmental Cooperation Act of 1973 and the Illinois Admin. Code 525.110 to form an educational service delivery system. The name of the educational service delivery system formed is known as the LaSalle County - Putnam, Marshall, Woodford Counties Service Delivery System. The Service Delivery System is responsible for the administration and performance of accounting procedures that conform to all applicable rules and regulations of the Illinois State Board of Education. The LaSalle County Regional Office of Education No. 35 was designated as Administrative Agent and Director.

The following grants to LaSalle County Regional Office of Education No. 35 and Marshall-Putnam-Woodford Counties Regional Office of Education No. 43 were assigned to the LaSalle, Marshall, Putnam, and Woodford Counties Service Delivery System: ROE/ISC Operations, Title II - Teacher Quality, Truants Alternative Program, ROE/ISC Technology, and McKinney Education for the Homeless. These grants are reported as General Funds and Special Revenue Funds.

The LaSalle County Regional Office of Education No. 35 is not aware of any entity which would exercise such oversight as to result in the Regional Office being considered a component unit of the entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the

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primary government. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between those activities of the ROE that are governmental in nature and those that are considered business-type activities. *Governmental activities* normally are supported by operating grants and contributions, charges for services and intergovernmental revenues. *Business-type activities* normally are supported by amounts assessed or received from local sources for the ROE programs.

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

C. New Accounting Pronouncements

Effective July 1, 2005, the LaSalle County Regional Office of Education No. 35 adopted the following accounting pronouncements:

- GASB 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.
- GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section, an amendment of NCGA Statement 1*, which amends the portions of NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles*, that guide the preparation of the statistical section.
- GASB 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 to net assets restricted by enabling legislation and requires disclosure of the amount of net assets restricted by enabling legislation.
- GASB Statement No. 47, *Accounting for Termination Benefits*, which establishes accounting and financial reporting standards for termination benefits.

There was no significant impact on the LaSalle County Regional Office of Education No. 35's financial statements as a result of adopting the above statements.

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D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of LaSalle County Regional Office of Education No. 35 are prepared in accordance with generally accepted accounting principles (GAAP). The LaSalle County Regional Office of Education No. 35 applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

Governmental and fiduciary fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e. when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. LaSalle County Regional Office of Education No. 35 considers revenues as available if they are collected within 60 days after year end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. 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; 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. The revenues susceptible to accrual are fees, interest income and intergovernmental revenue. All other governmental fund type revenues are recognized when received.

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Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict the guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the ROE's policy to use restricted resources first, then unrestricted resources as they are needed.

LaSalle County Regional Office of Education No. 35 records on-behalf payments made by the State to the Teachers' Retirement System as revenues and expenditures.

E. Fund Accounting

The accounts of the LaSalle County Regional Office of Education No. 35 are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. The LaSalle County Regional Office of Education No. 35 maintains individual funds as required by the State of Illinois. The resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following summarizes the fund types used:

Governmental Fund Types

Governmental Funds are those through which most governmental functions of the Region are financed. The acquisition, use and balances of the LaSalle County Regional Office of Education No. 35's expendable financial resources and the related liabilities are accounted for through governmental funds.

General Fund - The General Funds are used to account for all financial resources except those required to be accounted for in another fund. The general fund is reported as a major governmental fund in the financial statements. The following are the general funds:

General - to account for the general operating fund. It has been used to record expenditures in connection with general administration activities.

ROE/ISC Operations - to account for grant monies received for, and payment of, assisting schools in all areas of school improvement.

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Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. LaSalle County Regional Office of Education No. 35 reported the following special revenue funds as major governmental funds.

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

Education - to account for State and Federal grant monies received for, and payment of, administering numerous grant awards which include:

McKinney Education for Homeless Children - Accounts for grant monies received for and payment of, expenditures associated with a Federal program designed to provide counseling and educational support to homeless children and their families. The programs are funded by a Federal Stewart B. McKinney Education for Homeless Children and Youth Grant administered through the Illinois State Board of Education.

Regional Safe Schools - this fund is an alternative schooling program for disruptive youth, creating alternative placement for those students who are suspended and/or are deemed ineligible.

Truants Alternative Programs - to account for grant monies received for, and payment of, providing truancy prevention programming and monitoring truants.

General State Aid - to account for grant monies received for, and payment of expenditures for regional learning academy supplements.

Education Technology Coop - to account for the administration of monies to be used for the Technology Coop program.

Asthma & Athletes - to account for monies received for, and payment of expenditures for Athletes and Asthma program which provide information on monitoring, treating and controlling asthma and developing an emergency plan for the schools.

Title II - Teacher Quality (from schools) - to account for the administration of monies from various local schools to be used for the Title II - Teacher Quality programs.

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Revenue / Math - to account for monies received for, and payment of expenditures for Math programs.

Learning Technology Center - to account for monies from the State of Illinois for expenditures incurred to establish a statewide support system for learning technology.

Summer Standard Aligned Classroom - to account for the grant monies received for, and payment of, expenditures incurred for the Standards Aligned Classroom program.

Title I - Reading First Part B SEA Funds - Funds provide assistance to school districts in establishing reading programs for students in kindergarten through third grade that are based on scientific reading research. Reading First also focuses on teacher development and ensuring that all teachers, including special education teachers, have the tools they need to effectively help their students learn to read.

Free Lunch & Breakfast - to account for the proceeds received and expended in the operations of the free lunch and breakfast program.

Homeless / Streator - to account for monies received from Streator High School for, and payment of supplies expenses for homeless children in Streator.

System of Support (Title II - Teacher Quality Leadership Grant) - to account for grant monies received for, and payment of, expenditures to help schools meet No Child Left Behind initiative.

Para-professional - to account for grant monies received for, and payment of, expenditures for Paraprofessional.

National School Lunch Program - to account for the proceeds received and expenses of the program for the national school lunch fund.

Nonmajor Special Revenue Funds - The LaSalle County Regional Office of Education No. 35 reported the following special revenue funds as nonmajor governmental funds:

General Educational Development (GED) - to account for the administration of the GED Testing Program. Revenues are received from testing and diploma fees.

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School Bus Driver Training - to account for the stewardship of the assets held in trust in connection with the Bus Driver Training Program.

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

Annexation and Sales Petition - to account for fees collected for expenditures incurred in publishing and filing petition requests.

Hazard Safety Reimbursement - to account for monies from the State of Illinois for expenditures incurred in the Hazard Safety program.

Network for Information (NFI) - to account for monies received for, and payment of, expenditures for workshops for technical staff.

Counselors Academy - to account for monies from the Illinois Valley Education-to-Careers to support counselor development.

Standards-Aligned Classroom Project - to account for monies from the State of Illinois for expenditures incurred to create and support ongoing learning teams focused on alignment of classroom level assessment and instruction.

Math Contract - to account for grant monies received for, and payment of, expenditures for workshops.

Proprietary Fund Types

Proprietary funds are used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector. All assets, liabilities, net assets, revenues, expenses, and transfers relating to the government's business activities in which changes in net assets or cost recovery are measured, are accounted for through proprietary funds (enterprise and internal service funds). Generally accepted accounting principles for proprietary funds are similar to those applicable to businesses in the private sector; the measurement focus is on determining operating income, financial position, and cash flows.

Enterprise Funds - to account for resources from fees charged directly to those entities or individuals that use its services. The LaSalle County Regional Office of Education No. 35 reported the following enterprise funds as major proprietary funds.

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Raising Achievement - to account for the fees and local revenues received and related disbursements while performing activities for Raising Achievement workshop program.

Workshop - to account for local revenues and disbursements related to various workshops conducted by the LaSalle County Regional Office of Education No. 35 which are not accounted for in a separate fund.

Nonmajor Proprietary Funds - The LaSalle County Regional Office of Education No. 35 reported the following enterprise funds as nonmajor proprietary funds:

Regional Safe Schools Meals - to account for local revenues and disbursements for the children whose parents can not afford to pay either a full or reduced cost of meals.

LaSalle County Area Purchasing Coop - to account for maintenance of cooperative purchasing program for the benefit of the LaSalle County Regional Office of Education No. 35's various school districts.

American College Testing Student Fees - to account for the fees and local revenues received and related disbursements for the ACT program which is designed to assess high school students' general educational development and their ability to complete college-level work.

Excellence in Education - to account for the fees and local revenues received and related disbursements while performing activities related to the Excellence in Education program.

Technology Local Fees - to account for interest earned on Technology funds.

Tech Workbooks (NCREL) - to account for local revenues received for Technology Workbooks program through the North Central Regional Educational Laboratory (NCREL). The NCREL provides high-quality research-based resources to educators and policymakers in the states of Illinois, Indiana, Iowa, Michigan, Minnesota, Ohio and Wisconsin.

Administrator's Academy - to account for the fees and local revenues received and related disbursements while performing activities for the Administrator's Academy.

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Discovery United Streaming Coop. - to account for local revenues received for the digital video-on-demand service by Discovery Education.

Criminal Background Investigation - to account for the assessments received from the school districts to pay for the processing of background checks of substitute teachers and expenditures incurred providing this service to the school districts.

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held by the LaSalle County Regional Office of Education No. 35 in a trustee capacity or as an agent for individuals, private organizations, and/or other governments.

Agency Funds are custodial in nature and do not involve measurement of results of operations. The amounts due to school districts and due to other governments are equal to the assets. Agency Funds include Distributive and Payroll.

Distributive - Accounts for funds received and disbursed as a result of the Regional Superintendent's responsibility to receive and distribute to treasurers of school districts and other agencies, monies due to them from general state aid, state categorical grants, and various other sources.

Payroll - Accounts for all payroll that is incurred. Any fund that has payroll remits the money to the Payroll Fund, the Fund then pays the employee. This is an administrating agent for the ROE's payroll.

F. Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Non-exchange transactions, in which the ROE receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the ROE must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are

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provided to the ROE on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

G. Cash and Cash Equivalents

For presentation in the financial statements, investments with an original maturity of three months or less at the time they are purchased by the ROE are considered to be cash equivalents. Investments with original maturities of more than three months are reported as investments.

H. Capital Assets

General capital assets results from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets but are not reported in the fund financial statements.

Capital assets are recorded at cost at time of acquisition or fair value at the date of donation. The ROE capitalizes items costing \$5,000 or more. Depreciation is calculated on a straight-line basis over the estimated useful lives (five to twenty years) of the respective assets.

I. Net Assets

Net assets present the difference between assets and liabilities in the Statement of Net Assets. Net assets of the ROE are classified as follows:

Invested in Capital Assets - represent the ROE's total investment in capital assets. There is no outstanding debt related to these assets at this time.

Restricted Net Assets - represent resources in which the ROE is legally obligated to spend in accordance with restrictions imposed by enabling legislation.

Unrestricted Net Assets - represent resources used for transactions relating to the general operations of the ROE and may be used at the discretion of management to meet expenses for any purpose.

J. Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

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K. Budgets and Budgetary Accounting

The LaSalle County Regional Office of Education No. 35 did not formally adopt a budget for the year ended June 30, 2006 and is not legally required to do so. The Illinois State Board of Education requires budgets for certain State and Federal programs. These budgets were used to prepare Budgetary Comparison Schedules for the following programs:

General Fund:

- ROE/ISC Operations

Special Revenue Funds:

- Regional Safe Schools
- Truants Alternative Programs
- Learning Technology Center
- Title I - Reading First Part B SEA Funds

L. Interfund Transfers

Interfund transfers are categorized as either residual equity interfund transfers or operating interfund transfers. Residual equity interfund transfers are nonrecurring or nonroutine transfers of equity between funds. Operating interfund transfers are those routine kinds of transfers made between funds due to the unique relationships between the funds involved.

NOTE 2 - CASH AND INVESTMENTS

Deposits

The LaSalle County Regional Office of Education No. 35 utilizes several different bank accounts for its various activities. The book balance of such accounts is \$536,534 at June 30, 2006, while the bank balance was \$602,831. Included in the cash account book balance are the governmental and proprietary funds of \$534,701 and fiduciary funds of \$1,833. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2006.

Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, the ROE's deposits may not be recovered. Originally, GASB Statement No. 3 discussed three categories of custodial credit risk as follows:

Category 1 includes deposits covered by depository insurance or collateral held by LaSalle County Regional Office of Education No. 35 in its name.

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Category 2 includes deposits covered by collateral held by the financial institutions in a pledged safekeeping account in the name of LaSalle County Regional Office of Education No. 35.

Category 3 includes deposits which are uncollateralized or the collateral is held by the financial institution trust department but not in the name of LaSalle County Regional Office of Education No. 35.

The ROE's deposits are covered by the Federal Deposit Insurance Corporation (FDIC) and by collateral held by the financial institution in the ROE's name. Although deposit balances classified under the traditional risk categories of 1 and 2 have been determined under GASB Statement No. 40 to be exposed to only minimal risk, and, based on this conclusion, the GASB chose to limit disclosure of custodial credit risk to deposits that meet the definition of "Category 3", the ROE has decided to include categories 1 and 2 in the discussion. The following table reflects the ROE's level of risk as of June 30, 2006:

	Bank Balance
Category 1	\$ 235,522
Category 2	360,952
Category 3	-
Exempt	6,357
Total	\$ 602,831

The exempt funds are those deposited into the Illinois Funds.

Investments

The ROE's established investment policy follows the State of Illinois Public Funds Investment Act which authorizes the ROE to purchase certain obligations of the U.S. Treasury, federal agencies and instrumentalities; certificates of deposit and time deposits covered by Federal depository insurance; commercial paper of U.S. corporations with assets exceeding \$500,000,000, if such paper is rated at the highest classification established by at least two standard rating services; money market funds and the Illinois Funds.

The ROE has pooled its investments. Investments are stated at fair value. Net income from investments of pooled funds is allocated and credited to the original sources of the funds. As of June 30, 2006, the ROE's investments are certificate of deposits totaling \$895,524.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the

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sensitivity of its fair value to changes in market interest rates. The ROE's policy for reducing its exposure to the risk is to structure the ROE's portfolio so that securities mature to meet the ROE's cash requirements for ongoing operations. As of June 30, 2006, all the investments have investment maturities of six to twelve months.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ROE's policy for managing its exposure to the risk is to limit investments to those allowable by the Illinois Public Funds Investment Act. As of June 30, 2006, the ROE's investment in the State investment pool (Illinois Funds) was rated AAAM by Standard & Poor's.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The ROE's policy for mitigating the risk is to diversify the investment portfolio so that the failure of any one issuer will not place an undue financial burden on the ROE. As of June 30, 2006, the ROE's investments are certificates of deposits with two local banks.

Custodial Credit Risk for investments is the risk that, in the event of a failure of the counterparty, the ROE will not be able to recover the value of the investments that are in the possession of an outside party. Originally, GASB Statement No. 3 discussed three categories of custodial credit risk as follows:

Category 1 includes investments that are insured or collateralized with securities held by the LaSalle County Regional Office of Education No. 35 in its name.

Category 2 includes investments collateralized with securities held by the financial institution in the name of LaSalle County Regional Office of Education No. 35.

Category 3 includes uninsured and uncollateralized investments or the collateral is held by the financial institution trust department but not in the name of LaSalle County Regional Office of Education No. 35.

Although investments classified under the traditional risk categories of 1 and 2 have been determined under GASB Statement No. 40 to be exposed to only minimal risk, and, based on this conclusion, the GASB chose to limit disclosure of custodial credit risk to investments that meet the definition of "Category 3", the ROE has decided to include categories 1 and 2 in the discussion. The ROE does not have a policy for custodial credit risk that further limits custodial arrangements from what is required by the State of Illinois Public Funds Investment Act. The following table reflects the ROE's level of risk as of June 30, 2006:

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	Carrying Amount	Bank Balance	Category		
			1	2	3
Certificates of deposit	\$ 895,524	\$ 889,573	\$ 200,000	\$689,573	\$ -

NOTE 3 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2006 is as follows:

	Balance July 1, 2005	Additions	Retirements	Balance June 30, 2006
CAPITAL ASSETS				
Equipment	\$ 20,966	\$ -	\$ -	\$ 20,966
Accumulated depreciation	(11,547)	(2,713)	-	(14,260)
Capital assets, net	\$ 9,419	(\$ 2,713)	\$ -	\$ 6,706

Depreciation expense charged to governmental function amounts to \$2,713 in FY 2006.

NOTE 4 - DUE TO OTHER GOVERNMENTS

The LaSalle County Regional Office of Education No. 35's Institute Fund has funds due to local school districts amounting \$102,529.

NOTE 5 - INTERFUND TRANSACTIONS

(a) Due From (To) Other Funds

The following is a summary of amounts due from (to) other funds as of June 30, 2006:

Fund	Due From Other Funds	Due To Other Funds
General Fund	\$ 1,833	\$ -
Fiduciary Funds - Distributive	-	1,761
Fiduciary Funds - Payroll	-	72
Total	\$ 1,833	\$ 1,833

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(b) Transfers From (To) Other Funds

The composition of interfund transfers for the year ended June 30, 2006 is as follows:

Fund	<u>Transfers-out</u>	<u>Transfers-in</u>
General Fund	\$ -	\$ 27
General Fund - ROE/ISC Operations	-	121,422
Education Fund - Title I - Reading First Part B SEA Funds	(27)	-
Institute Fund	-	10,000
Nonmajor Special Revenue Funds - General Educational Development	(10,000)	-
Proprietary Funds - Raising Achievement	(9,000)	-
Proprietary Funds - Administrator's Academy	-	9,000
Proprietary Funds - Workshop	(120,000)	-
Proprietary Funds - Tech Workbooks (NCREL)	(1,422)	-

NOTE 6 - EMPLOYEE BENEFIT PLAN

The LaSalle County Regional Office of Education No. 35's employees are covered under the Illinois Municipal Retirement Fund. Contributions to the Fund are made by LaSalle County and the LaSalle County Regional Office of Education No. 35 through grant monies on behalf of the LaSalle County Regional Office of Education No. 35 staff employees and grant coordinators.

LaSalle County is a participating member of the Illinois Municipal Retirement Fund whose coverage includes all LaSalle County Regional Office of Education No. 35 employees who:

- a. Occupy a job normally requiring 1,000 hours or more per year or 600 hours or more per year for employees who worked for any IMRF employer prior to January 1, 1982;
- b. Are paid on a regular payroll from County or LaSalle County Regional Office of Education No. 35 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 Regional Superintendent of LaSalle County Regional Office of Education No. 35 is paid by the State of Illinois. Certain staff employees of LaSalle County Regional Office of Education No. 35 are employed and paid by LaSalle County (other support staff and grant coordinators are paid by the LaSalle County Regional Office of Education No. 35 through

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grant monies). LaSalle County Regional Office of Education No. 35 has no separate employee benefit plan.

Illinois Municipal Retirement Fund

The LaSalle County Regional Office of Education No. 35's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

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

Employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by State statute. The LaSalle County Regional Office of Education No. 35 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2005 was 12.11% of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2005 was 5 years.

For December 31, 2005, the LaSalle County Regional Office of Education No. 35's annual pension cost of \$33,981 was equal to the Employer's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2005 actuarial valuation were based on the 2002-2004 experience study.

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TREND INFORMATION

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/05	\$ 33,981	100%	\$ —
12/31/04	35,974	100%	—
12/31/03	29,504	100%	—
12/31/02	20,991	100%	—
12/31/01	26,670	100%	—
12/31/00	49,362	100%	—
12/31/99	46,770	100%	—
12/31/98	38,744	100%	—
12/31/97	21,634	100%	—
12/31/96	10,317	100%	—

NOTE 7 - RETIREMENT PLANS

Teachers' Retirement System of the State of Illinois

The LaSalle County Regional Office of Education No. 35 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2006, was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by employer, are submitted to TRS by the employer. In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS Fund contribution was 0.6 percent during the year ended June 30, 2006, and the member THIS Fund health insurance contribution was 0.80 percent.

The State of Illinois makes contributions directly to TRS on behalf of the LaSalle County Regional Office of Education No. 35's TRS-covered employees.

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

- **On-behalf Contributions.** The State of Illinois makes employer pension contributions on behalf of the LaSalle County Regional Office of Education No. 35. For the year ended June 30, 2006, the State of Illinois contributions were based on 7.06 percent of creditable earnings, and the LaSalle County Regional Office of Education No. 35 recognized revenue and expenditures of \$29,339 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2005 and June 30, 2004, the State of Illinois contribution rates as percentages of creditable earnings were 11.76 percent (\$48,998) and 13.98 percent (\$56,478), respectively.

The LaSalle County Regional Office of Education No. 35 makes three other types of employer contributions directly to TRS.

- **2.2 Formula Contributions.** Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ended June 30, 2006 were \$2,410. Contributions for the years ended June 30, 2005, and June 30, 2004, were \$2,416 and \$2,343 respectively.
- **Federal and Trust Fund Contributions.** When TRS members are paid from federal and trust funds administered by LaSalle County Regional Office of Education No. 35, there is a statutory requirement for the LaSalle County Regional Office of Education No. 35 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to TRS. For the year ended June 30, 2006, the employer pension contribution was 7.06 percent of salaries paid from federal and trust funds. For the two years ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2006, salaries totaling \$40,557 were paid from federal and trust funds that required employer contributions of \$2,863. For the years ended June 30, 2005 and June 30, 2004, required district contributions were \$7,395 and \$9,171, respectively.
- **Early Retirement Option (ERO).** LaSalle County Regional Office of Education No. 35 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires. Under Public Act 94-0004, a "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007. If members do not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the Pipeline ERO).

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Under the ERO program that expired on June 30, 2005 and the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation. Under the Modified ERO, the maximum employer contribution is 117.5 percent. Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement. For the year ended June 30, 2006, the LaSalle County Regional Office of Education No. 35 paid \$0 to TRS for employer contributions under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2005 and June 30, 2004, the LaSalle County Regional Office of Education No. 35 paid \$0 and \$0, respectively.

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

NOTE 8 - COMMON BANK ACCOUNT

The LaSalle County Regional Office of Education No. 35 does not maintain separate bank accounts for all funds. A common checking account is maintained for the Special Revenue Funds (except for the Video Coop, which has its own checking account). A common checking account is also maintained for the LaSalle County Area Purchasing Cooperative and another for the Education Fund.

NOTE 9 - INTEREST ON DISTRIBUTIVE FUND

Interest earned on distributive fund receipts is transferred after the end of each fiscal year to the General Fund by the written consent of all affected school boards and other entities. The funds are utilized by the Regional Superintendent to purchase computer equipment, develop in-service activities and other innovative programs, as well as assist with the necessary operating expenses of the LaSalle County Regional Office of Education No. 35 office.

NOTE 10 - ON-BEHALF SALARIES AND PENSION PLAN CONTRIBUTIONS

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

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Regional Superintendent salary	\$ 88,540
Regional Superintendent benefits (includes State paid insurance)	17,095
Assistant Regional Superintendent salary	79,686
Assistant Regional Superintendent benefits (includes State paid insurance)	19,610
TRS contributions	<u>29,339</u>
Total on-behalf payments	<u>\$ 234,270</u>

NOTE 11 - DEFICIT FUND BALANCE

The ROE/ISC Operations (General Fund) has a deficit fund balance of \$59,436 as of June 30, 2006. The deficit fund balance is expected to be corrected through receipts from local sources and interest income in the next fiscal year.

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS)**

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2006**

**ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/05	\$ 497,675	\$ 547,876	\$ 50,201	90.84%	\$ 280,600	17.89%
12/31/04	421,718	468,921	47,203	89.93%	258,996	18.23%
12/31/03	360,955	421,556	60,601	85.62%	291,254	20.81%
12/31/02	321,870	394,413	72,543	81.61%	279,874	25.92%
12/31/01	310,877	326,215	15,338	95.30%	272,976	5.62%
12/31/00	263,155	252,377	(10,778)	104.27%	339,028	0.00%
12/31/99	184,019	212,968	28,949	86.41%	325,023	8.91%
12/31/98	114,328	167,320	52,992	68.33%	279,540	18.96%
12/31/97	60,553	98,741	38,188	61.33%	209,191	18.26%
12/31/96	30,042	56,328	26,286	53.33%	126,127	20.84%

On a market value basis, the actuarial value of assets as of December 31, 2005 is \$501,827.
On a market basis, the funded ratio would be 91.59%.

***Digest of Changes**

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

The principal changes were:

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

SUPPLEMENTARY INFORMATION

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
GENERAL FUND
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2006**

SCHEDULE 1

	<u>General</u>	<u>ROE/ISC Operations</u>	<u>Total</u>
ASSETS			
Cash	\$ 20,579	\$ (61,589)	\$ (41,010)
Investments	336,324	-	336,324
Accounts receivable	2,914	-	2,914
Prepaid expenses	5,915	2,153	8,068
Due from other funds	1,833	-	1,833
TOTAL ASSETS	<u>367,565</u>	<u>(59,436)</u>	<u>308,129</u>
FUND BALANCES			
Fund balances, unrestricted	<u>\$ 367,565</u>	<u>\$ (59,436)</u>	<u>\$ 308,129</u>

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
GENERAL FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006**

SCHEDULE 2

	<u>General</u>	<u>ROE/ISC Operations</u>	<u>Total</u>
REVENUE			
State sources	\$ -	\$ 128,378	128,378
Local sources			
Fees for services	19,662	-	19,662
Interest	25,428	5,548	30,976
On-behalf payments	234,270	-	234,270
	<u>279,360</u>	<u>133,926</u>	<u>413,286</u>
Total revenues			
EXPENDITURES			
Salaries	2,400	139,109	141,509
Benefits	474	42,650	43,124
Purchased services	9,866	103,926	113,792
Supplies and materials	5,631	6,479	12,110
Capital outlay	-	3,106	3,106
Miscellaneous	7,026	19,514	26,540
On-behalf payments	234,270	-	234,270
	<u>259,667</u>	<u>314,784</u>	<u>574,451</u>
Total expenditures			
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	19,693	(180,858)	(161,165)
OTHER FINANCING SOURCES			
Transfers in	27	121,422	121,449
	<u>19,720</u>	<u>(59,436)</u>	<u>(39,716)</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES			
FUND BALANCES, BEGINNING OF YEAR	347,845	-	347,845
	<u>347,845</u>	<u>-</u>	<u>347,845</u>
FUND BALANCES (DEFICIT), END OF YEAR	\$ 367,565	\$ (59,436)	\$ 308,129
	<u>\$ 367,565</u>	<u>\$ (59,436)</u>	<u>\$ 308,129</u>

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
GENERAL FUND ACCOUNTS
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2006**

SCHEDULE 3

	ROE/ISC Operations		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
State sources	\$ 116,821	\$ 128,378	\$ 11,557
Interest	-	5,548	5,548
Total revenues	<u>116,821</u>	<u>133,926</u>	<u>17,105</u>
EXPENDITURES			
Salaries	73,048	139,109	(66,061)
Benefits	16,655	42,650	(25,995)
Purchased services	20,802	103,926	(83,124)
Supplies and materials	4,736	6,479	(1,743)
Capital outlay	-	3,106	(3,106)
Miscellaneous	1,580	19,514	(17,934)
Total expenditures	<u>116,821</u>	<u>314,784</u>	<u>(197,963)</u>
DEFICIENCY OF REVENUE OVER EXPENDITURES	<u>\$ -</u>	<u>(180,858)</u>	<u>\$ (180,858)</u>
OTHER FINANCING SOURCES			
Transfers in		<u>121,422</u>	
DEFICIENCY OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES		(59,436)	
FUND BALANCE, BEGINNING OF YEAR		<u>-</u>	
FUND BALANCE, END OF YEAR		<u>\$ (59,436)</u>	

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2006

SCHEDULE 4

	McKinney Education for Homeless Children	Regional Safe Schools	Truants Alternative Programs	General State Aid	Education Technology Coop	Asthma & Athletes
ASSETS						
Cash	\$ 2,612	\$ -	\$ -	\$ 312,436	\$ -	\$ -
Accounts receivable	-	-	-	272	-	-
Prepaid expense	-	-	-	2,050	-	-
TOTAL ASSETS	2,612	-	-	314,758	-	-
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	-	-	-	-	-	-
Deferred revenues	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
FUND BALANCES						
Fund balances, unrestricted	2,612	-	-	314,758	-	-
FUND BALANCES	\$ 2,612	\$ -	\$ -	\$ 314,758	\$ -	\$ -

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2006

SCHEDULE 4
 (CONTINUED)

	Title II - Teacher Quality (from Schools)	Revenue / Math	Learning Technology Center	Summer Standard Aligned Classroom	Title I - Reading First Part B SEA Funds	Free Lunch & Breakfast
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	5,726	\$ 139
Accounts receivable	-	-	-	-	-	-
Prepaid expense	-	-	-	-	-	-
TOTAL ASSETS	-	-	-	-	5,726	139
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	-	-	-	-	-	-
Deferred revenues	-	-	-	-	5,672	-
Total liabilities	-	-	-	-	5,672	-
FUND BALANCES						
Fund balances, unrestricted	-	-	-	-	54	139
FUND BALANCES	\$ -	\$ -	\$ -	\$ -	5,726	\$ 139

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2006

SCHEDULE 4
 (CONTINUED)

	Homeless / Stretator	System of Support	Para-professional	National School Lunch Program	Total
ASSETS					
Cash	\$ 386	\$ 707	\$ (1,199)	\$ 679	\$ 321,486
Accounts receivable	-	4,346	1,200	-	5,818
Prepaid expense	-	-	-	-	2,050
TOTAL ASSETS	386	5,053	1	679	329,354
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	-	-	-	-	-
Deferred revenues	-	-	-	-	5,672
Total liabilities	-	-	-	-	5,672
FUND BALANCES					
Fund balances, unrestricted	386	5,053	1	679	323,682
FUND BALANCES	386	5,053	1	679	329,354

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 EDUCATION FUND ACCOUNTS
 COMBINING SCHEDULE OF REVENUE, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 5

	McKinney Education for Homeless Children	Regional Safe Schools	Truants Alternative Programs	General State Aid	Education Technology Coop	Asthma & Athletes
REVENUE						
Federal sources	\$ 53,500	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	283,013	98,723	348,243	-	1,510
Local sources	-	-	-	-	-	-
Fees for services	-	-	-	-	4,189	-
Interest	1	-	-	10,405	8	1
Total revenue	53,501	283,013	98,723	358,648	4,197	1,511
EXPENDITURES						
Salaries	32,691	203,591	74,595	197,926	400	200
Benefits	10,721	40,274	23,115	42,217	-	14
Purchased services	1,635	25,819	1,013	62,349	3,231	1,197
Supplies and materials	5,842	1,411	-	18,798	-	100
Capital outlay	-	11,918	-	24,839	-	-
Miscellaneous	-	-	-	1,536	100	-
Payments to other governmental units	-	-	-	-	466	-
Total expenditures	50,889	283,013	98,723	347,665	4,197	1,511
EXCESS OF REVENUE OVER EXPENDITURES	2,612	-	-	10,983	-	-
OTHER FINANCING USES						
Transfers out	-	-	-	-	-	-
EXCESS OF REVENUE AND OTHER FINANCING USES OVER EXPENDITURES	2,612	-	-	10,983	-	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-	303,775	-	-
FUND BALANCES, END OF YEAR	2,612	-	-	314,758	-	-

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 EDUCATION FUND ACCOUNTS
 COMBINING SCHEDULE OF REVENUE, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 5
 (CONTINUED)

	Title II - Teacher Quality (from Schools)	Revenue /Mnth	Learning Technology Center	Summer Standard Aligned Classroom	Title I - Reading First Part B SEA Funds	Free Lunch & Breakfast
REVENUE						
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 9,313	\$ -
State sources	-	-	46,841	-	-	521
Local sources						
Fees for services	20,179	2,000	-	6,000	-	-
Interest	30	2	12	-	53	-
Total revenue	20,209	2,002	46,853	6,000	9,366	521
EXPENDITURES						
Salaries	4,000	1,777	21,726	6,000	1,405	-
Benefits	-	125	3,985	-	99	-
Purchased services	14,899	-	21,142	-	7,793	51
Supplies and materials	-	2	-	-	16	331
Capital outlay	-	-	-	-	-	-
Miscellaneous	-	98	-	-	-	-
Payments to other governmental units	1,310	-	-	-	-	-
Total expenditures	20,209	2,002	46,853	6,000	9,313	382
EXCESS OF REVENUE OVER EXPENDITURES	-	-	-	-	53	139
OTHER FINANCING USES						
Transfers out	-	-	-	-	(27)	-
EXCESS OF REVENUE AND OTHER FINANCING USES OVER EXPENDITURES	-	-	-	-	26	139
FUND BALANCES, BEGINNING OF YEAR	-	-	-	-	28	-
FUND BALANCES, END OF YEAR	-	-	-	-	54	139

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 EDUCATION FUND ACCOUNTS
 COMBINING SCHEDULE OF REVENUE, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 5
 (CONTINUED)

	Homeless / Streator	System of Support	Para-professional	National School Lunch Program	Total
REVENUE					
Federal sources		\$ 57,827	\$ 3,600	\$ 10,274	\$ 134,514
State sources	-	-	-	-	778,851
Local sources					
Fees for services	385	-	-	-	32,753
Interest	1	73	1	7	10,394
Total revenue	386	57,900	3,601	10,281	956,712
EXPENDITURES					
Salaries	-	21,399	-	-	565,710
Benefits	-	-	-	-	120,550
Purchased services	-	20,183	3,600	9,110	172,022
Supplies and materials	-	2,958	-	492	29,950
Capital outlay	-	-	-	-	36,757
Miscellaneous	-	-	-	-	1,734
Payments to other governmental units	-	8,501	-	-	10,277
Total expenditures	-	53,041	3,600	9,602	937,000
EXCESS OF REVENUE OVER EXPENDITURES	386	4,859	1	679	19,712
OTHER FINANCING USES					
Transfers out	-	-	-	-	(27)
EXCESS OF REVENUE AND OTHER FINANCING USES OVER EXPENDITURES	386	4,859	1	679	19,685
FUND BALANCES, BEGINNING OF YEAR	-	194	-	-	303,997
FUND BALANCES, END OF YEAR	386	5,053	1	679	323,682

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 6

	Regional Safe Schools		Truants/Alternative Programs		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
REVENUE					
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	283,013	283,013	98,723	98,723	-
Local sources	-	-	-	-	-
Fees for services	-	-	-	-	-
Interest	-	-	-	-	-
Total revenue	283,013	283,013	98,723	98,723	-
EXPENDITURES					
Salaries	203,591	203,591	73,200	74,595	(1,395)
Benefits	40,274	40,274	22,750	23,115	(365)
Purchased services	25,819	25,819	2,773	1,013	1,760
Supplies and materials	1,411	1,411	-	-	-
Capital outlay	11,918	11,918	-	-	-
Payments to other governmental units	-	-	-	-	-
Total expenditures	283,013	283,013	98,723	98,723	-
EXCESS OF REVENUE OVER EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -
OTHER FINANCING USES					
Transfers out	-	-	-	-	-
EXCESS OF REVENUE AND OTHER FINANCING USES OVER EXPENDITURES	-	-	-	-	-
FUND BALANCES, JULY 1, 2005	-	-	-	-	-
FUND BALANCES, JUNE 30, 2006	\$ -	\$ -	\$ -	\$ -	\$ -

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2006

SCHEDULE 7

	General Educational Development	School Bus Driver Training	Supervisory	Annexation and Sales Petition	Hazard Safety Reimbursement
ASSETS					
Cash	\$ 3,011	\$ 1,657	\$ -	\$ 2,573	\$ 1,410
Investments	19,219	10,695	-	-	-
TOTAL ASSETS	22,230	12,352	-	2,573	1,410
FUND BALANCES					
Fund balances, unrestricted	\$ 22,230	\$ 12,352	\$ -	\$ 2,573	\$ 1,410

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2006

SCHEDULE 7
 (CONTINUED)

	Network for Information	Counselors Academy	Standards - Aligned Classroom Project	Math Contract	Total
ASSETS					
Cash	\$ 613	\$ 42	\$ -	\$ -	\$ 9,306
Investments	-	-	-	-	29,914
TOTAL ASSETS	<u>613</u>	<u>42</u>	<u>-</u>	<u>-</u>	<u>39,220</u>
FUND BALANCES					
Fund balances, unrestricted	\$ 613	\$ 42	\$ -	\$ -	\$ 39,220

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2006

	General Educational Development	School Bus Driver Training	Supervisory	Annexation and Sales Petition	Hazard Safety Reimbursement
REVENUE					
State sources	\$ -	\$ -	\$ 1,000	\$ -	\$ -
Local sources					
Fees for services	8,684	3,824	-	-	-
Interest	955	527	2	11	6
Total revenues	9,639	4,351	1,002	11	6
EXPENDITURES					
Salaries	285	475	-	-	-
Benefits	-	94	-	-	-
Purchased services	2,683	1,933	1,002	-	-
Supplies and materials	2,311	908	-	-	-
Capital expenditures	-	-	-	-	-
Miscellaneous	150	55	-	-	-
Payments to other governmental units	-	-	-	-	-
Total expenditures	5,429	3,465	1,002	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	4,210	886	-	11	6
OTHER FINANCING USES:					
Transfers out	(10,000)	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING USES OVER EXPENDITURES	(5,790)	886	-	11	6
FUND BALANCES, BEGINNING OF YEAR	28,020	11,466	-	2,562	1,404
FUND BALANCES, END OF YEAR	\$ 22,230	\$ 12,352	\$ -	\$ 2,573	\$ 1,410

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 8
(CONTINUED)

	Network for Information	Counselors Academy	Standards - Aligned Classroom Project	Math Contract	Total
REVENUE					
State sources	-	\$ -	\$ 35,080	\$ 4,000	\$ 40,080
Local sources					
Fees for services	-	-	-	-	12,508
Interest	4	7	16	-	1,528
Total revenues	4	7	35,096	4,000	54,116
EXPENDITURES					
Salaries	-	-	17,654	1,878	20,292
Benefits	-	-	1,854	133	2,081
Purchased services	-	529	5,213	1,290	12,650
Supplies and materials	-	-	3,121	600	6,940
Capital expenditures	-	-	-	-	-
Miscellaneous	-	-	7,254	99	7,558
Payments to other governmental units	-	-	-	-	-
Total expenditures	-	529	35,096	4,000	49,521
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	4	(522)	-	-	4,595
OTHER FINANCING USES:					
Transfers out	-	-	-	-	(10,000)
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING USES OVER EXPENDITURES	4	(522)	-	-	(5,405)
FUND BALANCES, BEGINNING OF YEAR	609	564	-	-	44,625
FUND BALANCES, END OF YEAR	613	\$ 42	\$ -	\$ -	\$ 39,220

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 NONMAJOR PROPRIETARY FUNDS
 COMBINING STATEMENT OF NET ASSETS
 JUNE 30, 2006

SCHEDULE 9

	Regional Safe School Meals	LaSalle County Area Purchasing Coop	American College Testing Student Fees	Excellence in Education	Technology Local Fees
ASSETS					
Cash	\$ 1,424	\$ 17,251	\$ 2,373	\$ 3,266	\$ 20,023
Investments	-	-	-	25,350	-
Accounts receivable	-	-	-	-	-
TOTAL ASSETS	<u>1,424</u>	<u>17,251</u>	<u>2,373</u>	<u>28,616</u>	<u>20,023</u>
LIABILITIES					
Deferred revenues	-	10,274	-	-	-
NET ASSETS					
Unrestricted	<u>1,424</u>	<u>6,977</u>	<u>2,373</u>	<u>28,616</u>	<u>20,023</u>
TOTAL NET ASSETS	<u>\$ 1,424</u>	<u>\$ 6,977</u>	<u>\$ 2,373</u>	<u>\$ 28,616</u>	<u>\$ 20,023</u>

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 NONMAJOR PROPRIETARY FUNDS
 COMBINING STATEMENT OF NET ASSETS
 JUNE 30, 2006

SCHEDULE 9
 (CONTINUED)

	Tech Workbooks (NCREL)	3	Administrator's Academy	Discovery United Streaming Coop.	Criminal Background Investigation	Total
ASSETS						
Cash	\$	3	\$ 15,461	\$ 17,635	\$ 975	\$ 78,411
Investments		-	-	-	-	25,350
Accounts receivable		-	-	-	480	480
TOTAL ASSETS		3	15,461	17,635	1,455	104,241
LIABILITIES						
Deferred revenues		-	270	17,600	-	28,144
NET ASSETS						
Unrestricted		3	15,191	35	1,455	76,097
TOTAL NET ASSETS		3	15,191	35	1,455	76,097

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 NONMAJOR PROPRIETARY FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2006

	Regional Safe School Meals	LaSalle County Area Purchasing Coop	American College Testing Student Fees	Excellence in Education	Technology Local Fees
OPERATING REVENUE					
Local sources					
Fees for services	\$ 1,905	\$ 22,456	\$ 11,980	\$ 19,574	\$ -
OPERATING EXPENSES					
Salaries	-	11,760	-	-	-
Benefits	-	-	-	-	-
Purchased services	116	6,567	3,440	6,960	-
Supplies and materials	371	-	6,204	5,238	-
Capital expenditures	-	-	-	530	-
Miscellaneous	-	-	-	-	-
Payments to other governmental units	-	-	-	-	-
Total operating expenses	487	18,327	9,644	12,728	-
OPERATING INCOME (LOSS)	1,418	4,129	2,336	6,846	-
NONOPERATING REVENUE					
Interest	6	77	37	915	258
INCOME (LOSS) BEFORE OPERATING TRANSFERS	1,424	4,206	2,373	7,761	258
OPERATING TRANSFERS					
Transfers in (out)	-	-	-	-	-
CHANGE IN NET ASSETS	1,424	4,206	2,373	7,761	258
NET ASSETS, BEGINNING OF YEAR	-	2,771	-	20,855	19,765
NET ASSETS, END OF YEAR	\$ 1,424	\$ 6,977	\$ 2,373	\$ 28,616	\$ 20,023

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 NONMAJOR PROPRIETARY FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 10
 (CONTINUED)

	Tech Workbooks (NCREL)	Administrator's Academy	Discovery United Streaming Coop	Criminal Background Investigation	Total
OPERATING REVENUE					
Local sources					
Fees for services	\$ -	\$ 24,160	\$ -	\$ 7,345	\$ 87,420
OPERATING EXPENSES					
Salaries	-	17,161	-	-	28,921
Benefits	-	407	-	-	407
Purchased services	-	11,337	-	5,890	34,310
Supplies and materials	-	4,346	-	-	16,159
Capital expenditures	-	-	-	-	530
Miscellaneous	-	-	46	-	46
Payments to other governmental units	-	30	-	-	30
Total operating expenses	-	33,281	46	5,890	80,403
OPERATING INCOME (LOSS)	-	(9,121)	(46)	1,455	7,017
NONOPERATING REVENUE					
Interest	6	135	62	-	1,496
INCOME (LOSS) BEFORE OPERATING TRANSFERS	6	(8,986)	16	1,455	8,513
OPERATING TRANSFERS					
Transfers in (out)	(1,422)	9,000	-	-	7,578
CHANGE IN NET ASSETS	(1,416)	14	16	1,455	16,091
NET ASSETS, BEGINNING OF YEAR	1,419	15,177	19	-	60,006
NET ASSETS, END OF YEAR	\$ 3	\$ 15,191	\$ 35	\$ 1,455	\$ 76,097

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 NONMAJOR PROPRIETARY FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 11

	Regional Safe School Meals	LaSalle County Area Purchasing Coop	American College Testing Student Fees	Excellence in Education	Technology Local Fees
\$	1,905	\$ 32,730	\$ 11,980	\$ 19,574	\$ -
	-	(11,760)	-	-	-
	(487)	(6,825)	(9,644)	(12,728)	-
	1,418	14,145	2,336	6,846	-

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts for workshops and services
 Payments to employees
 Payments to suppliers
 Net cash provided by (used in) operating activities

CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITY:

Transfers in (out)
 Net cash provided by (used in) non capital financing activity

CASH FLOWS FROM INVESTING ACTIVITIES:

Investments
 Interest
 Net cash provided by (used in) investment activities

NET INCREASE (DECREASE) IN CASH

CASH, BEGINNING OF YEAR

CASH, END OF YEAR

Reconciliation of operating income (loss) to net cash

provided by (used in) operating activities:
 Operating income (loss)
 Adjustments to reconcile operating income (loss) to net
 cash provided by (used in) operating activities:
 Effects of changes in assets and liabilities:
 Accounts receivable
 Accounts payable
 Deferred revenue

Net cash provided by (used in) operating activities

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 NONMAJOR PROPRIETARY FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 11
 (CONTINUED)

	Tech Workbooks (NCREL)	Administrator's Academy	Discovery United Streaming Coop	Criminal Background Investigation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts for workshops and services	\$ -	\$ 22,030	\$ 27,601	\$ 6,865	\$ 122,685
Payments to employees	-	(17,161)	-	-	(28,921)
Payments to suppliers	-	(16,120)	(18,672)	(5,890)	(70,366)
Net cash provided by (used in) operating activities	-	(11,251)	8,929	975	23,398
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITY:					
Transfers in (out)	(1,422)	9,000	-	-	7,578
Net cash provided by (used in) non capital financing activity	(1,422)	9,000	-	-	7,578
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investments	-	-	-	-	(25,350)
Interest	6	135	62	-	1,496
Net cash provided by (used in) investment activities	6	135	62	-	(23,854)
NET INCREASE (DECREASE) IN CASH	(1,416)	(2,116)	8,991	975	7,122
CASH, BEGINNING OF YEAR	1,419	17,577	8,644	-	71,289
CASH, END OF YEAR	3	15,461	17,635	975	78,411
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ -	\$ (9,121)	\$ (46)	\$ 1,455	\$ 7,017
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Effects of changes in assets and liabilities:					
Accounts receivable	-	-	10,001	(480)	9,521
Accounts payable	-	-	(18,626)	-	(18,884)
Deferred revenue	-	(2,130)	17,600	-	25,744
Net cash provided by (used in) operating activities	\$ -	\$ (11,251)	\$ 8,929	\$ 975	\$ 23,398

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2006

SCHEDULE 12

	<u>Distributive</u>	<u>Payroll</u>	<u>Total</u>
ASSETS			
Cash	<u>\$ 1,761</u>	<u>\$ 72</u>	<u>\$ 1,833</u>
LIABILITIES			
Due to other funds	<u>\$ 1,761</u>	<u>\$ 72</u>	<u>\$ 1,833</u>

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 FIDUCIARY FUNDS

SCHEDULE 13

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2006</u>
DISTRIBUTIVE				
ASSETS				
Cash	<u>\$ 1,232</u>	<u>\$ 58,433,568</u>	<u>\$ 58,433,039</u>	<u>\$ 1,761</u>
LIABILITIES				
Due to other funds	<u>\$ 1,232</u>	<u>\$ 58,433,568</u>	<u>\$ 58,433,039</u>	<u>\$ 1,761</u>
 PAYROLL				
ASSETS				
Cash	<u>\$ 11</u>	<u>\$ 582,914</u>	<u>\$ 582,853</u>	<u>\$ 72</u>
LIABILITIES				
Due to other funds	<u>\$ 11</u>	<u>\$ 582,914</u>	<u>\$ 582,853</u>	<u>\$ 72</u>
 TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash	<u>\$ 1,243</u>	<u>\$ 59,016,482</u>	<u>\$ 59,015,892</u>	<u>\$ 1,833</u>
LIABILITIES				
Due to other funds	<u>\$ 1,243</u>	<u>\$ 59,016,482</u>	<u>\$ 59,015,892</u>	<u>\$ 1,833</u>

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 DISTRIBUTIVE FUND
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHERS
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 14

Program	Allen Otter Creek CC #65	Deer Park CC #82	Dimmick CC #175	Earlville Community #9	Grand Ridge CC #95	Holy Cross School
General State Aid	\$ 217,926	\$ 173,884	\$ 27,703	\$ 1,049,998	\$ 755,207	\$ -
General State Aid - Hold Harmless/Supplemental	29,678	38,172	-	-	-	-
Reorganization Incentive - Attendance	16,260	-	-	-	-	-
Reorganization Incentive - Salary Difference	8,078	-	-	-	-	-
Reorganization Incentive - Certified Salary	44,000	-	-	-	-	-
Transition Assistance	-	-	-	-	-	-
Special Ed. - Private Facility Tuition	17,991	-	-	17,546	-	-
Special Ed. - Extraordinary	6,940	7,963	9,812	29,906	18,534	-
Special Ed. - Personnel	11,972	5,600	9,276	56,136	44,067	-
Special Ed. - Orphanage - Individual	-	-	-	-	5,404	-
Special Ed. - Orphanage - Summer	-	-	-	-	-	-
Special Ed. - Summer School	1,829	-	-	-	-	-
Bilingual Ed. - Downstate - T.P.I. & T.B.E.	-	-	-	-	-	-
State Free Lunch & Breakfast	309	141	165	1,608	2,122	239
School Breakfast Incentive	-	-	-	-	-	-
Driver Education	-	-	-	5,429	-	-
Transportation - Regular and Vocational	39,237	49,661	22,098	51,050	109,929	-
Transportation - Special Education	21,934	8,544	8,084	28,402	237	-
ROE School Bus Driver Training	-	-	-	-	-	-
National Board Certification Initiatives	-	-	-	-	-	-
Truants Alternative/Optional Ed.	-	-	-	-	-	-
Regional Safe Schools	-	-	-	-	-	-
Early Childhood - Block Grant	-	-	-	-	-	-
Reading Improvement Block Grant	4,807	3,220	4,156	14,817	15,602	-
ROE/ISC Operations	-	-	-	-	-	-
Supervisory Expense	-	-	-	-	-	-
ADA Safety and Educational Block Grant	4,209	2,271	3,950	14,823	11,992	-
Technology - Learning Technology Centers	-	-	-	-	-	-
Bridges Extended Learning Opportunities	-	-	-	-	-	-
Orphanage Tuition 18-3	-	-	-	-	-	-
Title V - Innovative Programs - Formula	296	2,154	268	2,904	1,120	-
Title V - Innovative Programs - SEA Projects	-	-	-	-	-	-
Title VI - Rural Education Initiative	-	-	-	-	-	-
National School Lunch Program	8,938	4,445	4,470	31,909	30,057	7,002
Special Milk Program	-	-	-	-	-	-
School Breakfast Program	-	-	-	-	6,981	4,418
Child & Adult Care Food Program	-	-	-	-	-	-
Title I - Low Income	5,415	852	-	107,965	34,017	-
Title I - Reading First	-	-	-	-	-	-
Even Start	-	-	-	-	-	-
Title I - Reading First Part B SEA Funds	-	-	-	-	-	-
Title I - Migrant Education	-	-	-	-	-	-
Safe & Drug Free Sch. - Formula	369	680	1,594	1,853	1,405	-
Fed. - Sp. Ed. - Pre-School Flow Through	-	-	-	-	-	-
Fed. - Sp. Ed. - I.D.E.A. - Flow Through	-	-	-	-	-	-
Fed. - Sp. Ed. - I.D.E.A. - Room & Board	593	-	-	198,289	291	-
Emergency Immigrant Assistance	-	-	-	-	-	-
Title II - Teacher Quality	8,445	-	3,971	30,636	14,555	-
Technology Enhancing Education - Formula	81	-	-	1,559	634	-
TOTAL	\$ 449,307	\$ 297,587	\$ 95,547	\$ 1,644,830	\$ 1,052,154	\$ 11,659

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 DISTRIBUTIVE FUND
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHERS
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 14
 (CONTINUED)

Program	Holy Family School	LaSalle Catholic School	LaSalle County ROE	LaSalle County Treasurer	LaSalle Elementary #122	LaSalle Peru Twp. I.I.S. #120
General State Aid	\$ -	\$ -	\$ 348,243	\$ -	\$ 2,395,628	\$ 1,683,620
General State Aid - Hold Harmless/Supplemental	-	-	-	-	-	29,716
Reorganization Incentive - Attendance	-	-	-	-	-	-
Reorganization Incentive - Salary Difference	-	-	-	-	-	-
Reorganization Incentive - Certified Salary	-	-	-	-	-	-
Transition Assistance	-	-	-	-	-	-
Special Ed. - Private Facility Tuition	-	-	-	-	58,757	16,535
Special Ed. - Extraordinary	-	-	-	-	80,090	94,468
Special Ed. - Personnel	-	-	-	-	111,941	153,292
Special Ed. - Orphanage - Individual	-	-	-	-	-	465
Special Ed. - Orphanage - Summer	-	-	-	-	-	-
Special Ed. - Summer School	-	-	-	-	-	1,011
Bilingual Ed. - Downstate - T.P.I. & T.B.E.	-	-	-	-	6,903	11,180
State Free Lunch & Breakfast	-	6	521	-	12,861	2,663
School Breakfast Incentive	-	-	-	-	472	79
Driver Education	-	-	-	-	-	45,527
Transportation - Regular and Vocational	-	-	-	-	34,393	216,760
Transportation - Special Education	-	-	-	-	80,789	52,299
ROE School Bus Driver Training	-	-	600	-	-	-
National Board Certification Initiatives	-	-	-	-	-	-
Truants Alternative/Optional Ed.	-	-	45,723	-	-	133,660
Regional Safe Schools	-	-	345,013	-	-	-
Early Childhood - Block Grant	-	-	-	-	247,217	-
Reading Improvement Block Grant	-	-	-	-	62,050	-
ROE/ISC Operations	-	-	126,868	-	-	-
Supervisory Expense	-	-	1,000	-	-	-
ADA Safety and Educational Block Grant	-	-	-	-	26,599	39,598
Technology - Learning Technology Centers	-	-	46,841	-	-	-
Bridges Extended Learning Opportunities	-	-	-	-	30,658	-
Orphanage Tuition 18-3	-	-	-	90,276	-	-
Title V - Innovative Programs - Formula	-	-	-	-	4,961	6,251
Title V - Innovative Programs - SEA Projects	-	-	-	-	-	-
Title VI - Rural Education Initiative	-	-	-	-	22,779	-
National School Lunch Program	-	-	10,274	-	181,911	55,751
Special Milk Program	3,636	-	-	-	-	-
School Breakfast Program	-	-	-	-	48,869	6,112
Child & Adult Care Food Program	-	-	-	-	-	-
Title I - Low Income	-	-	-	-	483,068	180,668
Title I - Reading First	-	-	-	-	23,855	-
Even Start	-	-	-	-	-	-
Title I - Reading First Part B SEA Funds	-	-	4,694	-	-	-
Title I - Migrant Education	-	-	-	-	-	-
Safe & Drug Free Sch. - Formula	-	-	-	-	8,978	7,229
Fed. - Sp. Ed. - Pre-School Flow Through	-	-	-	-	-	-
Fed. - Sp. Ed. - I.D.E.A. - Flow Through	-	-	-	-	-	-
Fed. - Sp. Ed. - I.D.E.A. - Room & Board	-	-	-	-	-	470
Emergency Immigrant Assistance	-	-	-	-	-	-
Title II - Teacher Quality	-	-	-	-	88,560	58,394
Technology Enhancing Education - Formula	-	-	-	-	-	2,399
TOTAL	\$ 3,636	\$ 6	\$ 929,777	\$ 90,276	\$ 4,011,339	\$ 2,798,147

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 DISTRIBUTIVE FUND
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHERS
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 14
 (CONTINUED)

Program	LEASE	Leland Comm. #1	Lighted Wny Assoc., Inc	Lostant CUSD #425	L-P Aren Voc. Center	Marseilles Elementary #150
General State Aid	\$ -	\$ 547,275	\$ -	\$ 52,610	\$ -	\$ 1,418,036
General State Aid - Hold Harmless/Supplemental	-	-	-	70,700	-	-
Reorganization Incentive - Attendance	-	-	-	-	-	-
Reorganization Incentive - Salary Difference	-	-	-	-	-	-
Reorganization Incentive - Certified Salary	-	-	-	-	-	-
Transition Assistance	-	-	-	-	-	42,530
Special Ed. - Private Facility Tuition	-	17,721	-	3,142	-	23,489
Special Ed. - Extraordinary	-	10,802	-	4,375	-	59,314
Special Ed. - Personnel	241,255	45,716	-	12,900	-	85,772
Special Ed. - Orphanage - Individual	-	-	-	-	-	-
Special Ed. - Orphanage - Summer	-	-	-	-	-	-
Special Ed. - Summer School	-	1,507	-	-	-	4,640
Bilingual Ed. - Downstate - T.P.I. & T.B.E.	-	-	-	-	-	-
State Free Lunch & Breakfast	423	571	-	319	-	3,804
School Breakfast Incentive	-	-	-	-	-	65
Driver Education	-	2,597	-	-	-	-
Transportation - Regular and Vocational	-	72,536	-	51,138	14,368	6,279
Transportation - Special Education	-	30,607	-	27,721	-	140,521
ROE School Bus Driver Training	-	-	-	-	-	-
National Board Certification Initiatives	-	-	-	-	-	-
Truants Alternative/Optional Ed.	-	-	-	-	-	-
Regional Safe Schools	-	-	-	-	-	-
Early Childhood - Block Grant	-	-	-	-	-	180,920
Reading Improvement Block Grant	-	10,331	-	3,563	-	25,088
ROE/ISC Operations	-	-	-	-	-	-
Supervisory Expense	-	-	-	-	-	-
ADA Safety and Educational Block Grant	-	10,557	-	3,770	-	16,572
Technology - Learning Technology Centers	-	-	-	-	-	-
Bridges Extended Learning Opportunities	-	-	-	-	-	-
Orphanage Tuition 18-3	-	-	-	-	-	-
Title V - Innovative Programs - Formula	-	925	-	237	-	1,751
Title V - Innovative Programs - SEA Projects	-	515	-	-	-	-
Title VI - Rural Education Initiative	-	-	-	-	-	-
National School Lunch Program	7,642	23,757	-	10,614	-	68,689
Special Milk Program	-	-	470	-	-	-
School Breakfast Program	-	-	-	-	-	9,303
Child & Adult Care Food Program	-	-	-	-	-	-
Title I - Low Income	-	29,944	-	-	-	58,790
Title I - Reading First	-	-	-	-	-	-
Even Start	-	-	-	-	-	-
Title I - Reading First Part B SEA Funds	-	-	-	-	-	-
Title I - Migrant Education	-	-	-	-	-	-
Safe & Drug Free Sch. - Formula	-	1,173	-	175	-	1,227
Fed. - Sp. Ed. - Pre-School Flow Through	155,975	-	-	-	-	-
Fed. - Sp. Ed. - I.D.E.A. - Flow Through	3,875,940	-	-	-	-	-
Fed. - Sp. Ed. - I.D.E.A. - Room & Board	-	898	-	-	-	74,454
Emergency Immigrant Assistance	-	-	-	-	-	-
Title II - Teacher Quality	-	9,749	-	4,451	-	21,349
Technology Enhancing Education - Formula	-	502	-	-	-	1,206
TOTAL	\$ 4,281,235	\$ 817,683	\$ 470	\$ 245,715	\$ 14,368	\$ 2,243,799

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 DISTRIBUTIVE FUND
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHERS
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 14
 (CONTINUED)

Program	Mendota CC #289	Mendota Twp. H.S. #280	Miller Twp. CC #210	Oglesby Elementary #125	Ottawa Elem. #141	Ottawa Twp. H.S. #140
General State Aid	\$ 2,849,515	\$ 1,286,897	\$ 342,099	\$ 1,006,766	\$ 4,423,747	\$ 2,775,163
General State Aid - Hold Harmless/Supplemental	-	-	-	-	-	-
Reorganization Incentive - Attendance	-	-	-	-	-	-
Reorganization Incentive - Salary Difference	-	-	-	-	-	-
Reorganization Incentive - Certified Salary	-	-	-	-	-	-
Transition Assistance	-	-	22,440	-	-	-
Special Ed. - Private Facility Tuition	887	-	16,760	-	18,623	63,710
Special Ed. - Extraordinary	68,162	21,258	13,962	16,762	131,957	54,534
Special Ed. - Personnel	148,479	67,998	18,596	50,202	309,171	153,159
Special Ed. - Orphanage - Individual	9,262	14,149	-	-	13,893	28,765
Special Ed. - Orphanage - Summer	-	-	-	-	-	-
Special Ed. - Summer School	-	-	-	-	311	7,535
Bilingual Ed. - Downstate - T.P.I. & T.B.E.	17,784	2,705	-	-	2,873	1,593
State Free Lunch & Breakfast	13,775	2,070	419	2,789	15,026	2,907
School Breakfast Incentive	-	2,866	-	-	249	-
Driver Education	-	11,166	-	-	-	51,226
Transportation - Regular and Vocational	111,882	55,090	23,300	38,710	39,129	100,321
Transportation - Special Education	61,226	50,964	46,350	24,753	165,443	106,727
ROE School Bus Driver Training	-	-	-	-	-	-
National Board Certification Initiatives	3,896	-	-	-	-	-
Truants Alternative/Optional Ed.	-	-	-	-	-	-
Regional Safe Schools	-	-	-	-	-	-
Early Childhood - Block Grant	241,163	-	-	427,193	411,644	-
Reading Improvement Block Grant	63,527	-	10,004	21,053	115,542	-
ROE/ISC Operations	-	-	-	-	-	-
Supervisory Expense	-	-	-	-	-	-
ADA Safety and Educational Block Grant	41,037	20,440	7,936	13,818	66,300	52,547
Technology - Learning Technology Centers	-	-	-	-	-	-
Bridges Extended Learning Opportunities	-	-	-	36,086	-	-
Orphanage Tuition 18-3	-	-	-	-	-	-
Title V - Innovative Programs - Formula	6,732	931	606	1,732	8,901	7,048
Title V - Innovative Programs - SEA Projects	-	3,175	-	-	-	-
Title VI - Rural Education Initiative	-	-	-	-	-	-
National School Lunch Program	219,462	42,380	12,134	49,068	262,739	-
Special Milk Program	2,408	-	-	-	-	5,679
School Breakfast Program	39,522	1,394	-	10,051	24,967	-
Child & Adult Care Food Program	4,147	-	-	-	-	-
Title I - Low Income	261,087	60,621	27,180	71,779	661,644	57,933
Title I - Reading First	-	-	-	-	-	-
Even Start	-	-	-	-	-	-
Title I - Reading First Part B SEA Funds	-	-	-	-	-	-
Title I - Migrant Education	75,673	-	-	-	-	-
Safe & Drug Free Sch. - Formula	4,880	600	1,064	2,486	12,614	6,358
Fed. - Sp. Ed. - Pre-School Flow Through	-	-	-	-	-	-
Fed. - Sp. Ed. - I.D.E.A. - Flow Through	-	-	-	-	-	-
Fed. - Sp. Ed. - I.D.E.A. - Room & Board	2,798	8,822	1,276	454	11,899	33,616
Emergency Immigrant Assistance	-	-	-	-	2,296	-
Title II - Teacher Quality	74,177	6,318	9,526	25,060	116,837	39,368
Technology Enhancing Education - Formula	4,315	1,084	380	1,724	18,810	-
TOTAL	\$ 4,325,796	\$ 1,660,928	\$ 554,032	\$ 1,800,486	\$ 6,834,615	\$ 3,548,189

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 DISTRIBUTIVE FUND
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHERS
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 14
 (CONTINUED)

Program	Peru Elementary #124	Rutland CC #230	Seneca CC #170	Seneca HS	Seneca Twp. H.S. #160	Serena Community #2
General State Aid	\$ 1,101,376	\$ 51,259	\$ 169,538	\$ 9,854	\$ 108,389	\$ 787,837
General State Aid - Hold Harmless/Supplemental	-	-	-	-	19,786	173,879
Reorganization Incentive - Attendance	-	-	-	-	-	-
Reorganization Incentive - Salary Difference	-	-	-	-	-	-
Reorganization Incentive - Certified Salary	-	-	-	-	-	-
Transition Assistance	-	-	-	-	15,052	-
Special Ed. - Private Facility Tuition	16,562	15,777	14,933	-	-	43,418
Special Ed. - Extraordinary	54,891	7,024	16,024	-	7,534	55,605
Special Ed. - Personnel	130,468	22,230	88,832	-	51,518	84,953
Special Ed. - Orphanage - Individual	16,701	-	-	-	-	28,865
Special Ed. - Orphanage - Summer	-	-	-	-	-	-
Special Ed. - Summer School	2,959	183	-	-	-	1,163
Bilingual Ed. - Downstate - T.P.I. & T.B.E.	-	-	-	-	-	-
State Free Lunch & Breakfast	3,225	433	2,177	-	506	1,939
School Breakfast Incentive	-	-	-	-	-	-
Driver Education	-	-	-	-	15,499	8,286
Transportation - Regular and Vocational	67,477	32,268	3,466	-	40,443	247,791
Transportation - Special Education	46,848	17,094	33,462	-	46,582	95,615
ROE School Bus Driver Training	-	-	-	-	-	-
National Board Certification Initiatives	3,396	-	-	-	-	-
Truants Alternative/Optional Ed.	-	-	-	-	-	-
Regional Safe Schools	-	-	-	-	-	-
Early Childhood - Block Grant	-	-	35,337	-	-	-
Reading Improvement Block Grant	52,292	5,701	25,284	-	-	27,215
ROE/ISC Operations	-	-	-	-	-	-
Supervisory Expense	-	-	-	-	-	-
ADA Safety and Educational Block Grant	29,292	3,638	19,000	-	16,465	28,987
Technology - Learning Technology Centers	-	-	-	-	-	-
Bridges Extended Learning Opportunities	-	-	-	-	-	-
Orphanage Tuition 18-3	-	-	-	-	-	-
Title V - Innovative Programs - Formula	3,768	366	1,646	-	1,192	2,385
Title V - Innovative Programs - SEA Projects	-	-	-	-	-	-
Title VI - Rural Education Initiative	-	-	-	-	-	-
National School Lunch Program	86,177	10,268	56,440	-	19,379	51,064
Special Milk Program	-	-	439	-	-	-
School Breakfast Program	-	-	-	-	-	-
Child & Adult Care Food Program	-	-	-	-	-	-
Title I - Low Income	134,123	20,048	55,213	-	26,704	72,425
Title I - Reading First	-	-	-	-	-	-
Even Start	-	-	-	-	-	-
Title I - Reading First Part B SEA Funds	-	-	-	-	-	-
Title I - Migrant Education	-	-	-	-	-	-
Safe & Drug Free Sch. - Formula	6,425	635	2,210	-	1,451	2,903
Fed. - Sp. Ed. - Pre-School Flow Through	-	-	-	-	-	-
Fed. - Sp. Ed. - I.D.E.A. - Flow Through	-	-	-	-	-	-
Fed. - Sp. Ed. - I.D.E.A. - Room & Board	305	-	111,029	-	-	-
Emergency Immigrant Assistance	-	-	-	-	-	-
Title II - Teacher Quality	40,230	5,894	22,328	-	9,345	31,751
Technology Enhancing Education - Formula	4,602	416	1,022	-	-	1,493
TOTAL	\$ 1,801,117	\$ 193,234	\$ 658,380	\$ 9,854	\$ 379,845	\$ 1,747,574

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 DISTRIBUTIVE FUND
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHERS
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 14
 (CONTINUED)

Program	St. Anthony School	St. Patrick School	St. Patrick's	St. Stephens Parent Club	Streator Elementary #44
General State Aid	\$ -	\$ -	\$ -	\$ -	\$ 6,775,605
General State Aid - Hold Harmless/Supplemental	-	-	-	-	-
Reorganization Incentive - Attendance	-	-	-	-	-
Reorganization Incentive - Salary Difference	-	-	-	-	-
Reorganization Incentive - Certified Salary	-	-	-	-	-
Transition Assistance	-	-	-	-	-
Special Ed. - Private Facility Tuition	-	-	-	-	172,697
Special Ed. - Extraordinary	-	-	-	-	206,185
Special Ed. - Personnel	-	-	-	-	275,261
Special Ed. - Orphanage - Individual	-	-	-	-	74,905
Special Ed. - Orphanage - Summer	-	-	-	-	8,270
Special Ed. - Summer School	-	-	-	-	11,506
Bilingual Ed. - Downstate - T.P.I. & T.B.E.	-	-	-	-	-
State Free Lunch & Breakfast	1,678	-	189	115	27,749
School Breakfast Incentive	-	-	-	-	373
Driver Education	-	-	-	-	-
Transportation - Regular and Vocational	-	-	-	-	288,965
Transportation - Special Education	-	-	-	-	215,841
ROE School Bus Driver Training	-	-	-	-	-
National Board Certification Initiatives	-	-	-	-	-
Truants Alternative/Optional Ed.	-	-	-	-	-
Regional Safe Schools	-	-	-	-	-
Early Childhood - Block Grant	-	-	-	-	353,408
Reading Improvement Block Grant	-	-	-	-	108,254
ROE/ISC Operations	-	-	-	-	-
Supervisory Expense	-	-	-	-	-
ADA Safety and Educational Block Grant	-	-	-	-	58,488
Technology - Learning Technology Centers	-	-	-	-	-
Bridges Extended Learning Opportunities	-	-	-	-	46,411
Orphanage Tuition 18-3	-	-	-	-	-
Title V - Innovative Programs - Formula	-	-	-	-	8,193
Title V - Innovative Programs - SEA Projects	-	-	-	-	-
Title VI - Rural Education Initiative	-	-	-	-	-
National School Lunch Program	15,011	966	7,976	2,151	356,593
Special Milk Program	-	-	-	-	8,665
School Breakfast Program	-	-	-	-	92,220
Child & Adult Care Food Program	-	-	-	-	-
Title I - Low Income	-	-	-	-	557,991
Title I - Reading First	-	-	-	-	-
Even Start	-	-	-	-	113,846
Title I - Reading First Part B SEA Funds	-	-	-	-	-
Title I - Migrant Education	-	-	-	-	-
Safe & Drug Free Sch. - Formula	-	-	-	-	14,539
Fed. - Sp. Ed. - Pre-School Flow Through	-	-	-	-	-
Fed. - Sp. Ed. - I.D.E.A. - Flow Through	-	-	-	-	-
Fed. - Sp. Ed. - I.D.E.A. - Room & Board	-	-	-	-	502,569
Emergency Immigrant Assistance	-	-	-	-	-
Title II - Teacher Quality	-	-	-	-	152,045
Technology Enhancing Education - Formula	-	-	-	-	11,016
TOTAL	\$ 16,689	\$ 966	\$ 8,165	\$ 2,266	\$ 10,441,595

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 DISTRIBUTIVE FUND
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHERS
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 14
 (CONTINUED)

Program	Streator Twp. H.S. #40	Tonica Comm. Cons. #79	Wallace CC #195	Waltham CC #185	Grand Total
General State Aid	\$ 3,205,770	\$ 368,088	\$ 144,741	\$ 317,563	\$ 34,394,337
General State Aid - Hold Harmless/Supplemental	-	-	-	-	361,931
Reorganization Incentive - Attendance	-	-	-	2,597	18,857
Reorganization Incentive - Salary Difference	-	-	-	3,793	11,871
Reorganization Incentive - Certified Salary	-	-	-	72,000	116,000
Transition Assistance	-	-	-	-	80,022
Special Ed. - Private Facility Tuition	61,487	1,388	6,410	3,199	591,032
Special Ed. - Extraordinary	23,472	17,509	27,417	17,500	1,062,000
Special Ed. - Personnel	80,602	29,834	19,404	17,459	2,326,093
Special Ed. - Orphanage - Individual	8,136	15,053	-	-	215,598
Special Ed. - Orphanage - Summer	-	-	-	-	8,270
Special Ed. - Summer School	-	-	199	-	32,843
Bilingual Ed. - Downstate - T.P.I. & T.B.E.	2,562	-	-	-	45,600
State Free Lunch & Breakfast	-	1,357	884	131	103,121
School Breakfast Incentive	-	-	-	-	4,104
Driver Education	37,004	-	-	-	176,734
Transportation - Regular and Vocational	31,992	16,096	87,454	42,891	1,894,724
Transportation - Special Education	97,279	15,056	16,792	40,758	1,479,928
ROE School Bus Driver Training	-	-	-	-	600
National Board Certification Initiatives	-	-	-	-	7,292
Truants Alternative/Optional Ed.	-	-	-	-	179,383
Regional Safe Schools	-	-	-	-	345,013
Early Childhood - Block Grant	-	-	-	-	1,896,882
Reading Improvement Block Grant	-	7,495	11,514	11,776	603,291
ROE/ISC Operations	-	-	-	-	126,868
Supervisory Expense	-	-	-	-	1,000
ADA Safety and Educational Block Grant	32,428	6,009	10,359	7,566	548,651
Technology - Learning Technology Centers	-	-	-	-	46,841
Bridges Extended Learning Opportunities	-	-	-	-	113,155
Orphanage Tuition 18-3	-	-	-	-	90,276
Title V - Innovative Programs - Formula	2,996	415	821	752	69,351
Title V - Innovative Programs - SEA Projects	-	-	-	-	3,690
Title VI - Rural Education Initiative	-	-	-	-	22,779
National School Lunch Program	-	22,681	23,038	407	1,683,393
Special Milk Program	-	-	-	3,434	24,731
School Breakfast Program	-	5,662	-	-	249,499
Child & Adult Care Food Program	-	-	-	-	4,147
Title I - Low Income	106,910	30,717	37,333	34,232	3,116,659
Title I - Reading First	-	-	-	-	23,855
Even Start	-	-	-	-	113,846
Title I - Reading First Part B SEA Funds	-	-	-	-	4,694
Title I - Migrant Education	-	-	-	-	75,673
Safe & Drug Free Sch. - Formula	4,155	974	-	1,084	87,061
Fed. - Sp. Ed. - Pre-School Flow Through	-	-	-	-	155,975
Fed. - Sp. Ed. - I.D.E.A. - Flow Through	-	-	-	-	3,875,940
Fed. - Sp. Ed. - I.D.E.A. - Room & Board	188,001	182	884	-	1,136,830
Emergency Immigrant Assistance	-	-	-	-	2,296
Title II - Teacher Quality	38,850	7,831	16,721	10,753	847,144
Technology Enhancing Education - Formula	-	569	713	634	53,159
TOTAL	\$ 3,921,644	\$ 546,916	\$ 404,684	\$ 588,529	\$ 58,433,039

LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 15

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Number	FY 2006 Expenditures
<u>DEPARTMENT OF EDUCATION</u>			
Education for Homeless Children and Youth Passed-Through Lee/Ogle County Regional Office of Education No. 47 <i>McKinney Education for Homeless Children</i>	(M) 84.196A	2005-4920-00	\$ 50,889
Reading First State Grants Passed-Through Illinois State Board of Education <i>Title I - Reading First Part B SEA Funds</i>	84.357A	2005-4337-02	9,313
Para-Professional Passed-Through Lee/Ogle County Regional Office of Education No. 47 <i>Para-Professional</i>	84.367A	04-999-99	3,600
Improving Teacher Quality State Grants Passed-Through Boone/Winnebago County Regional Office of Education No. 4 <i>Title II - Teacher Quality Leadership Grant</i>	(M) 84.367A	2005-4935-SS	53,041
TOTAL DEPARTMENT OF EDUCATION			<u>\$ 116,843</u>
<u>DEPARTMENT OF AGRICULTURE</u>			
National School Lunch Program Passed-Through Illinois State Board of Education <i>National School Lunch Program</i>	10.555	2006-4210-00	\$ 8,609
	10.555	2005-4210-00	993
TOTAL DEPARTMENT OF AGRICULTURE			<u>\$ 9,602</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 126,445</u></u>

(M) Program was audited as a major program

The accompanying notes are an integral part of this schedule.

**LASALLE COUNTY REGIONAL OFFICE OF EDUCATION NO. 35
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

Note 1. Reporting Entity Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of LaSalle County Regional Office of Education No. 35 and is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2. Subrecipients

Not Applicable.

Note 3. Description of Federal Programs Audited as a Major Program

McKinney Education for Homeless Children provides counseling and educational support to homeless children and their families. The programs are funded by a Federal Stewart B. McKinney Education for Homeless Children and Youth Grant administered through the Illinois State Board of Education.

Title II - Teacher Quality Leadership Grant aims to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement.

Note 4. Non-Cash Assistance

Not Applicable.

Note 5. Amount of Insurance

Not Applicable.

Note 6. Loans or Loan Guarantees Outstanding

Not Applicable.