

**State of Illinois  
WHITESIDE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 55**

**FINANCIAL AUDIT  
(In Accordance with the Single Audit Act and OMB Circular A-133)  
FOR THE YEAR ENDED JUNE 30, 2005**

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

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55

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**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55**

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**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55**

**OFFICIALS**

Regional Superintendent  
(current and during the audit period)

Mr. Gary J. Steinert

Assistant Regional Superintendent  
(current and during the audit period)

Mr. Robert Sondgeroth

Office is located at:

1001 West 23rd Street  
Sterling, Illinois 61081

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
JUNE 30, 2005**

**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	3	1
Repeated audit findings	-	-
Prior recommendations implemented or not repeated	1	3

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>
FINDINGS (GOVERNMENT AUDITING STANDARDS)		
05-1	12	Controls over compliance with laws and regulations
05-2	14	Improper accounting of enterprise fund transactions
05-3	16	Late submission of travel expense reports

FINDINGS AND QUESTIONED COSTS  
(FEDERAL COMPLIANCE)  
None

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
JUNE 30, 2005**

**SUMMARY OF FINDINGS AND QUESTIONED COSTS (Continued)**

Item No.	Page	<u>Description</u>
		PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)
04-1	21	Noncompliance with State Mandates
		PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)
		None

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on December 7, 2005 held at the Whiteside County Regional Office of Education No. 55, 1001 West 23rd Street, Sterling, Illinois 61081. Representing the ROE were Gary Steinert, Regional Superintendent, and Linda Geer, Bookkeeper. Representing E. C. Ortiz & Co., LLP were Stella B. Santos, Partner and Leilani N. Rodrigo, Manager. Responses to the recommendations were provided by Gary Steinert in a letter dated December 16, 2005.

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## Financial Presentation Examined

### FINANCIAL STATEMENT REPORT

A financial statement audit consists of an audit of an agency's financial statements, including an examination of the underlying books and records, to determine whether those financial statements are fairly presented in accordance with generally accepted accounting principles.

The financial statement report is comprised of the following:

A Summary section providing a brief overview of the financial statement audit.

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## Auditors' Reports

- An Auditors' Reports section containing statements by the auditors on the scope and results of their audit, as required by applicable professional standards.

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## Findings and Recommendations

- A Findings & Recommendations section containing sequentially numbered findings in which the auditors note any instances of nonconformity by the agency with applicable laws, rules, regulations, grant agreements, and other standards governing its conduct that were found by the auditors in the course of their review. All findings are discussed with the agency officials during the post audit process.

Each finding generally contains: a description of the condition found; a recommendation by the auditors for corrective action; a response by the agency either accepting or rejecting the auditors' finding; and a description of the agency's plan for addressing the problem.

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## Financial Statements

- A Financial Statement section generally consisting of:
  - Management's discussion and analysis (MD&A) as required supplementary information;
  - Basic financial statements (entity-wide financial statements, fund financial statements, and notes to the financial statements);
  - Required supplementary information other than MD&A.

Additional financial statements may be presented for agencies with special reporting requirements.



WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55

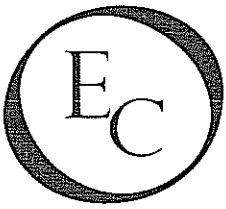
FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying basic financial statements of the Whiteside County Regional Office of Education No. 55 was performed by E. C. Ortiz & Co., LLP.

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





## INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Whiteside County Regional Office of Education No. 55, as of and for the year ended June 30, 2005, which collectively comprise the Whiteside County Regional Office of Education No. 55's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Whiteside County Regional Office of Education No. 55's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Whiteside County Regional Office of Education No. 55, as of June 30, 2005, 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 21, 2005 on our consideration of the Whiteside County Regional Office of Education No. 55'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.

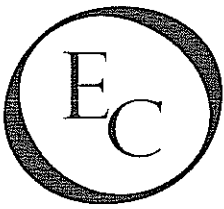
The Management's Discussion and Analysis and the Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 22 through 27 and page 58 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the 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 Whiteside County Regional Office of Education No. 55's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Other Entities, 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.

C. C. Grij & Co. LLP

Chicago, Illinois  
October 21, 2005



**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 Whiteside County Regional Office of Education No. 55, as of and for the year ended June 30, 2005, which collectively comprise the Whiteside County Regional Office of Education No. 55's basic financial statements and have issued our report thereon dated October 21, 2005. 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 Whiteside County Regional Office of Education No. 55'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. However, we noted other matters involving internal control over financial reporting which are required by the *Guidelines to Auditing and Reporting for a Regional Office of Education*, to be reported on the accompanying Schedule of Findings and Questioned Costs as items 05-2 and 05-3.

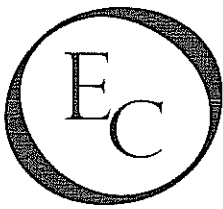
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Whiteside County Regional Office of Education No. 55'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 is required by the *Guidelines to Auditing and Reporting for a Regional Office of Education*, to be reported on the accompanying Schedule of Findings and Questioned Costs as item 05-1.

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. G. J. & C. C. P.*

Chicago, Illinois  
October 21, 2005



**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 Whiteside County Regional Office of Education No. 55 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The Whiteside County Regional Office of Education No. 55'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 Whiteside County Regional Office of Education No. 55's management. Our responsibility is to express an opinion on the Whiteside County Regional Office of Education No. 55'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 Whiteside County Regional Office of Education No. 55'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 Whiteside County Regional Office of Education No. 55's compliance with those requirements.

In our opinion, the Whiteside County Regional Office of Education No. 55 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

**Internal Control Over Compliance**

The management of the Whiteside County Regional Office of Education No. 55 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 Whiteside County Regional Office of Education No. 55'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. Grij & Co. LLP*

Chicago, Illinois  
October 21, 2005





**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2005**

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

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_ Yes   X   No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.213C	Even Start

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

Auditee qualified as low-risk auditee?   X   Yes \_\_\_\_\_ No

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2005**

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

**FINDING NO. 05-1 - Controls Over Compliance with Laws and Regulations**

*Criteria/Specific Requirements:*

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.

*Condition:*

Whiteside County Regional Office of Education No. 55 is not examining all books, accounts, and vouchers of every school treasurer in its educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent signs off on the Annual Financial Reports from the school districts in his region. In addition, the Regional Office gets a spreadsheet from the Illinois State Board of Education (ISBE) that outlines all of the school districts and their audit exceptions, if any. The Regional Office follows up with school districts having exceptions and gets the corrective action and forwards it to ISBE.

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

*Effect:*

The Regional Office of Education No. 55 did not comply with statutory requirements.

*Cause:*

Whiteside County Regional Office of Education No. 55 management stated that the procedures currently being performed are deemed sufficient to comply with this mandate.

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2005**

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

**FINDING NO. 05-1 - Controls Over Compliance with Laws and Regulations** (Continued)

*Auditor's Recommendation:*

The Regional Office of Education No. 55 should comply with the requirements of 105 ILCS 5/3-14.11. If the Regional Office believes the statutory mandate is obsolete or otherwise unnecessary, then it should seek legislative action to revise the statute accordingly.

*Management's Response:*

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

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

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2005**

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

**FINDING NO. 05-2 - Enterprise fund expenditures charged directly against revenues**

*Criteria/Specific Requirements:*

Title 23 Illinois Administrative Code: Education and Cultural Resources, Chapter I, Section 525.160, *Fiscal Procedures* requires the Regional Superintendent of Schools in each Regional Office of Education to maintain accurate financial records in accordance with 23 Illinois Administrative Code 110 *Program Accounting Manual and Regional Office of Education (ROE) Accounting Manual*, as applicable. The manual requires expenditures to be identified by function account code and object account code. It also requires all transactions associated with the cost of providing goods or services that are financed or recovered through user fees to be accounted for in an enterprise fund. Generally accepted accounting principles (GAAP) requires the recognition and reporting of revenues and expenditures separately.

*Condition:*

In our test of expenditures, we noted that Whiteside Regional Office of Education No. 55 records all expenditures of workshops and other non-major funds as a debit to the revenue accounts instead of being recorded as expenditures by function and by object for each fund. We also noted that the workshop revenues and expenditures are reported and accounted for as part of ROE Operations (general fund) instead of an enterprise fund. Total expenditures for fiscal year 2005 charged directly to revenue accounts totaled \$72,463.

*Effect:*

Transactions are not being recorded in accordance with the Illinois Program Accounting Manual and ROE Accounting Manual. Financial reports prepared by the ROE require additional analysis in order to be comparable and consistent with reporting requirements and GAAP. Revenues and expenditures for the respective funds were understated by \$72,463, however the net effect is zero.

*Cause:*

The Whiteside County Regional Office of Education No. 55's management stated that for internal reporting purposes, expenditures were debited against revenues so that the general ledger would only show the net amount available for spending.

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2005**

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

**FINDING NO. 05-2 - Enterprise fund expenditures charged directly against revenues**  
(Continued)

*Auditors' Recommendation:*

Whiteside County Regional Office of Education No. 55 should utilize the system of accounts promulgated by the Illinois State Board of Education as required by the Illinois Administrative Code and by the ROE Accounting Manual.

*Management's Response:*

We agree with the recommendation. The Whiteside County Regional Office of Education No. 55 will implement the system of accounts promulgated by the Illinois State Board of Education as required by the Illinois Administrative Code and by the ROE Accounting Manual.

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2005**

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

**FINDING NO. 05-3 - Late submission of travel expense reports**

*Criteria/Specific Requirements:*

Whiteside County Regional Office of Education No. 55 policies and procedures for professional services require the submission of travel mileage reports monthly.

Sound internal control requires that reimbursements are timely, properly approved and properly recorded to the appropriate account and advances are liquidated within reasonable time periods. Prudent business practice also dictates that travel costs should be reviewed by management in a timely manner to enhance the quality of the review.

*Condition:*

In our testing of expenditures, we noted that reimbursements for mileage reports totaling \$4,788 were submitted three to five months from the travel completion dates.

*Effect:*

Failure to submit and perform timely reviews of travel expenses increases the potential for errors and delays the recognition of expenditures in the accounting records.

*Cause:*

The Whiteside County Regional Office of Education No. 55's management stated that the delay in the submission of travel reimbursements was due to employees and contractors attempting to accumulate a number of smaller reimbursements for submission at one time.

*Auditors' Recommendation:*

Whiteside County Regional Office of Education No. 55 should adhere to its policy for the submission of travel expenses and emphasize the importance of compliance with the policy.

*Management's Response:*

We agree with the recommendation. The Whiteside County Regional Office of Education No. 55 has notified all employees of the requirement to submit their travel expenses on a monthly basis and has made that a contractual requirement for fiscal year 2006.

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2005**

**Part III. Federal Award Findings**

**INSTANCE OF NONCOMPLIANCE:**

None

**REPORTABLE CONDITIONS:**

None



**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION No. 55  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
JUNE 30, 2005**

**FINDING NO. 05-1 - Controls Over Compliance with Laws and Regulations**

*Condition:*

Whiteside County Regional Office of Education No. 55 is not examining all books, accounts, and vouchers of every school treasurer in its educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent signs off on the Annual Financial Reports from the school districts in his region. In addition, the Regional Office gets a spreadsheet from the Illinois State Board of Education (ISBE) that outlines all of the school districts and their audit exceptions, if any. The Regional Office follows up with school districts having exceptions and gets the corrective action and forwards it to ISBE.

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

*Plan:*

The Whiteside Regional Office believes the statutory mandate is obsolete and will seek legislative action to revise the statute accordingly.

*Anticipated Date of Completion:*

June 30, 2006

*Name of Contact Person:*

Gary J. Steinert, Regional Superintendent of Schools

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION No. 55  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
JUNE 30, 2005**

**FINDING NO. 05-2 - Enterprise fund expenditures charged directly against revenues**

*Condition:*

In our test of expenditures, we noted that Whiteside Regional Office of Education No. 55 records all expenditures of workshops and other non-major funds as a debit to the revenue accounts instead of being recorded as expenditures by function and by object for each fund. We also noted that the workshop revenues and expenditures are reported and accounted for as part of ROE Operations (general fund) instead of an enterprise fund. Total expenditures for fiscal year 2005 charged directly to revenue accounts totaled \$72,463.

*Plan:*

The Whiteside County Regional Office of Education No. 55 will implement the system of accounts promulgated by the Illinois State Board of Education as required by the Illinois Administrative Code and by the ROE Accounting Manual

*Anticipated Date of Completion:*

January 1, 2006

*Name of Contact Person:*

Linda Geer, Bookkeeper

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION No. 55  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
JUNE 30, 2005**

**FINDING NO. 05-3 - Late submission of travel expense reports**

*Condition:*

In our testing of expenditures, we noted that reimbursements for mileage reports totaling \$4,788 were submitted three to five months from the travel completion dates.

*Plan:*

The Whiteside County Regional Office of Education No. 55 has notified all employees of the requirement to submit their travel expenses on a monthly basis and has made that a contractual requirement for fiscal year 2006.

*Anticipated Date of Completion:*

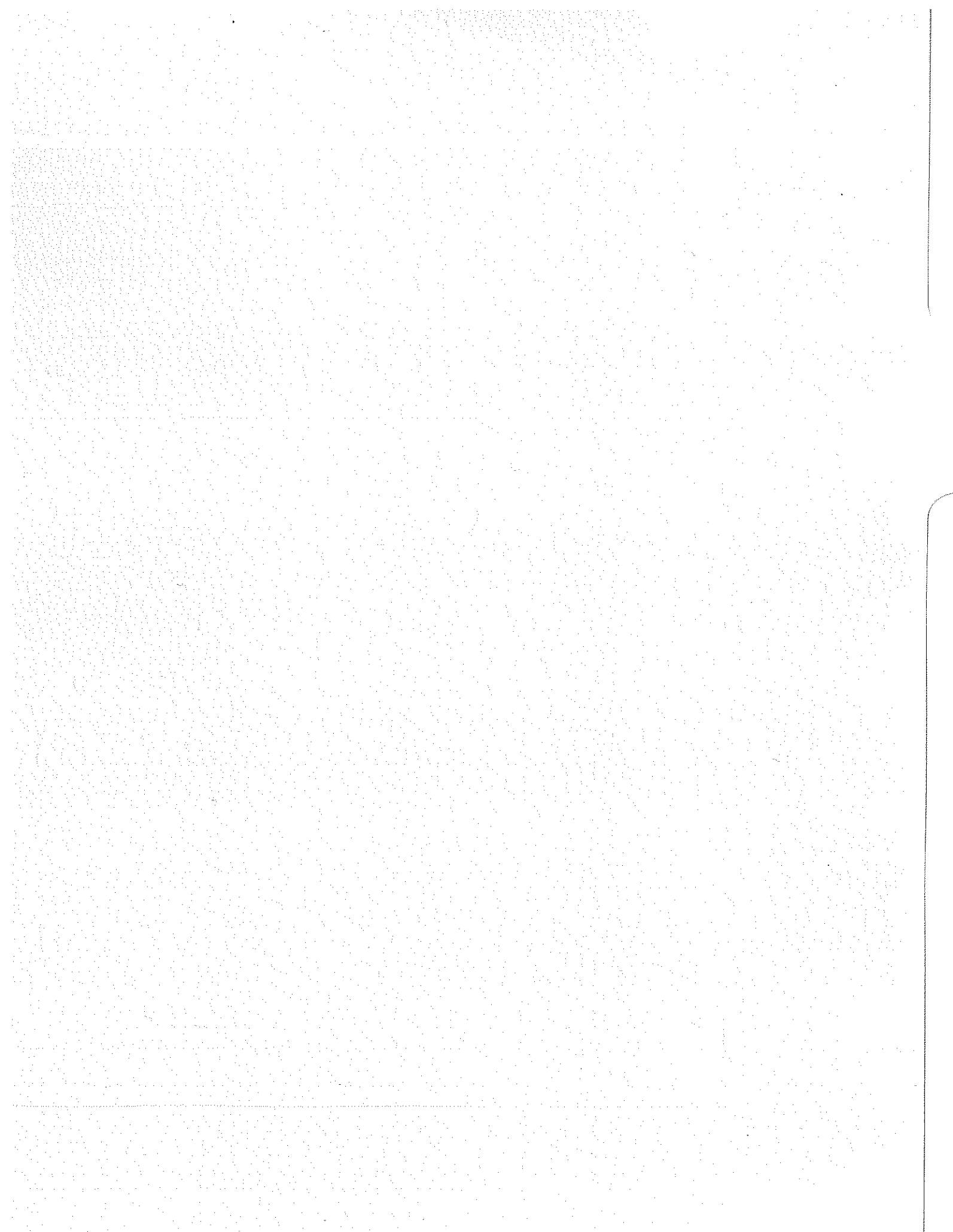
January 1, 2006

*Name of Contact Person:*

Linda Geer, Bookkeeper

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2005**

<b>Finding Number</b>	<b>Condition</b>	<b>Current Status</b>
04-1	Noncompliance with State Mandates	Resolved



**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2005**

The Whiteside County Regional Office of Education No. 55 (ROE No. 55) 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, 2005 with comparative information for the year ended June 30, 2004. Readers are encouraged to consider the information in conjunction with the ROE No. 55's basic financial statements that follow.

**2005 Financial Highlights**

- Within the Governmental Funds, the General Fund revenues increased by \$70,752 (31%) from \$230,230 in FY 2004 to \$300,982 in FY 2005. General Fund expenditures increased by \$110,459 (54%) from \$205,935 in FY 2004 to \$316,394 in FY 2005.
- Within the Governmental Funds, the Special Revenue Fund revenues increased by \$65,191 (7%) from \$890,796 in FY 2004 to \$955,987 in FY 2005. The Special Revenue Fund expenditures increased by \$70,437 (8%) from \$883,298 in FY 2004 to \$953,735 in FY 2005.
- The Enterprise Fund revenues decreased by \$20,636 (41%) from \$50,068 in FY 2004 to \$29,432 in FY 2005. The Enterprise Fund expenditures decreased by \$8,159 (20%) from \$41,311 in FY 2004 to \$33,152 in FY 2005.
- The ROE No. 55 has no long-term debt.

**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 ROE No. 55 as a whole and present an overall view of the Office's finances.
- *Fund financial statements* report the ROE No. 55'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 other supplementary information provides detailed information about the major and non-major funds.

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2005**

**Reporting the Whiteside County Regional Office as a Whole**

The government-wide statements report information about the ROE No. 55 as a whole. The Statement of Net Assets includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid using Generally Accepted Accounting Principles and GASB Statement No. 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 Office's financial health or position.

- Over time, increases or decreases in the net assets can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the ROE No. 55'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. State law requires some funds. The ROE No. 55 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

- (1) Governmental funds are those 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. The governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2005**

- (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 Statement of Cash Flows.
- (3) Fiduciary funds are used to account for assets held by the ROE No. 55 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 ROE No. 55. The net assets at the end of FY 2005 totaled \$338,158. At the end of FY 2004, the net assets were \$366,650. The analysis that follows provides a summary of the ROE No. 55's net assets as of June 30.

CONDENSED STATEMENT OF NET ASSETS

	<u>2005</u>	<u>2004</u>
Current assets	\$357,164	\$ 341,894
Capital assets, net of depreciation	65,452	77,507
Total assets	<u>422,616</u>	<u>419,401</u>
Current liabilities	84,458	52,751
Total liabilities	<u>84,458</u>	<u>52,751</u>
Net assets:		
Invested in capital assets, net of related debt	65,452	77,507
Unrestricted	272,706	289,143
Total net assets	<u>\$338,158</u>	<u>\$ 366,650</u>

The ROE No. 55's net assets decreased by \$28,492 (8%) from FY 2004. There had been no significant changes in revenues and expenses in fiscal year 2005.



**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2005**

**CHANGES IN NET ASSETS**

	<u>2005</u>	<u>2004</u>
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 915,214	\$ 782,525
Charges for services	67,583	29,932
General revenues:		
Local sources	8,752	79,883
State sources	83,915	80,993
On-behalf payments	211,380	199,028
Total revenues	<u>1,286,844</u>	<u>1,172,361</u>
Expenses:		
Program expenses:		
Instructional services	1,070,804	915,247
Administrative	211,380	199,028
Professional development	33,152	18,552
Total expenses	<u>1,315,336</u>	<u>1,132,827</u>
Change in net assets	<u>(28,492)</u>	<u>39,534</u>
Net assets beginning of year	<u>366,650</u>	<u>327,116</u>
Net assets end of year	<u>\$ 338,158</u>	<u>\$ 366,650</u>

**Governmental Activities**

Revenues for governmental activities were \$1,256,969 and expenditures were \$1,270,129. The ROE No. 55 did not fill some vacant job positions and transferred funds from savings accounts to pay for current expenses. While the transfers resolved current expense requirements, the continued practice of such an approach will impact the financial condition of the agency by eroding fund reserves.

**Financial Analysis of the ROE No. 55 Funds**

As previously noted, the ROE No. 55 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency's Governmental Funds reported combined fund balances were \$245,042.

**Governmental Fund Highlights**

- The Governor of the State of Illinois continues to reduce state financial support for school services. This resulted in a 16.83% reduction in dollars received when compared to

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2005**

FY04. Increased intergovernmental revenues and staff reductions helped to blunt the impact.

- The dollar return on investments (short-term investments and interest earned on a float), was reduced because of the low interest rates. In order to provide services budgeted for the Direct Service Budget, certain investments had to be used.
- There was an increase in the state aid foundation level to \$4,964 per student from \$4,810. This helped to offset the reduction in the grant dollars provided for the Safe Schools Program.
- County support for the ROE No. 55 increased by approximately 2.5% from 2004 to 2005.

**Proprietary Fund Highlights**

Total proprietary fund net assets decreased by \$3,277 (11%). The increase in the proprietary funds revenues and expenses is due to increase in workshop activities.

**Fiduciary Fund Highlights**

There was no significant movement in fiduciary funds for FY 2005. Total fiduciary net assets decreased by \$19,157 (92%). Transactions during FY 2005 represent mainly transfers in and out of funds for the Distributive Fund.

**Budgetary Highlights**

The ROE No. 55 annually adopts budgets for several funds. 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 that runs from December 1 to November 30. All grant budgets are prepared by the ROE No. 55 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency.

**Capital Assets**

ROE No. 55's capital assets include office equipment, computers, audio-visual equipment, and office furniture. The ROE No. 55 maintains an inventory of capital assets that have been accumulated over time. The ROE No. 55 adopted a capitalization and depreciation threshold of \$5,000 for GASB 34. For FY 2005, there were no additions or retirements of capital assets. Depreciation expense for the FY 2005 was \$12,055.

**Economic Factors and Next Year's Budget**

At the time these financial statements were prepared and audited, the ROE No. 55 was aware of several existing circumstances that could affect its financial condition in the future:

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2005**

- The interest rate on investments remains low and will impact interest earned.
- Most grants have remained near or at previous levels. However, the School Services grant has again been reduced by 16.83% compared to FY 2004. In dollars, that translates into an \$80,276 reduction over the last two fiscal years. It is important to understand that this reduction in School Services dollars has not resulted in a reduction of required initiatives. On the contrary, there has been an increase in required initiatives.
- County Board support for ROE No. 55 will be increased slightly.

**Contacting the Regional Office's Financial Management**

This financial report is designed to provide the ROE No. 55's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the ROE No. 55 at 1001 West 23rd Street, Sterling, Illinois 61081.

## **BASIC FINANCIAL STATEMENTS**

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
 GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
 JUNE 30, 2005

EXHIBIT A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 296,861	\$ 35,339	\$ 332,200
Due from other governments	24,964	-	24,964
Due from (to) other funds	5,937	(5,937)	-
Capital assets, net	65,452	-	65,452
<b>TOTAL ASSETS</b>	<b>393,214</b>	<b>29,402</b>	<b>422,616</b>
<b>LIABILITIES</b>			
Accounts payable	26,368	1,738	28,106
Due to other governments	1,306	-	1,306
Deferred revenues	55,046	-	55,046
<b>TOTAL LIABILITIES</b>	<b>82,720</b>	<b>1,738</b>	<b>84,458</b>
<b>NET ASSETS</b>			
Invested in capital assets	65,452	-	65,452
Unrestricted	245,042	27,664	272,706
<b>TOTAL NET ASSETS</b>	<b>\$ 310,494</b>	<b>\$ 27,664</b>	<b>\$ 338,158</b>

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

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2005

EXHIBIT B

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants and Contribution	Primary Government		
				Governmental Activities	Business-Type Activities	
<b>FUNCTIONS/PROGRAMS</b>						
<b>Primary government</b>						
<b>Governmental activities:</b>						
<b>Instructional services</b>						
Salaries and benefits	\$ 759,289	\$ 10,712	\$ 709,883	\$ (38,694)	\$ -	\$ (38,694)
Purchased services	207,206	20,354	134,760	(52,092)	-	(52,092)
Supplies and materials	62,224	875	53,784	(7,565)	-	(7,565)
Capital expenditures	15,295	-	10,234	(5,061)	-	(5,061)
Depreciation	12,055	-	-	(12,055)	-	(12,055)
Payments to other governments	14,735	6,210	6,553	(1,972)	-	(1,972)
<b>Administrative</b>						
On-behalf payments	211,380	-	-	(211,380)	-	(211,380)
<b>Total governmental activities</b>	<b>1,282,184</b>	<b>38,151</b>	<b>915,214</b>	<b>(328,819)</b>	<b>-</b>	<b>(328,819)</b>
<b>Business-type activities:</b>						
<b>Professional development</b>	<b>33,152</b>	<b>29,432</b>	<b>-</b>	<b>-</b>	<b>(3,720)</b>	<b>(3,720)</b>
<b>Total business-type activities</b>	<b>33,152</b>	<b>29,432</b>	<b>-</b>	<b>-</b>	<b>(3,720)</b>	<b>(3,720)</b>
<b>Total primary government</b>	<b>\$ 1,315,336</b>	<b>\$ 67,583</b>	<b>\$ 915,214</b>	<b>(328,819)</b>	<b>(3,720)</b>	<b>(332,539)</b>
<b>General revenues</b>						
<b>Local sources</b>						
Intergovernmental				4,968	-	4,968
Interest income				3,341	443	3,784
State sources				83,915	-	83,915
On-behalf payments				211,380	-	211,380
<b>Total general revenues and transfers</b>				<b>303,604</b>	<b>443</b>	<b>304,047</b>
<b>Change in net assets</b>				<b>(25,215)</b>	<b>(3,277)</b>	<b>(28,492)</b>
<b>Net assets - beginning</b>				<b>335,709</b>	<b>30,941</b>	<b>366,650</b>
<b>Net assets - ending</b>				<b>\$ 310,494</b>	<b>\$ 27,664</b>	<b>\$ 338,158</b>

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

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2005

EXHIBIT C

	<u>General Fund</u>	<u>Education Fund</u>	<u>Institute Fund</u>	<u>Other Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 58,167	\$ 175,708	\$ 48,297	\$ 14,689	\$ 296,861
Due from other governments	11,454	13,510	-	-	24,964
Due from other funds	15,365	-	-	-	15,365
<b>TOTAL ASSETS</b>	<u>84,986</u>	<u>189,218</u>	<u>48,297</u>	<u>14,689</u>	<u>337,190</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	1,589	24,479	300	-	26,368
Due to other governments	-	1,204	102	-	1,306
Due to other funds	-	9,428	-	-	9,428
Deferred revenues	-	55,046	-	-	55,046
Total liabilities	<u>1,589</u>	<u>90,157</u>	<u>402</u>	<u>-</u>	<u>92,148</u>
<b>FUND BALANCES</b>					
Unrestricted, reported in					
General fund	83,397	-	-	-	83,397
Special revenue funds	-	99,061	47,895	14,689	161,645
Total fund balances	<u>83,397</u>	<u>99,061</u>	<u>47,895</u>	<u>14,689</u>	<u>245,042</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 84,986</u>	<u>\$ 189,218</u>	<u>\$ 48,297</u>	<u>\$ 14,689</u>	<u>\$ 337,190</u>

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

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2005**

**EXHIBIT D**

Total fund balances - governmental funds	\$ 245,042
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>65,452</u>
Net assets of governmental activities	<u><u>\$ 310,494</u></u>

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



WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

EXHIBIT E

	General Fund	Education Fund	Institute Fund	Other Non-Major Funds	Total Governmental Funds
<b>REVENUES</b>					
Federal sources	\$ -	\$ 352,987	\$ -	\$ -	\$ 352,987
State sources	83,915	471,952	-	1,888	557,755
Local sources					
Intergovernmental	4,968	88,387	-	15,085	108,440
Services	-	-	16,686	6,380	23,066
Interest	719	826	1,652	144	3,341
On-behalf payments	211,380	-	-	-	211,380
Total revenues	<u>300,982</u>	<u>914,152</u>	<u>18,338</u>	<u>23,497</u>	<u>1,256,969</u>
<b>EXPENDITURES</b>					
Current:					
Instructional services:					
Salaries and benefits	44,576	700,502	8,749	5,462	759,289
Purchased services	47,223	131,342	22,790	5,851	207,206
Supplies and materials	7,989	52,994	41	1,200	62,224
Capital expenditures	5,196	10,099	-	-	15,295
Payments to other governments	30	6,331	-	8,374	14,735
On-behalf payments	211,380	-	-	-	211,380
Total expenditures	<u>316,394</u>	<u>901,268</u>	<u>31,580</u>	<u>20,887</u>	<u>1,270,129</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(15,412)	12,884	(13,242)	2,610	(13,160)
<b>FUND BALANCES, UNRESERVED, BEGINNING OF YEAR</b>	<u>98,809</u>	<u>86,177</u>	<u>61,137</u>	<u>12,079</u>	<u>258,202</u>
<b>FUND BALANCES, UNRESERVED, END OF YEAR</b>	<u>\$ 83,397</u>	<u>\$ 99,061</u>	<u>\$ 47,895</u>	<u>\$ 14,689</u>	<u>\$ 245,042</u>

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

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 - GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005**

**EXHIBIT F**

Net change in fund balances	\$ (13,160)
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>(12,055)</u>
Change in net assets of governmental activities	<u>\$ (25,215)</u>

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

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2005**

**EXHIBIT G**

	<b>Business Type Activities - Enterprise Funds</b>		<b>Total Proprietary Funds</b>
	<b>Meeting the Challenge Workshops</b>	<b>Other Non-Major Funds</b>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 24,369	\$ 10,970	\$ 35,339
<b>LIABILITIES</b>			
Accounts payable	238	1,500	1,738
Due to other funds	-	5,937	5,937
Total liabilities	<u>238</u>	<u>7,437</u>	<u>7,675</u>
<b>NET ASSETS</b>			
Unrestricted	<u>\$ 24,131</u>	<u>\$ 3,533</u>	<u>\$ 27,664</u>

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

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005**

**EXHIBIT H**

	<b>Business Type Activities - Enterprise Funds</b>		<b>Total Proprietary Funds</b>
	<b>Meeting the Challenge Workshops</b>	<b>Other Non-Major Funds</b>	
<b>OPERATING REVENUES</b>			
Local sources	\$ 10,952	\$ 18,480	\$ 29,432
<b>OPERATING EXPENSES</b>			
Salaries and benefits	-	15,198	15,198
Purchased services	6,437	6,426	12,863
Supplies and materials	270	465	735
Payments to other governments	-	4,356	4,356
Total operating expenses	<u>6,707</u>	<u>26,445</u>	<u>33,152</u>
<b>OPERATING INCOME (LOSS)</b>	4,245	(7,965)	(3,720)
<b>NONOPERATING REVENUES</b>			
Interest income	<u>340</u>	<u>103</u>	<u>443</u>
<b>INCOME (LOSS) AFTER NONOPERATING REVENUES</b>	4,585	(7,862)	(3,277)
<b>TOTAL NET ASSETS, July 1, 2004</b>	<u>19,546</u>	<u>11,395</u>	<u>30,941</u>
<b>TOTAL NET ASSETS, June 30, 2005</b>	<u>\$ 24,131</u>	<u>\$ 3,533</u>	<u>\$ 27,664</u>

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

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
 STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

EXHIBIT I

	Business Type Activities - Enterprise Funds		Total Proprietary Funds
	Meeting the Challenge Workshops	Other Non-Major Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts for workshops and services	\$ 10,952	\$ 18,480	\$ 29,432
Payments to suppliers and providers of goods and services	(6,469)	(6,870)	(13,339)
Payments to employees	-	(9,670)	(9,670)
Payments to other governments for goods and services	-	(3,968)	(3,968)
Net cash provided by (used in) operating activities	<u>4,483</u>	<u>(2,028)</u>	<u>2,455</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest	<u>340</u>	<u>103</u>	<u>443</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	4,823	(1,925)	2,898
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>19,546</u>	<u>12,895</u>	<u>32,441</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 24,369</u>	<u>\$ 10,970</u>	<u>\$ 35,339</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ 4,245	\$ (7,965)	\$ (3,720)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Effects of increase in liabilities:			
Accounts payable	238	-	238
Due to other funds	-	5,937	5,937
Net cash provided by (used in) operating activities	<u>\$ 4,483</u>	<u>\$ (2,028)</u>	<u>\$ 2,455</u>

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

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS  
JUNE 30, 2005**

**EXHIBIT J**

**ASSETS**

Cash and cash equivalents	<u>\$ 1,685</u>
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**LIABILITIES**

Accounts payable	(1,330)
Due to other governments	<u>3,015</u>
Total liabilities	<u>\$ 1,685</u>

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

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

The Whiteside County Regional Office of Education No. 55 operates under the School Code (Articles 3 and 3A of Illinois Compiled Statutes, Chapter 105). The Regional Superintendent of Schools (Superintendent) serves as chief administrative officer of the Regional Office of Education No. 55 and is elected pursuant to Article 3 of Illinois Compiled Statutes, Chapter 105. The principal financial duty of the Superintendent is to receive and distribute monies due to school districts from general state aid, state categorical grants, and various other sources.

The basic financial statements include all funds of Whiteside County Regional Office of Education No. 55.

These are the only activities considered to be part of (controlled by or dependent on) the Whiteside County Regional Office of Education No. 55, as determined by the application of the criteria set forth in Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity. The criteria for inclusion of an entity include, but are not limited to, legal standing, fiscal dependency, imposition of will and potential for financial benefit or burden.

Whiteside County Regional Office of Education No. 55 has determined that no other outside agency meets any of the above criteria and, therefore, no other agency has been included as a component unit in the financial statements. Furthermore, the Whiteside County Regional Office of Education No. 55 does not consider itself to be a component unit of any other entity.

B. Change in Accounting Principles

Effective July 1, 2004, the Whiteside County Regional Office of Education No. 55 adopted GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, an amendment of GASB Statement No. 3. This new standard enhances the deposit and investment risk disclosures by updating the custodial credit risk disclosure requirements of GASB Statement No. 3 and addressing other common risks, including concentration of credit risk, interest rate risk and foreign currency risk. The implementation did not have a significant impact on the Whiteside County Regional Office of Education No. 55's financial statements.

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55**  
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C. Government-wide and Fund Financial Statements

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

Certain 2004 amounts have been reclassified to conform to the 2005 presentation. Standards Aligned Classroom, Education Technology Grant, Learning Technology Center and Partners for Success fund activities have been classified and reported in prior years as general funds and are currently classified and reported as special revenue funds. Non-grant Workshops and IARSS Website Development have been classified and reported in prior years as general funds and are currently classified and reported as proprietary funds.

D. Measurement Focus and Basis of Accounting

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

Governmental fund and fiduciary financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible



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within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Whiteside County Regional Office of Education No. 55 considers revenues as available if they are collected within 60 days after yearend. 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.

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

The proprietary fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

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.

E. Basis of presentation - Fund Accounting

The accounts of the Whiteside County Regional Office of Education No. 55 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 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 and account groups used:

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Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of the expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund - used to account for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted for in another fund. The general fund is reported as a major governmental fund in the financial statements. The following are included in the general funds:

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

General Operations - used to account for monies received for, and payment of, expenditures in connection with general administration activities.

Special Revenue Funds - used to account for the proceeds of specific revenue sources (other than those accounted for in the Fiduciary Funds) that are legally restricted to expenditures for specified purposes. The Whiteside County Regional Office of Education No. 55 reported the following special revenue funds as major governmental funds:

Institute Fund - used to account for resources accumulated for, and payment of, expenditures for administering teachers' institutes, workshops, and meetings.

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

Administrator's Academy - used to account for grant monies received for, and payment of, expenditures for providing staff development training to administrators in school improvement.

Scientific Literacy - used to account for grant monies received for, and payment of, expenditures for improving teacher knowledge and skills in mathematics and science.

Title I - School Improvement & Accountability - used to account for grant monies received for, and payment of, expenditures for assisting schools that qualify for school-wide planning through staff development training.

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

Mathematics & Science Partnerships - Accounts for monies received for, and payment of expenditures for Illinois Math & Science Programs.

Vocational Education - Instructor Practicum - used to account for grant monies received for, and payment of, expenditures for placing vocational teachers and counselors in worksites during the summer to expand their business experience.

Retired Professional Service Corps - used to account for grant monies received for, and payment of, expenditures for placing retired educators in schools to assist with special projects.

Adult Education and Family Literacy Grant - used to account for grant monies received for, and payment of, expenditures for education and literacy programs for adults.

Career Awareness and Development - used to account for grant monies received for, and payment of, expenditures for career awareness and development training opportunities for elementary and middle school educators to integrate information on career and career planning into context of the fundamental learning areas.

Regional Safe Schools - used to account for grant monies received for, and payment of, expenditures for alternative school program for expulsion/suspension eligible students.

Truants Alternative/Optional Education Program - used to account for grant monies received for, and payment of, expenditures for optional education opportunities to school dropouts, potential dropouts and truants of the Region.

School to Work (DOL) - used to account for grant monies received for, and payment of, expenditures for the School to Work Program.

ROE/ISC Technology - program designed to support learning technology services to the local school districts.

Even Start - used to account for grant monies received for, and payment of, expenditures for developing and operating programs to promote family literacy.

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Early Childhood Parenting Program - used to account for grant monies from local school districts received for, and payment of, expenditures for the Early Childhood Block Program.

ROE/ISC School Improvement Grant - used to account for grant monies received for, and payment of, expenditures for providing staff development training to administrators' in school improvement.

Learning Standards - used to account for grant monies received for, and payment of, expenditures associated with providing services and funding activities as specified in the Illinois Learning Standards Implementation Plan.

Early Childhood - Block Grant (0-3) - used to account for grant monies received for, and payment of, expenditures for the Early Childhood Block Program for ages 0-3.

Early Childhood - Block Grant (3-5) - used to account for grant monies received for, and payment of, expenditures for the Early Childhood Block Program for ages 3-5.

Early Childhood - Block Grant (Prevention Initiative) - used to account for grant monies received for, and payment of, expenditures for the Early Childhood Block Program for prevention.

Illinois Century Network - used to account for grant monies received for, and payment of, expenditures for the Department of Central Management Services' Illinois Century Network program.

Tobacco Settlement Recovery Fund/Prevention - used to account for grant monies received for, and payment of, expenditures for tobacco prevention education.

Early Childhood - Block Grant (3705-50) - used to account for grant monies received for, and payment of, expenditures for the Early Childhood Block Prekindergarten At-risk Program.

Reading Improvement Statewide/Professional Development - used to account for grant monies received for, and payment of, expenditures for the Reading Improvement Program.

Title IV - Community Service - used to account for grant monies received for, and payment of, expenditures related to supporting teachers in the use of service to the community as a teaching method.

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Title I - Reading First Part B SEA Funds - used to account for grant monies received for, and payment of, expenditures for staff development and technical assistance to help K-3 students, in qualifying schools, learn to read well.

Secretary of State Family Literacy Grant Program - used to account for grant monies received for, and payment of, expenditures for the Secretary of State's literacy program.

Education Outreach Program - to account for grant monies received for, and payment of, expenditures associated with workforce investment activities that are designed to increase educational and occupational skill attainment by participants.

State Free Lunch and Breakfast - to account for grant monies received for, and payment of, expenditures for the State Free Lunch and Breakfast program.

School Breakfast Incentive - to account for grant monies received for, and payment of, expenditures for the School Breakfast Incentive program.

National School Lunch Program - to account for grant monies received for, and payment of, expenditures for the National School Lunch program.

School Breakfast Program - to account for grant monies received for, and payment of, expenditures for the School Breakfast program.

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

Education Technology Grant - funds provide coordinated support and infrastructure which assists school districts in planning for, implementing, assessing results and educating school staff in the use of technology and telecommunications in curricular, instructional and administrative functions.

Partners for Success - used to account for monies received for, and payment of, expenditures for Partners for Success program which aims to provide a multiple learning environment to students in Grades 6 - 12 who are on the verge of being expelled because of gross misconduct.

Non-major Special Revenue Funds

The Whiteside County Regional Office of Education No. 55 reported the following special revenue funds as non-major governmental programs:

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General Education Development (GED) - used to account for resources accumulated for, and payment of, expenditures for administering the GED test. Statute requires excess funds accumulated for periods exceeding three years to be transferred into the Institute Fund.

Bus Driver Training - used to account for resources accumulated for, and payment of, expenditures for issuing school bus driver permits and administering school bus driver training.

Supervisory - used to account for resources accumulated for, and payment of, expenditures for providing supervisory service.

Technology Training - used to account for funds received and disbursed by the Regional Superintendent for technology training workshops.

Learning Technology Center - to account for the revenues and expenditures of establishing a statewide support system for information, professional development, technical assistance, network design, technology planning, leadership, and information exchange.

Proprietary Fund Types

Enterprise Funds - used to account for resources from fees charged directly to those entities or individuals that use the services of the Whiteside County Regional Office of Education No. 55.

Meeting the Challenge Workshops - used to account for revenues and expenses for conducting a series of Meeting the Challenge workshops for various school districts. The ROE reported this fund as a major enterprise fund.

Other Non-major Proprietary Funds - the Whiteside County Regional Office of Education No. 55 reported the following proprietary funds as non-major funds:

Computer Workshops - used to account for revenues and expenses for workshops conducted by the Regional Office of Education No. 55 related to information technology and computer literacy.

Courses Fund - used to account for funds received from area teachers and payments made to Northern Illinois University for registration in courses offered locally by the University.

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Non-Grant Workshops - used to account for revenues and expenses for conducting a series of non-grant workshops for various school districts.

IARSS Website Development - to account for local revenues and disbursements related to the Illinois Association of Regional Superintendent of School website development program.

Miscellaneous Local Fees - used to account for revenues and expenses for various programs and services performed for local school districts. Local fees for Spelling Bee, Laminate/Books, Computer Repair, and ISS Dinner funds are combined in this account.

Fiduciary Fund Types

Agency Funds - used to account for assets held by the Whiteside County Regional Office of Education No. 55 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The following funds are included as Agency Funds:

Distributive Fund - used to account for cash received and disbursed as a result of the Regional Superintendent's responsibility to receive, and distribute to treasurers of school districts and other agencies, monies due to them from general state aid, state categorical grants and federal assistance programs.

Payroll Fund - used to account for funds received and disbursed by the Regional Superintendent for payroll costs.

Public Aid Fund - used to account for funds received from the State for public aid recipients whose children are truants. The money is given to these public aid recipients after meeting with the Regional Superintendent's staff.

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, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have

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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 specific purpose, and expenditure requirements, in which the resources are 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. Interest on Distributive Fund

Interest earned on Distributive Fund's cash and investments is transferred after the end of each fiscal year to the Institute Fund by the consent of all affected school boards and other entities. The funds are utilized by the Superintendent to purchase computer equipment, develop in-service activities and other innovative programs, as well as, assist with the necessary operating expenses of the Whiteside County Regional Office of Education No. 55.

H. License and Permits

License and permit revenues are recognized in the year for which the licenses or permits are issued. Teacher certification revenues are recognized over a five year period when applicable.

I. Compensated Absences

Non-exempt, full-time employees earn vacation time according to their length of service: 10 days per year for the first four years of service and 15 days per year starting with the fifth year of service. Vacation time is prorated for employees working between 16 and 35 hours per week. Temporary employees, non-exempt employees who work less than 16 hours per week and exempt employees do not earn vacation days. Vacation time must be used within the same project year in which it was earned and unused vacation time at the end of a project year is forfeited. All projects in which salary expense is incurred, have a year-end consistent with the Whiteside County Regional Office of Education No. 55's year-end of June 30, therefore, no liability is accrued.

Employees receive 10 sick days and 2 personal business days annually and the unused portion is accumulated and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay and therefore, no liability is accrued.



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J. Cash and Cash Equivalents

State regulations require that the Whiteside County Regional Office of Education No. 55 deposit funds under its control into accounts insured by the federal government, secured by substantial collateral or into pooled investment trusts. All funds not needed for immediate disbursements are maintained in interest bearing accounts. Statutes authorize the Whiteside County Regional Office of Education No. 55 to make deposits or invest in obligation of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Public Treasurer's Investment Pool.

K. Capital Assets

Capital assets result 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 using the sum-of-the-years method over the estimated useful lives (three to forty years) of the respective assets.

L. Deferred Revenues

The ROE reports unearned deferred revenue in the governmental fund Balance Sheet. Deferred and unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period.

M. 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* - represents the ROE's total investment in capital assets. There is no outstanding debt related to these assets at this time.

*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.

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N. Management 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.

O. Revenues from Federal and State Grants

Revenues from federal and State grant awards are recorded net of the amount due to the State for the unused portion of the grant or the amount carried over to the following fiscal year project. Amounts due to the State or carried over to the following year project are recorded as liabilities.

P. Budgets and Budgetary Accounting

The Whiteside County Regional Office of Education No. 55 did not formally adopt a budget for the year ended June 30, 2005 and is not legally required to do so. The Illinois State Board of Education and other federal grantors require budgets for certain State and Federal programs. These budgets were used to prepare the Budgetary Comparison Schedules for the following programs:

General Fund:

- ROE/ISC Operations

Education Funds:

- Truants Alternative/Optional Education
- Regional Safe Schools
- Early Childhood - Block Grant (3-5)
- Early Childhood - Block Grant (0-3)
- Early Childhood - Block Grant (3705-50)
- Even Start
- Title I - Reading First Part B SEA Funds

**NOTE 2 - INTERGOVERNMENTAL AGREEMENT**

On August 17, 1998, Whiteside County Regional Office of Education No. 55 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.

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The name of the Intergovernmental Agreement is known as the Lee/Ogle/Whiteside Intergovernmental Agreement. Membership is made up of the following Regional Offices of Education: Whiteside County Regional Office of Education No. 55 and Lee/Ogle Counties Regional Office of Education No. 47. The Lee/Ogle Regional Office of Education No. 47 was designated as Administrative Agent.

The Whiteside County Regional Office of Education No. 55 flows their state and federal funds for regional services to Lee/Ogle Counties Regional Office of Education No. 47 for administration and performance of accounting procedures that conform to all applicable rules and regulations of the Illinois State Board of Education.

The following programs were assigned to the Lee/Ogle/Whiteside Intergovernmental Agreement: Administrator's Academy, Scientific Literacy, Title I - School Improvement and Accountability, Title II - Eisenhower Leadership Grants, Computer Technology, Career Awareness and Development, and Learning Standards.

**NOTE 3 - CASH AND CASH EQUIVALENTS**

The Whiteside County Regional Office of Education No. 55 utilizes several different bank accounts for its various activities. The book balance of such accounts is \$333,885 at June 30, 2005, while the bank balance was \$333,890. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2005.

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 Whiteside County Regional Office of Education No. 55 in its name.

Category 2 includes deposits covered by collateral held by the financial institutions in a pledged safekeeping account in the name of Whiteside County Regional Office of Education No. 55.

Category 3 includes deposits which are uncollateralized or the collateral is held by the financial institution trust department but not in the name of Whiteside County Regional Office of Education No. 55.

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

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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, 2005:

	<b>Bank Balance</b>
Category 1	\$ 100,000
Category 2	233,890
Category 3	-
Total	\$ 333,890

**NOTE 4 - DUE FROM/TO OTHER GOVERNMENTS**

The Regional Office of Education No. 55's General Fund and Special Revenue Funds have funds due from/to various other governmental units which consist of the following:

**Due From Other Governments:**

Illinois State Board of Education	\$ 13,510
Local School Districts	11,454
Total	\$ 24,964

**Due To Other Governments:**

Local School Districts	\$ 4,321
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**NOTE 5 - DUE FROM (TO) OTHER FUNDS**

The following is a summary of amounts due from (to) other funds as of June 30, 2005:

<b>Fund</b>	<b>Due From Other Funds</b>	<b>Due To Other Funds</b>
General Fund - General Operations	\$ 15,365	\$ -
Special Revenue Funds - Education Fund	-	9,428
Proprietary Fund - Non-Grant Workshops	-	5,528
Proprietary Fund - Miscellaneous Local Fees	-	409
Total	\$ 15,365	\$ 15,365

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**NOTE 6 - CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2005 is as follows:

<b>Capital Assets</b>	<b>Balance July 1, 2004</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2005</b>
Equipment	\$ 84,298	\$ -	\$ -	\$ 84,298
Building Improvement	92,279	-	-	92,279
	<u>176,577</u>	<u>-</u>	<u>-</u>	<u>176,577</u>
Accumulated Depreciation	(99,070)	(12,055)	-	(111,125)
Capital assets, net	<u>\$ 77,507</u>	<u>(\$ 12,055)</u>	<u>\$ -</u>	<u>\$ 65,452</u>

**NOTE 7 - ON BEHALF PAYMENTS**

The State of Illinois paid the following salaries on behalf of the Whiteside County Regional Office of Education No. 55:

Regional Superintendent salary	\$ 84,737
Regional Superintendent benefits (Includes State paid insurance)	10,419
Assistant Regional Superintendent salary	76,263
Assistant Regional Superintendent benefits (Includes State paid insurance)	14,060
TRS Pension contributions	<u>25,901</u>
Total	<u>\$ 211,380</u>

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

**NOTE 8 - RETIREMENT FUND COMMITMENTS**

Teachers' Retirement System of the State of Illinois

The Whiteside County Regional Office of Education No. 55 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer

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defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate through June 30, 2005 was 9 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS Fund contribution was 0.5 percent during the year ended June 30, 2005, and the member THIS Fund health insurance contribution was 0.75 percent.

The State of Illinois makes contributions directly to TRS on behalf of the Whiteside County Regional Office of Education No. 55's TRS-covered employees.

- **On behalf Contributions.** The State of Illinois makes employer pension contributions on behalf of the Whiteside County Regional Office of Education No. 55. For the year ended June 30, 2005, State of Illinois contributions were based on 11.76 percent of creditable earnings, and the Whiteside County Regional Office of Education No. 55 recognized revenue and expenditures of \$25,901 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2004 and June 30, 2003, the State of Illinois contribution rates as percentages of creditable earnings were 13.98 percent (\$19,811) and 13.01 percent (\$14,905), respectively.

The Whiteside County Regional Office of Education No. 55 makes three other types of employer contributions directly to TRS.

- **2.2 Formula Contributions.** For the years ended June 30, 2005, and June 30, 2004, employers were required to contribute 0.58 percent of creditable earnings as the employer share of the 2.2 formula change. Contributions for the years ended June 30, 2005, and June 30, 2004, were \$1,277 and \$1,194, respectively. For the year ended June 30, 2003, part of the employer's 2.2 formula contribution (0.58 percent of pay) was reduced as a result of a new employer THIS Fund contribution for retiree health insurance (0.4 percent of pay). The remaining 0.18 percent was submitted to TRS. Contributions for the year ended June 30, 2003 were \$119.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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- **Federal and trust fund contributions.** When TRS members are paid from federal and trust funds administered by the Whiteside County Regional Office of Education No. 55, there is a statutory requirement for the Whiteside County Regional Office of Education No. 55 to pay an employer pension contribution from those funds. For the three years ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2005, salaries totaling \$41,750 were paid from federal and trust funds that required employer contributions of \$4,384. For the years ended June 30, 2004 and June 30, 2003, required Whiteside County Regional Office of Education No. 55 contributions were \$6,728 and \$4,318, respectively.
- **Early Retirement Option (ERO)** The Whiteside County Regional Office of Education No. 55 is also required to make one-time employer contributions to TRS for members who retired under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member. No member or employer contributions are required if the member has 34 years of service. The maximum employer payment of 100 percent of the member's highest salary used in the calculation of final average salary is required if the member is 55 years old. For the years ended June 30, 2005 and June 30, 2004, there were no salaries that qualified for this plan.

**Changes**

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

- **Active member contributions.** The active member contribution rate will increase from the current 9.0 percent of creditable earnings to 9.4 percent beginning July 1, 2005. The increase is to help cover the cost of the new ERO program and will be refunded if the member does not retire under ERO.
- **State/federal contributions.** Under a policy adopted by the Board of Trustees before Public Act 94-0004 was enacted, the employer contribution rate for employees paid from federal funds will be the same as the rate paid by the state. Under Public Act 94-0004, the state contribution rate in FY 2006 was reduced to 7.06 percent of pay. Therefore, the employer contribution rate for employees paid from federal funds in FY 2006 will be 7.06 percent, a decrease from the current 10.50 percent.
- **New employer contributions.**
  - **Salary increases over 6 percent.** If employers grant salary increases in excess of 6 percent that are used in final average salary calculations, the employer will

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

make a lump-sum contribution to TRS to cover the cost of the portion of the benefit due to salary increases over 6 percent. Public Act 94-0004 exempts salary increases granted under contracts and collective bargaining agreements in effect on June 1, 2005.

- *Sick leave in excess of normal allotment.* If employers grant sick leave near retirement in excess of the normal allotment and that sick leave is counted as service credit, the employer will make a lump-sum contribution to TRS. The act exempts sick leave granted under contracts and collective bargaining agreements in effect on June 1, 2005.
- **Early Retirement Option.** In addition to the changes described above, the following changes were made to ERO:
  - Both active member and employer ERO contribution rates are increased. For employers, the maximum contribution increases from the current 100 percent of the member's highest salary used in the calculation of final average salary to 117.5 percent.
  - The waiver of member and employer ERO contributions when the member has 34 years of service ended with the program that expired June 30, 2005.
  - A "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007.
  - Public Act 94-0004 provides for a review of the member and employer ERO contributions every five years to ensure that the program is revenue neutral.

TRS financial information, an explanation of TRS' benefits, and descriptions of member, employer, and state funding requirements can be found in the *TRS Comprehensive Annual Financial Report* for the year ended June 30, 2004. The report for the year ended June 30, 2005 is expected to be available in late 2005. The reports may be obtained by writing to the Teacher's Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS website at [trs.illinois.gov](http://trs.illinois.gov).

#### Illinois Municipal Retirement Fund

The Whiteside County Regional Office of Education No. 55'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



**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

[www.imrf.org/pubs/pubs\\_homepage.htm](http://www.imrf.org/pubs/pubs_homepage.htm) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The Whiteside County Regional Office of Education No. 55 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2004 was 19.08 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2004 was 3 years.

For December 31, 2004, the Whiteside County Regional Office of Education No. 55's annual pension cost of \$69,556 was equal to the Whiteside County Regional Office of Education No. 55's required and actual contributions. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor.

The assumptions used for the 2004 actuarial valuation were based on the 1999-2001 experience study.

**TREND INFORMATION**

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/04	\$ 69,556	100%	\$ -
12/31/03	48,215	100%	-
12/31/02	40,972	100%	-
12/31/01	45,830	100%	-
12/31/00	33,537	100%	-
12/31/99	28,778	100%	-
12/31/98	26,221	100%	-
12/31/97	23,633	100%	-
12/31/96	18,986	100%	-
12/31/95	5,899	100%	-

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

**NOTE 9 - DEFICIT FUND BALANCES**

At June 30, 2005, the following funds had deficit fund balances. They are expected to correct themselves in 2006, through payments from the State and transfers from local funds.

General Fund	
ROE/ISC Operations	\$        612
Education Fund	
Administrator's Academy	78
Scientific Literacy	159
Adult Education and Family Literacy Grant	6,057
Early Childhood Parenting Program	1,127
Early Childhood - Block Grant (0-3)	9
Early Childhood - Block Grant (3-5)	132
Title IV - Community Service	65
Education Outreach Program	10,386
State Free Lunch & Breakfast	42
	<hr/>
Total Deficit Fund Balance	<u>\$    18,667</u>

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

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2005**

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
12/31/04	\$511,793	\$568,999	\$57,206	89.95%	\$364,550	15.69%
12/31/03	413,129	490,775	77,646	84.18%	383,880	20.23%
12/31/02	345,430	427,798	82,368	80.75%	412,193	19.98%
12/31/01	295,245	353,411	58,166	83.54%	444,091	13.10%
12/31/00	218,736	248,712	29,976	87.95%	339,098	8.84%
12/31/99	157,476	188,504	31,028	83.54%	280,767	11.05%
12/31/98	105,282	137,503	32,221	76.57%	247,833	13.00%
12/31/97	65,757	98,405	32,648	66.82%	242,796	13.45%
12/31/96	32,898	70,105	37,207	46.93%	231,822	16.05%
12/31/95	6,185	34,696	28,511	17.83%	72,027	39.58%

On a market value basis, the actuarial value of assets as of December 31, 2004 is \$512,601.  
On a market basis, the funded ratio would be 90.09%.

**\*Digest of Changes**

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

The principal changes were:

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

**SUPPLEMENTARY INFORMATION**

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**GENERAL FUND**  
**JUNE 30, 2005**

**SCHEDULE 1**

	<u>ROE/ISC Operations</u>	<u>General Operations</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents (overdraft)	\$ (22)	\$ 58,189	\$ 58,167
Due from other governments	-	11,454	11,454
Due from other funds	-	15,365	15,365
<b>TOTAL ASSETS</b>	<u>(22)</u>	<u>85,008</u>	<u>84,986</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	590	999	1,589
Total liabilities	<u>590</u>	<u>999</u>	<u>1,589</u>
<b>FUND BALANCES</b>			
Fund balances (deficit), unrestricted	<u>(612)</u>	<u>84,009</u>	<u>83,397</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ (22)</u>	<u>\$ 85,008</u>	<u>\$ 84,986</u>

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 GENERAL FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2005**

**SCHEDULE 2**

	<u>ROE/ISC Operations</u>	<u>General Operations</u>	<u>Total</u>
<b>REVENUES</b>			
State sources	\$ 60,877	\$ 23,038	\$ 83,915
Local sources			
Intergovernmental	-	4,968	4,968
Interest	2	717	719
On-behalf payments	-	211,380	211,380
Total revenues	<u>60,879</u>	<u>240,103</u>	<u>300,982</u>
<b>EXPENDITURES</b>			
Salaries and benefits	37,568	7,008	44,576
Purchased services	23,315	23,908	47,223
Supplies and materials	-	7,989	7,989
Capital expenditures	-	5,196	5,196
Payments to governmental units	-	30	30
On-behalf payments	-	211,380	211,380
Total expenditures	<u>60,883</u>	<u>255,511</u>	<u>316,394</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(4)	(15,408)	(15,412)
<b>FUND BALANCES (DEFICIT), UNRESERVED, BEGINNING OF YEAR</b>	<u>(608)</u>	<u>99,417</u>	<u>98,809</u>
<b>FUND BALANCES (DEFICIT), UNRESERVED, END OF YEAR</b>	<u>\$ (612)</u>	<u>\$ 84,009</u>	<u>\$ 83,397</u>

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2005**

**SCHEDULE 3**

	<b>ROE/ISC Operations</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
State sources	\$ 60,877	\$ 60,877	\$ -
Local sources			
Interest	-	2	2
	<u>60,877</u>	<u>60,879</u>	<u>2</u>
Total revenues			
<b>EXPENDITURES</b>			
Salaries and benefits	38,296	37,568	728
Purchased services	22,302	23,315	(1,013)
Capital expenditure	279	-	279
	<u>60,877</u>	<u>60,883</u>	<u>(6)</u>
Total expenditures			
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>(4)</u>	<u>\$ (4)</u>
<b>DEFICIT, UNRESERVED, BEGINNING OF YEAR</b>		<u>(608)</u>	
<b>DEFICIT, UNRESERVED, END OF YEAR</b>		<u>\$ (612)</u>	



SCHEDULE 4

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2005

	Administrator's Academy	Scientific Literacy	Title I - School Improvement & Accountability	Title II - Eisenhower - Leadership Grants	Mathematics & Science Partnerships	Vocational Education - Instructor Practicum
<b>ASSETS</b>						
Cash and cash equivalents (overdrafts)	\$ (78)	\$ (159)	\$ 230	\$ 273	\$ 1,848	\$ 581
Due from other governments	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>(78)</u>	<u>(159)</u>	<u>230</u>	<u>273</u>	<u>1,848</u>	<u>581</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	-	-	-	-	-	-
Due to other governments	-	-	230	-	-	-
Due to other funds	-	-	-	-	-	-
Deferred revenues	-	-	-	-	1,000	-
Total liabilities	-	-	<u>230</u>	-	<u>1,000</u>	-
<b>FUND BALANCES</b>						
Fund balances (deficit), unreserved	<u>(78)</u>	<u>(159)</u>	-	<u>273</u>	<u>848</u>	<u>581</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ (78)</u>	<u>\$ (159)</u>	<u>\$ 230</u>	<u>\$ 273</u>	<u>\$ 1,848</u>	<u>\$ 581</u>

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2005

	Retired Professional Service Corps	Adult Education and Family Literacy Grant	Career Awareness and Development	Regional Safe Schools	Truants Alternative/ Optional Education	School to Work (DOL)
<b>ASSETS</b>						
Cash and cash equivalents (overdrafts)	\$ 28	\$ (2,922)	\$ 606	\$ 111,569	\$ 9,870	\$ 897
Due from other governments	-	-	-	3,831	-	-
<b>TOTAL ASSETS</b>	<u>28</u>	<u>(2,922)</u>	<u>606</u>	<u>115,400</u>	<u>9,870</u>	<u>897</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	-	3,135	-	3,003	1,746	-
Due to other governments	-	-	-	-	-	895
Due to other funds	-	-	580	-	8,100	-
Deferred revenues	-	-	-	-	-	-
Total liabilities	-	<u>3,135</u>	<u>580</u>	<u>3,003</u>	<u>9,846</u>	<u>895</u>
<b>FUND BALANCES</b>						
Fund balances (deficit), unreserved	28	(6,057)	26	112,397	24	2
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 28</u>	<u>\$ (2,922)</u>	<u>\$ 606</u>	<u>\$ 115,400</u>	<u>\$ 9,870</u>	<u>\$ 897</u>

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2005

	ROE/ISC Technology	Even Start	Early Childhood Parenting Program	ROE/ISC School Improvement Grant	Learning Standards	Early Childhood - Block Grant (0-3)
<b>ASSETS</b>						
Cash and cash equivalents (overdrafts)	\$ 1	\$ 6,769	\$ 358	\$ 787	\$ 410	\$ (4,771)
Due from other governments	-	-	-	-	-	7,411
<b>TOTAL ASSETS</b>	<b>1</b>	<b>6,769</b>	<b>358</b>	<b>787</b>	<b>410</b>	<b>2,640</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	-	3,176	1,485	-	-	2,649
Due to other governments	-	-	-	-	-	-
Due to other funds	-	-	-	748	-	-
Deferred revenues	-	3,579	-	-	-	-
Total liabilities	-	6,755	1,485	748	-	2,649
<b>FUND BALANCES</b>						
Fund balances (deficit), unreserved	1	14	(1,127)	39	410	(9)
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>1</b>	<b>\$ 6,769</b>	<b>\$ 358</b>	<b>\$ 787</b>	<b>\$ 410</b>	<b>\$ 2,640</b>

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2005

	Early Childhood - Block Grant (3-5)	Early Childhood - Block Grant (Prevention Initiative)	Illinois Century Network	Tobacco Settlement Recovery Fund/ Prevention	Early Childhood Block Grant (3705-50)	Reading Improvement Statewide/ Professional Development
<b>ASSETS</b>						
Cash and cash equivalents (overdrafts)	\$ (776)	\$ 80	\$ 1,594	\$ 14	\$ 3,182	\$ 8
Due from other governments	1,887	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>1,111</u>	<u>80</u>	<u>1,594</u>	<u>14</u>	<u>3,182</u>	<u>8</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	1,243	-	-	-	520	-
Due to other governments	-	79	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deferred revenues	-	-	-	-	2,660	-
Total liabilities	<u>1,243</u>	<u>79</u>	<u>-</u>	<u>-</u>	<u>3,180</u>	<u>-</u>
<b>FUND BALANCES</b>						
Fund balances (deficit), unreserved	(132)	1	1,594	14	2	8
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,111</u>	<u>\$ 80</u>	<u>\$ 1,594</u>	<u>\$ 14</u>	<u>\$ 3,182</u>	<u>\$ 8</u>

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2005

	Title IV		Title I -		Secretary		State		School		
	Community	Service	Reading	SEA Funds	of State	Family	Free	Lunch &	Breakfast	Incentive	
			Part B		Literacy	Grant	Lunch &	Breakfast			
<b>ASSETS</b>											
Cash and cash equivalents (overdrafts)	\$ (213)	\$	24,328	\$	914	\$	(7,866)	\$	(58)	\$	46
Due from other governments	148	-	-	-	-	-	-	-	16	-	-
<b>TOTAL ASSETS</b>	<b>(65)</b>		<b>24,328</b>		<b>914</b>		<b>(7,866)</b>		<b>(42)</b>		<b>46</b>
<b>LIABILITIES AND FUND BALANCES</b>											
<b>LIABILITIES</b>											
Accounts payable	-	-	4,188	-	768	-	2,520	-	-	-	46
Due to other governments	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Deferred revenues	-	-	20,125	-	-	-	-	-	-	-	-
Total liabilities	-	-	24,313	-	768	-	2,520	-	-	-	46
<b>FUND BALANCES</b>											
Fund balances (deficit), unreserved	(65)	15			146		(10,386)		(42)		-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>(65)</b>		<b>24,328</b>		<b>914</b>		<b>(7,866)</b>		<b>(42)</b>		<b>46</b>

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2005

	National School Lunch Program	School Breakfast Program	Standards Aligned Classroom	Education Technology Grant	Partners for Success	Total
<b>ASSETS</b>						
Cash and cash equivalents (overdrafts)	\$ 453	\$ -	\$ 23	\$ 21,861	\$ 5,821	\$ 175,708
Due from other governments	92	125	-	-	-	13,510
<b>TOTAL ASSETS</b>	<u>545</u>	<u>125</u>	<u>23</u>	<u>21,861</u>	<u>5,821</u>	<u>189,218</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	-	-	-	-	-	24,479
Due to other governments	-	-	-	-	-	1,204
Due to other funds	-	-	-	-	-	9,428
Deferred revenues	-	-	-	21,861	5,821	55,046
Total liabilities	-	-	-	<u>21,861</u>	<u>5,821</u>	<u>90,157</u>
<b>FUND BALANCES</b>						
Fund balances (deficit), unreserved	545	125	23	-	-	99,061
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 545</u>	<u>\$ 125</u>	<u>\$ 23</u>	<u>\$ 21,861</u>	<u>\$ 5,821</u>	<u>\$ 189,218</u>

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2005

	Title I -		Title II -		Mathematics & Science Partnerships		Vocational Education -	
	Administrator's Academy	Scientific Literacy	School Improvement & Accountability	Eisenhower - Leadership Grants	Partnerships	Instructor Practicum		
<b>REVENUES</b>								
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	156	1,100	-	-	-
Local sources								
Intergovernmental	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	12	12
Total revenues	-	-	-	156	1,100	-	12	12
<b>EXPENDITURES</b>								
Salaries and benefits	-	-	-	-	-	-	-	-
Purchased services	-	-	-	-	14	-	-	-
Supplies and materials	-	-	-	-	-	-	-	-
Capital expenditure	-	-	-	-	-	-	-	-
Payment to other governments	-	-	-	-	238	-	-	-
Total expenditures	-	-	-	-	252	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	-	156	848	-	12	12
<b>FUND BALANCES (DEFICIT), UNRESERVED, BEGINNING OF YEAR</b>	(78)	(159)	-	117	-	-	-	569
<b>FUND BALANCES (DEFICIT), UNRESERVED, END OF YEAR</b>	(78)	(159)	\$ -	273	\$ 848	\$ -	\$ 848	\$ 581

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2005**

	Retired Professional Service Corps	Adult Education and Family Literacy Grant	Career Awareness and Development	Regional Safe Schools	Truants Alternative/ Optional Education	School to Work (DOL)
<b>REVENUES</b>						
Federal sources	\$ -	\$ 38,295	\$ -	\$ 27,159	\$ -	\$ -
State sources	-	-	-	121,265	68,931	-
Local sources	-	-	-	-	-	-
Intergovernmental	-	-	-	8,485	-	-
Interest	-	1	16	728	5	1
Total revenues	-	38,296	16	157,637	68,936	1
<b>EXPENDITURES</b>						
Salaries and benefits	-	43,012	-	108,828	61,787	-
Purchased services	-	1,341	-	14,436	6,476	-
Supplies and materials	-	-	-	6,386	668	-
Capital expenditure	-	-	-	-	-	-
Payment to other governments	-	-	-	-	-	-
Total expenditures	-	44,353	-	129,650	68,931	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	(6,057)	16	27,987	5	1
<b>FUND BALANCES (DEFICIT), UNRESERVED, BEGINNING OF YEAR</b>	28	-	10	84,410	19	1
<b>FUND BALANCES (DEFICIT), UNRESERVED, END OF YEAR</b>	\$ 28	\$ (6,057)	\$ 26	\$ 112,397	\$ 24	\$ 2



WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2005

	ROE/ISC Technology	Even Start	Early Childhood Parenting Program	ROE/ISC School Improvement Grant	Learning Standards	Early Childhood - Block Grant (0-3)
<b>REVENUES</b>						
Federal sources	\$ -	146,421	\$ -	\$ -	\$ -	\$ 91,717
State sources	-	-	-	-	-	-
Local sources	-	-	-	-	-	-
Intergovernmental	-	-	79,902	-	-	-
Interest	-	11	3	17	8	4
Total revenues	-	146,432	79,905	17	8	91,721
<b>EXPENDITURES</b>						
Salaries and benefits	-	93,779	77,596	-	-	82,270
Purchased services	-	39,071	1,762	-	-	7,048
Supplies and materials	-	6,767	1,765	-	-	2,399
Capital expenditure	-	6,804	-	-	-	-
Payment to other governments	-	-	-	-	-	-
Total expenditures	-	146,421	81,123	-	-	91,717
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	11	(1,218)	17	8	4
<b>FUND BALANCES (DEFICIT), UNRESERVED, BEGINNING OF YEAR</b>	1	3	91	22	402	(13)
<b>FUND BALANCES (DEFICIT), UNRESERVED, END OF YEAR</b>	\$ 1	\$ 14	\$ (1,127)	\$ 39	\$ 410	\$ (9)

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2005

	Early Childhood - Block Grant (3-5)	Early Childhood - Block Grant (Prevention Initiative)	Illinois Century Network	Tobacco Settlement Recovery Fund/ Prevention	Early Childhood Block Grant (3705-50)	Reading Improvement Statewide/ Professional Development
<b>REVENUES</b>						
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	52,580	-	663	-	98,957	-
Local sources	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest	3	-	1	-	2	-
Total revenues	52,583	-	664	-	98,959	-
<b>EXPENDITURES</b>						
Salaries and benefits	44,018	-	-	-	53,722	-
Purchased services	5,221	-	-	-	16,559	-
Supplies and materials	1,670	-	-	-	27,052	-
Capital expenditure	1,671	-	-	-	1,624	-
Payment to other governments	-	-	-	-	-	-
Total expenditures	52,580	-	-	-	98,957	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	3	-	664	-	2	-
<b>FUND BALANCES (DEFICIT), UNRESERVED, BEGINNING OF YEAR</b>	(135)	1	930	14	-	8
<b>FUND BALANCES (DEFICIT), UNRESERVED, END OF YEAR</b>	\$(132)	\$ 1	\$ 1,594	\$ 14	\$ 2	\$ 8

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2005

	Title IV Community Service		Title I - Reading First Part B SEA Funds		Secretary of State Family Literacy Grant		Education Outreach Program		State Free Lunch & Breakfast		School Breakfast Incentive	
<b>REVENUES</b>												
Federal sources	\$ -	\$ 9,631	\$ -	\$ -	\$ 89,504	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	35,000	-	-	-	-	83	-	-	1,500
Local sources	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	10	-	3	1	-	-	-	-	-	-	-
Total revenues	-	9,641	-	35,003	89,505	-	-	83	-	-	-	1,500
<b>EXPENDITURES</b>												
Salaries and benefits	-	-	-	26,772	78,085	-	-	-	-	-	-	-
Purchased services	-	2,886	-	5,551	20,838	-	-	125	-	-	-	-
Supplies and materials	-	858	-	2,530	968	-	-	-	-	-	-	1,500
Capital expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Payment to other governments	-	5,887	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	9,631	-	34,853	99,891	-	-	125	-	-	-	1,500
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	10	150	(4)	(10,386)	-	-	(42)	-	-	-	-
<b>FUND BALANCES (DEFICIT), UNRESERVED, BEGINNING OF YEAR</b>	(65)	5	(4)	-	-	-	-	-	-	-	-	-
<b>FUND BALANCES (DEFICIT), UNRESERVED, END OF YEAR</b>	\$ (65)	\$ 15	\$ 146	\$ (10,386)	\$ (42)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2005**

	National School Lunch Program	School Breakfast Program	Standards Aligned Classroom	Education Technology Grant	Partners for Success	Total
<b>REVENUES</b>						
Federal sources	\$ 1,447	\$ 346	\$ 21,500	\$ 14,505	\$ 4,179	\$ 352,987
State sources	-	-	-	-	-	471,952
Local sources	-	-	-	-	-	88,387
Intergovernmental	-	-	-	-	-	826
Interest	-	-	-	-	-	914,152
Total revenues	1,447	346	21,500	14,505	4,179	914,152
<b>EXPENDITURES</b>						
Salaries and benefits	-	221	17,865	8,999	3,548	700,502
Purchased services	902	-	2,975	5,506	631	131,342
Supplies and materials	-	-	431	-	-	52,994
Capital expenditure	-	-	-	-	-	10,099
Payment to other governments	-	-	206	-	-	6,331
Total expenditures	902	221	21,477	14,505	4,179	901,268
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	545	125	23	-	-	12,884
<b>FUND BALANCES (DEFICIT), UNRESERVED, BEGINNING OF YEAR</b>	-	-	-	-	-	86,177
<b>FUND BALANCES (DEFICIT), UNRESERVED, END OF YEAR</b>	\$ 545	\$ 125	\$ 23	\$ -	\$ -	\$ 99,061

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2005

SCHEDULE 6

	Truants Alternative/Optional Education			Regional Safe Schools		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual*	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Federal sources	\$ -	\$ -	\$ -	\$ 148,419	\$ 27,159	\$ (121,260)
State sources	68,931	68,931	-	-	121,265	121,265
Local sources	-	-	-	-	-	-
Intergovernmental	-	-	-	-	8,485	8,485
Interest	-	5	5	-	728	728
Total revenues	<u>68,931</u>	<u>68,936</u>	<u>5</u>	<u>148,419</u>	<u>157,637</u>	<u>9,218</u>
<b>EXPENDITURES</b>						
Salaries and benefits	63,049	61,787	1,262	93,738	108,828	(15,090)
Purchased services	5,687	6,476	(789)	9,083	14,436	(5,353)
Supplies and materials	195	668	(473)	3,950	6,386	(2,436)
Miscellaneous	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-
Total expenditures	<u>68,931</u>	<u>68,931</u>	<u>-</u>	<u>106,771</u>	<u>129,650</u>	<u>(22,879)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	\$ -	\$ 5	\$ 5	\$ 41,648	\$ 27,987	\$ (13,661)
<b>FUND BALANCES (DEFICIT), July 1, 2004</b>		19			84,410	
<b>FUND BALANCES (DEFICIT), June 30, 2005</b>	\$ -	\$ 24			\$ 112,397	

\*actual federal revenue includes General State Aid of \$41,653 (no budget for expenditures)

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2005

SCHEDULE 6  
 (CONTINUED)

	Early Childhood - Block Grant (3-5)		Early Childhood - Block Grant (0-3)		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
<b>REVENUES</b>					
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	55,301	52,580	97,077	91,717	(5,360)
Local sources	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Interest	-	3	-	4	4
Total revenues	55,301	52,583	97,077	91,721	(5,356)
<b>EXPENDITURES</b>					
Salaries and benefits	46,245	44,018	83,213	82,270	943
Purchased services	5,701	5,221	9,037	7,048	1,989
Supplies and materials	1,855	1,670	4,827	2,399	2,428
Miscellaneous	-	-	-	-	-
Capital expenditures	1,500	1,671	(171)	-	-
Payments to other governments	-	-	-	-	-
Total expenditures	55,301	52,580	97,077	91,717	5,360
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	\$ -	\$ 3	\$ -	\$ 4	\$ 4
<b>FUND BALANCES (DEFICIT), July 1, 2004</b>		(135)		(13)	
<b>FUND BALANCES (DEFICIT), June 30, 2005</b>	\$	(132)	\$	(9)	

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2005

SCHEDULE 6  
 (CONTINUED)

	Early Childhood - Block Grant (3705-50)		Even Start		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
<b>REVENUES</b>					
Federal sources	\$ -	\$ -	\$ 150,000	\$ 146,421	\$ (3,579)
State sources	120,000	98,957	-	-	-
Local sources	-	-	-	-	-
Intergovernmental	-	2	-	-	-
Interest	-	2	-	11	11
Total revenues	120,000	98,959	150,000	146,432	(3,568)
<b>EXPENDITURES</b>					
Salaries and benefits	53,722	53,722	106,825	93,779	13,046
Purchased services	26,806	16,559	39,508	39,071	437
Supplies and materials	34,553	27,052	3,667	6,767	(3,100)
Miscellaneous	-	-	-	6,804	(6,804)
Capital expenditures	4,919	1,624	-	-	-
Payments to other governments	-	-	-	-	-
Total expenditures	120,000	98,957	150,000	146,421	3,579
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	\$ -	\$ 2	\$ -	\$ 11	\$ 11
<b>FUND BALANCES (DEFICIT), July 1, 2004</b>					
				3	
<b>FUND BALANCES (DEFICIT), June 30, 2005</b>					
	\$ 2	\$ 2		\$ 14	

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2005

SCHEDULE 6  
 (CONTINUED)

	Title I - Reading First Part B SEA Funds				Total	Variance Favorable (Unfavorable)
	Budget	Actual	Favorable (Unfavorable)	Budget		
<b>REVENUES</b>						
Federal sources	\$ 31,079	\$ 9,631	\$ (21,448)	\$ 329,498	\$ 183,211	\$ (146,287)
State sources	-	-	-	341,309	433,450	92,141
Local sources	-	-	-	-	-	-
Intergovernmental	-	10	10	-	8,485	8,485
Interest	-	-	-	-	763	763
Total revenues	31,079	9,641	(21,438)	670,807	625,909	(44,898)
<b>EXPENDITURES</b>						
Salaries and benefits	-	-	-	446,792	444,404	2,388
Purchased services	12,150	2,886	9,264	107,972	91,697	16,275
Supplies and materials	1,400	858	542	50,447	45,800	4,647
Miscellaneous	-	-	-	-	6,804	(6,804)
Capital expenditures	-	-	-	6,419	3,295	3,124
Payments to other governments	17,529	5,887	11,642	17,529	5,887	11,642
Total expenditures	31,079	9,631	21,448	629,159	597,887	31,272
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	\$ -	10	\$ 10	\$ 41,648	28,022	\$ (13,626)
<b>FUND BALANCES (DEFICIT), July 1, 2004</b>		5			84,289	
<b>FUND BALANCES (DEFICIT), June 30, 2005</b>	\$ -	15			\$ 112,311	



WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
 COMBINING BALANCE SHEET  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2005

SCHEDULE 7

	General Educational Development	Bus Driver Training	Supervisory	Technology Training	Learning Technology Center	Total
ASSETS						
Cash and cash equivalents	\$ 7,827	\$ 4,043	\$ 1,204	\$ 930	\$ 685	\$ 14,689
FUND BALANCES						
Unrestricted	\$ 7,827	\$ 4,043	\$ 1,204	\$ 930	\$ 685	\$ 14,689

SCHEDULE 8

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

	General Educational Development	Bus Driver Training	Supervisory	Technology Training	Learning Technology Center	Total
<b>REVENUES</b>						
State revenue	\$ -	\$ 888	\$ 1,000	\$ -	\$ -	\$ 1,888
Local sources						
Intergovernmental	-	-	-	-	15,085	15,085
Services	6,380	-	-	-	-	6,380
Interest	69	68	7	-	-	144
Total revenues	6,449	956	1,007	-	15,085	23,497
<b>EXPENDITURES</b>						
Salaries and benefits	-	-	-	-	5,462	5,462
Purchased services	3,515	1,100	537	-	699	5,851
Supplies and materials	1,120	24	56	-	-	1,200
Payment to other governments	-	-	135	-	8,239	8,374
Total expenditures	4,635	1,124	728	-	14,400	20,887
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	1,814	(168)	279	-	685	2,610
<b>FUND BALANCES, UNRESERVED, BEGINNING OF YEAR</b>	6,013	4,211	925	930	-	12,079
<b>FUND BALANCES, UNRESERVED, END OF YEAR</b>	\$ 7,827	\$ 4,043	\$ 1,204	\$ 930	\$ 685	\$ 14,689

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
 COMBINING STATEMENT OF NET ASSETS  
 NONMAJOR PROPRIETARY FUNDS  
 JUNE 30, 2005

SCHEDULE 9

	Computer Workshops	Courses Fund	Non-Grant Workshops	IARSS Website Development	Miscellaneous Local Fees	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 4,204	\$ 1,596	\$ -	\$ 1,330	\$ 3,840	\$ 10,970
Total assets	4,204	1,596	-	1,330	3,840	10,970
<b>LIABILITIES</b>						
Accounts payable	-	-	-	-	1,500	1,500
Due to other funds	-	-	5,528	-	409	5,937
Total liabilities	-	-	5,528	-	1,909	7,437
<b>NET ASSETS</b>						
Unrestricted	\$ 4,204	\$ 1,596	\$ (5,528)	\$ 1,330	\$ 1,931	\$ 3,533

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 NONMAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

	Computer Workshops	Courses Fund	Non-Grant Workshops	IARSS Website Development	Miscellaneous Local Fees	Total
<b>OPERATING REVENUES</b>						
Local sources	\$ 3,330	\$ -	\$ 11,542	\$ 1,500	\$ 2,108	\$ 18,480
<b>OPERATING EXPENSES</b>						
Salaries and benefits	4,298	-	10,900	-	-	15,198
Purchased services	3,413	-	2,202	170	641	6,426
Supplies and materials	29	-	-	-	436	465
Payment to other governments	-	-	3,968	-	388	4,356
Total operating expenses	7,740	-	17,070	170	1,465	26,445
<b>OPERATING INCOME (LOSS)</b>	(4,410)	-	(5,528)	1,330	643	(7,965)
<b>NONOPERATING REVENUES</b>						
Interest revenue	79	1	-	-	23	103
<b>INCOME (LOSS) AFTER NONOPERATING REVENUES</b>	(4,331)	1	(5,528)	1,330	666	(7,862)
<b>NET ASSETS, July 1, 2004</b>	8,535	1,595	-	-	1,265	11,395
<b>NET ASSETS, June 30, 2005</b>	\$ 4,204	\$ 1,596	\$ (5,528)	\$ 1,330	\$ 1,931	\$ 3,533

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

SCHEDULE 11

	Computer Workshops	Courses Fund	Non-Grant Workshops	IARSS Website Development	Miscellaneous Local Fees	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts for workshops and services	\$ 3,330	\$ -	\$ 11,542	\$ 1,500	\$ 2,108	\$ 18,480
Payments to suppliers and providers of goods and services	(3,442)	-	(2,202)	(170)	(1,056)	(6,870)
Payments to employees	(4,298)	-	(5,372)	-	-	(9,670)
Payments to other governments for goods and services	-	-	(3,968)	-	-	(3,968)
Net cash provided by (used in) operating activities	<u>(4,410)</u>	<u>-</u>	<u>-</u>	<u>1,330</u>	<u>1,052</u>	<u>(2,028)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest	79	1	-	-	23	103
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(4,331)	1	-	1,330	1,075	(1,925)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR,</b>	8,535	1,595	-	-	2,765	12,895
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 4,204</u>	<u>\$ 1,596</u>	<u>\$ -</u>	<u>\$ 1,330</u>	<u>\$ 3,840</u>	<u>\$ 10,970</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
Operating income (loss)	\$ (4,410)	\$ -	\$ (5,528)	\$ 1,330	\$ 643	\$ (7,965)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Increase in Due to other funds	-	-	5,528	-	409	5,937
Net cash provided by (used in) operating activities	<u>\$ (4,410)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,330</u>	<u>\$ 1,052</u>	<u>\$ (2,028)</u>

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**AGENCY FUNDS**  
**JUNE 30, 2005**

**SCHEDULE 12**

	<u>Distributive Fund</u>	<u>Payroll Fund</u>	<u>Public Aid Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,746	\$ (476)	\$ 415	\$ 1,685
<b>TOTAL ASSETS</b>	<u>1,746</u>	<u>(476)</u>	<u>415</u>	<u>1,685</u>
<b>LIABILITIES</b>				
Accounts payable	40	(1,370)	-	(1,330)
Due to other governments	<u>1,706</u>	<u>894</u>	<u>415</u>	<u>3,015</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 1,746</u>	<u>\$ (476)</u>	<u>\$ 415</u>	<u>\$ 1,685</u>

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

SCHEDULE 13

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2005</u>
<b><u>DISTRIBUTIVE FUND</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,657	\$ 3,777,458	\$ 3,777,369	\$ 1,746
<b>LIABILITIES</b>				
Accounts payable	-	40	-	40
Due to other governments	1,657	3,777,418	3,777,369	1,706
Total Liabilities	\$ 1,657	\$ 3,777,458	\$ 3,777,369	\$ 1,746
<b><u>PAYROLL FUND</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 18,771	\$ 125,633	\$ 144,880	\$ (476)
<b>LIABILITIES</b>				
Accounts payable	17,897	256,680	275,947	(1,370)
Due to other governments	874	20	-	894
Total Liabilities	\$ 18,771	\$ 256,700	\$ 275,947	\$ (476)
<b><u>PUBLIC AID FUND</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 414	\$ 1	\$ -	\$ 415
<b>LIABILITIES</b>				
Due to other governments	\$ 414	\$ 1	\$ -	\$ 415
<b><u>TOTAL - ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 20,842	\$ 3,903,092	\$ 3,922,249	\$ 1,685
<b>LIABILITIES</b>				
Accounts payable	17,897	256,720	275,947	(1,330)
Due to other governments	2,945	3,777,439	3,777,369	3,015
Total Liabilities	\$ 20,842	\$ 4,034,159	\$ 4,053,316	\$ 1,685

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55**  
**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT**  
**TREASURERS AND OTHER ENTITIES**  
**DISTRIBUTIVE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**SCHEDULE 14**

	<b>Regional Superintendent of Schools</b>	<b>Bi-County Special Education Coop</b>	<b>Total</b>
Early Childhood Block Grant	\$ 236,632	\$ -	\$ 236,632
Even Start - 2005	150,000	-	150,000
Even Start - 2004	7,495	-	7,495
Regional Safe Schools - 2005	102,940	-	102,940
Truants Alternative/Optional Education - 2005	68,931	-	68,931
Truants Alternative/Optional Education - 2004	4,405	-	4,405
ROE/ISC Operations	60,877	-	60,877
General State Aid	41,648	-	41,648
Title I - Reading First Part B SEA Funds	25,656	-	25,656
Regional Safe Schools - 2004	8,152	-	8,152
Title IV - Community Service -2004	4,402	-	4,402
Breakfast Incentive	1,500	-	1,500
National Lunch	1,356	-	1,356
Supervisory	1,000	-	1,000
IPTIP Interest	660	-	660
School Bus Driver Training	240	-	240
State Breakfast	220	-	220
State Lunch	67	-	67
Special Education IDEA	-	2,252,895	2,252,895
Special Education Personal Reimbursement	-	515,495	515,495
Special Education Extraordinary	-	203,036	203,036
Special Education Preschool	-	89,762	89,762
	<u>\$ 716,181</u>	<u>\$ 3,061,188</u>	<u>\$ 3,777,369</u>



WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2005

SCHEDULE 15

Federal Grantor/Pass-Through Grantor Program/Grant Title		CFDA Number	Pass-Through Number	FY 2005 Expenditures
<u>DEPARTMENT OF EDUCATION</u>				
Even Start State Educational Agencies Passed-Through Illinois State Board of Education <i>Even Start</i>	(M)	84.213C	2005-4335-00	\$ 146,421
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	9,631
Other Federal Grants Passed-Through Clark, Coles, Cumberland, Douglas, Edgar, Moultrie and Shelby Counties Regional Office of Education No. 11 <i>Standards Aligned Classroom</i>		84.289A	2005-4999-00	21,477
Adult Education State Grant Program Passed-Through Illinois Community College Board <i>Federal Adult Education - Basic</i>		84.002A	AEL04014	38,295
Education Technology State Grants Passed-Through Carroll, JoDaviess, and Stephenson Counties Regional Office of Education No. 8 <i>Technology - Enhancing Education - Competitive</i>		84.318X	2005-4972-00	14,505
Improving Teacher Quality State Grants Passed-Through Boone/Winnebago Counties Regional Office of Education No. 4 <i>Title II - Teacher Quality - Leadership Grant</i>		84.367A	2005-4935-00	4,179
TOTAL DEPARTMENT OF EDUCATION				\$ 234,508
<u>DEPARTMENT OF AGRICULTURE</u>				
National School Lunch Program Passed-Through Illinois State Board of Education <i>National School Lunch Program</i>		10.555	2005-4210-00	\$ 902
School Breakfast Program Passed-Through Illinois State Board of Education <i>School Breakfast Program</i>		10.553	2005-4220-00	221
TOTAL DEPARTMENT OF AGRICULTURE				\$ 1,123
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Temporary Assistance for Needy Families Passed-Through Illinois State Board of Education <i>Regional Safe Schools (TANF)</i>		93.558	2005-3696-00	\$ 20,218
<i>Regional Safe School - General State Aid - Sec. 18-8 (TANF)</i>		93.558	2005-3001-93	6,941
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				\$ 27,159

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2005**

**SCHEDULE 15**

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Number	FY 2005 Expenditures
<u>DEPARTMENT OF LABOR</u>			
Education Outreach Program Passed-Through Northwest Illinois Workforce Partnership <i>Education Outreach Program</i>	17.250	PY02-68104-06Y	\$ <u>89,504</u>
TOTAL DEPARTMENT OF LABOR			\$ <u>89,504</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ <u>352,294</u></b>

(M) Program was audited as a major program.

*The accompanying notes are an integral part of this schedule.*

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2005**

**Note 1. Reporting Entity Basis of Presentation and Accounting**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Whiteside County Regional Office of Education No. 55 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 Major Federal Program**

Even Start aims to help break the cycle of poverty and illiteracy by improving the educational opportunities of low-income families through the integration of the following four components into a unified family literacy program for parents and children, primarily from birth through age seven: 1) Childhood Education (age-appropriate education to prepare children for success in school and life experiences), 2) Adult Literacy (parent literacy training that leads to economic self-sufficiency), 3) Parenting Education (training for parents regarding how to be the primary teacher for their children and full partners in the education of their children), and 4) Interactive literacy activities between parents and their children.

**Note 4. Non-Cash Assistance**

Not Applicable.

**Note 5. Amount of Insurance**

Not Applicable.

**Note 6. Loans or Loan Guarantees Outstanding**

Not Applicable.