

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, 2006

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**

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**

COMPLIANCE REPORT SUMMARY

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

AUDITOR'S REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	1	3
Repeated audit findings	1	0
Prior recommendations implemented or not repeated	2	1

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
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FINDINGS (GOVERNMENT AUDITING STANDARDS)

06-1	12-14	Controls Over Compliance with Laws and Regulations
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FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

None

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

05-2	17	Enterprise Fund Expenditures Charged Directly Against Revenues
05-3	17	Late Submission of Travel Expense Reports

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

None

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference held on November 9, 2006. Attending were Mr. Gary J. Steinert, Regional Superintendent, Mrs. Linda Geer, Bookkeeper, and Mr. Joe Hoerschelmann, Auditor from Clifton Gunderson LLP. Responses to the recommendations were provided by Mr. Gary J. Steinert, Regional Superintendent, on March 26, 2007.

**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 Clifton Gunderson LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Whiteside County Regional Office of Education No. 55's basic financial statements.

INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Whiteside County Regional Office of Education No. 55, as of and for the year ended June 30, 2006, 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, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2006 on our consideration of 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 Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 18 through 32 and 64 are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental 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 accompanying supplemental information, such as the combining and individual nonmajor fund financial statements, budgetary comparison schedules and the 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 of the Whiteside County Regional Office of Education No. 55. 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.

Clifton Gundersen LLP

Clinton, Iowa
November 9, 2006

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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, 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, 2006, which collectively comprise the Whiteside County Regional Office of Education No. 55's basic financial statements and have issued our report thereon dated November 9, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 we reported on the accompanying Schedule of Findings and Questioned Costs as item 06-1.

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

Clifton Gundersen LLP

Clinton, Iowa
November 9, 2006

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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the compliance of the 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, 2006. 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, 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, 2006.

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 internal control over compliance in accordance with OMB Circular A-133 criteria as required by Guidelines to Auditing and Reporting for a Regional Office of Education.

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

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

Clifton Henderson LLP

Clinton, Iowa
November 9, 2006

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2006**

Section I: Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: _____ Unqualified _____

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes x no
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ 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 Circular A-133, Section .510(a)? _____ yes x no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>17.250</u>	<u>Education Outreach Program</u>
_____	_____
_____	_____
_____	_____

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
Year Ended June 30, 2006**

Section II: Financial Statement Findings:

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

Criteria/Specific Requirements:

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

Conditions:

- A. The Regional Office of Education No. 55 is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent has been examining school district financial statements on an annual basis.
- B. The Regional Office of Education No. 55 did not present at the September county board meeting and as nearly quarterly thereafter, a report of all his acts including a list of all the schools visited and dates of visitation.

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2006**

Section II: Financial Statement Findings:

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

- C. The Regional Office of Education No. 55 performs compliance inspections for each public school in his region on a rotational basis every 3 years instead of annually. While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.

Effects:

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

Causes:

- A. According to Regional Office officials, this mandate is not possible due to the time requirement and knowledge necessary for a thorough review of every school districts' books, accounts, and vouchers. The Regional Superintendent instead relies on audit opinions provided by the independent auditors of each school district.
- B. The Regional Superintendent did not present reports at the September 2005 meeting.
- C. The Regional Superintendent did not perform the statutorily required visits during fiscal year 2005.

Recommendations:

- A. The Regional Office of Education No. 55 should comply with the requirements of 105 ILCS 5/3-14.11.
- B. The Regional Superintendent should attend the county board meeting in September and quarterly thereafter to present a report of all his acts, including a list of all the schools visited and dates of visitation as required by 105 ILCS 5/3-5.
- C. The Regional Superintendent should visit each public school annually to review all items required by 105 ILCS 5/3-14.5.

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

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2006**

Section II: Financial Statement Findings:

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

Management's Responses:

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

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2006**

Section III: Federal Award Findings:

INSTANCES OF NONCOMPLIANCE:

None

REPORTABLE CONDITIONS:

None

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
June 30, 2006**

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

Conditions:

- A. The Regional Office of Education No. 55 is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent has been examining school district financial statements on an annual basis.
- B. The Regional Office of Education No. 55 did not present at the September county board meeting and as nearly quarterly thereafter, a report of all his acts including a list of all the schools visited and dates of visitation.
- C. The Regional Office of Education No. 55 performs compliance inspections for each public school in his region on a rotational basis every 3 years instead of annually. While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.

Plans:

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

Anticipated Completion Date:

As soon as possible

Contact Person Responsible for Corrective Action:

Mr. Gary J. Steinert, Regional Superintendent

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2006**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
05-1	Controls Over Compliance with Laws and Regulations	Repeated
05-2	Enterprise Fund Expenditures Charged Directly Against Revenues	Resolved
05-3	Late Submission of Travel Expense Reports	Resolved

MANAGEMENT'S DISCUSSION AND ANALYSIS

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

The Whiteside County Regional Office of Education 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 fiscal year ended June 30, 2006. We encourage readers to consider this information in conjunction with the Whiteside County Regional Office of Education No. 55's financial statements, which follow.

2006 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$300,982 in 2005 to \$307,920 in 2006 due to the receipt of additional grants. The Whiteside County Regional Office of Education No. 55 showed a decrease in General Fund balance from \$83,397 in fiscal year 2005 to \$81,261 in fiscal year 2006 due to expenditures above revenues for the various programs offered by the Regional Office.
- The Institute Fund's fund balance decreased from \$47,895 in 2005 to \$40,225 in 2006. The main reason for the decrease is due to increasing expenditures required to run the teacher's institute programs together with a lack of increased revenue.
- The Education Fund's fund balance increased from \$99,061 in 2005 to \$109,883 in 2006. The Education Fund is made up grants that the Regional Office receives and these can vary greatly from year to year as some programs are discontinued while others see a funding increase.

USING THIS ANNUAL REPORT

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

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of Whiteside County Regional Office of Education No. 55'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 Whiteside County Regional Office of Education No. 55 as a whole and present an overall view of Whiteside County Regional Office of Education No. 55's finances.

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Whiteside County Regional Office of Education No. 55's operations in more detail than the government-wide statements by providing information about the most significant funds.

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

Required Supplemental Information further explains and supports the financial statements with information about the Illinois Municipal Retirement Fund Schedule of Funding Progress.

Other Supplemental Information provides detailed information about the major and nonmajor funds.

Figure A-1 summarizes the major features of Whiteside County Regional Office of Education No. 55's financial statements, including the portion of Whiteside County Regional Office of Education No. 55's activities they cover and the types of information they contain.

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

**Figure A-1
Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Regional Office of Education #55 (except fiduciary funds)	The activities of Regional Office of Education #55 that are not proprietary or fiduciary, such as grants and statutory funds	Activities Regional Office of Education #55 operates similar to private businesses: workshops	Instances in which Regional Office of Education #55 administers resources on behalf of someone else, such as the distributive fund, the payroll fund, and the public aid fund.
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Revenues, Expenses, and Changes in Fund Net Assets • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

**REPORTING WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55'S
FINANCIAL ACTIVITIES**

Government-wide Financial Statements

The government-wide financial statements report information about Whiteside County Regional Office of Education No. 55 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of Whiteside County Regional Office of Education No. 55's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report Whiteside County Regional Office of Education No. 55's net assets and how they have changed. Net assets - the difference between Whiteside County Regional Office of Education No. 55's assets and liabilities - are one way to measure Whiteside County Regional Office of Education No. 55's financial health or financial position. Over time, increases or decreases in Whiteside County Regional Office of Education No. 55's net assets are an indicator of whether financial position is improving or deteriorating. To assess Whiteside County Regional Office of Education No. 55's overall health, additional non-financial factors, such as changes in Whiteside County Regional Office of Education No. 55's grant funding and the condition of facilities need to be considered.

In the government-wide financial statements, Whiteside County Regional Office of Education No. 55's activities are divided into two categories:

- *Governmental activities:* Most of Whiteside County Regional Office of Education No. 55's basic services are included here, such as grants and statutory funds. Federal and state grant proceeds finance most of these activities.
- *Business-type activities:* Whiteside County Regional Office of Education No. 55 charges fees to help cover the costs of certain services it provides. Whiteside County Regional Office of Education No. 55's workshop fund is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about Whiteside County Regional Office of Education No. 55's funds, focusing on its most significant or "major" funds - not Whiteside County Regional Office of Education No. 55 as a whole. Funds are accounting devices Whiteside County Regional Office of Education No. 55 uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law. Whiteside County Regional Office of Education No. 55 establishes other funds to control and manage money for particular purposes, such as accounting for special revenue funds, or to show that it is properly using certain revenues, such as federal grants.

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Whiteside County Regional Office of Education No. 55 has three kinds of funds:

1) *Governmental funds*: Most of Whiteside County Regional Office of Education No. 55's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance Whiteside County Regional Office of Education No. 55's programs.

Whiteside County Regional Office of Education No. 55's governmental funds include the General Fund and Special Revenue Funds.

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

2) *Proprietary funds*: Services for which Whiteside County Regional Office of Education No. 55 charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. Whiteside County Regional Office of Education No. 55's Enterprise Funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows. Whiteside County Regional Office of Education No. 55 currently has one major Enterprise Fund, the Meeting the Challenge Workshops, along with other non-major funds.

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

3) *Fiduciary funds*: Whiteside County Regional Office of Education No. 55 is the trustee for assets that belong to others. These funds include the Agency Funds.

- Agency Funds - These are funds through which Whiteside County Regional Office of Education No. 55 administers and accounts for certain federal and/or state grants on behalf of others.

Whiteside County Regional Office of Education No. 55 is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. Whiteside County Regional Office of Education No. 55 excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of Whiteside County Regional Office of Education No. 55, assets exceeded liabilities by \$340,991 as of June 30, 2006.

A portion of Whiteside County Regional Office of Education No. 55's net assets (17%) reflects its investment in capital assets (e.g., buildings, furniture, and equipment), less any related debt used to acquire those assets that are still outstanding. Although Whiteside County Regional Office of Education No. 55's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Whiteside County Regional Office of Education No. 55's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table presents a summary of Whiteside County Regional Office of Education No. 55's net assets for the fiscal years ended June 30, 2006 and 2005.

<u>2006</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Current assets	\$ 310,433	\$ 37,713	\$ 348,146
Capital assets, net of accumulated depreciation	58,964	-	58,964
Total assets	<u>369,397</u>	<u>37,713</u>	<u>407,110</u>
Current liabilities	<u>64,409</u>	<u>1,710</u>	<u>66,119</u>
Net assets			
Invested in capital assets, net of related debt	58,964	-	58,964
Unrestricted	205,799	36,003	241,802
Restricted for teacher professional development	<u>40,225</u>	<u>-</u>	<u>40,225</u>
Total net assets	<u>\$ 304,988</u>	<u>\$ 36,003</u>	<u>\$ 340,991</u>

**WHITESIDE COUNTY
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<u>2005</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Current assets	\$ 327,762	\$ 29,402	\$ 357,164
Capital assets, net of accumulated depreciation	<u>65,452</u>	<u>-</u>	<u>65,452</u>
Total assets	<u>393,214</u>	<u>29,402</u>	<u>422,616</u>
Current liabilities	<u>82,720</u>	<u>1,738</u>	<u>84,458</u>
Net assets			
Invested in capital assets, net of related debt	65,452	-	65,452
Unrestricted	197,147	27,664	224,811
Restricted for teacher professional development	<u>47,895</u>	<u>-</u>	<u>47,895</u>
Total net assets	<u>\$ 310,494</u>	<u>\$ 27,664</u>	<u>\$ 338,158</u>

The largest portion of Whiteside County Regional Office of Education No. 55's net assets is unrestricted. Unrestricted net assets are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. Unrestricted net assets were \$241,802 for the year ended June 30, 2006. In addition, net assets related to the Institute Fund are considered restricted for teacher professional development.

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Changes in net assets. Whiteside County Regional Office of Education No. 55's total revenue for the fiscal year ended June 30, 2006 was \$1,435,335. The total cost of all programs and services was \$1,432,502. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2006 and 2005.

<u>2006</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Revenues			
Program revenues			
Charges for services	\$ -	\$ 36,475	\$ 36,475
Operating grants and contributions	1,017,803	-	1,017,803
General revenues			
Local sources	167,157	882	168,039
State sources	844	-	844
On-behalf payments	<u>212,174</u>	<u>-</u>	<u>212,174</u>
Total revenues	<u>1,397,978</u>	<u>37,357</u>	<u>1,435,335</u>
Expenses			
Instructional services			
Salaries and benefits	817,518	2,320	819,838
Purchased services	242,844	21,648	264,492
Supplies and materials	74,665	5,050	79,715
Capital outlay	31,271	-	31,271
Payments to other governments	18,524	-	18,524
Depreciation and disposition losses	6,488	-	6,488
Administrative			
On-behalf payments	<u>212,174</u>	<u>-</u>	<u>212,174</u>
Total expenses	<u>1,403,484</u>	<u>29,018</u>	<u>1,432,502</u>
Change in net assets	<u>\$ (5,506)</u>	<u>\$ 8,339</u>	<u>\$ 2,833</u>

Operating grants and contributions account for 71% of the total revenue. Whiteside County Regional Office of Education No. 55's expenses primarily relate to instructional services, which account for 85% of the total expenses.

**WHITESIDE COUNTY
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<u>2005</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Revenues			
Program revenues			
Charges for services	\$ 38,151	\$ 29,432	\$ 67,583
Operating grants and contributions	915,214	-	915,214
General revenues			
Local sources	8,309	443	8,752
State sources	83,915	-	83,915
On-behalf payments	<u>211,380</u>	<u>-</u>	<u>211,380</u>
Total revenues	<u>1,256,969</u>	<u>29,875</u>	<u>1,286,844</u>
Expenses			
Instructional services			
Salaries and benefits	759,289	15,198	774,487
Purchased services	207,206	12,863	220,069
Supplies and materials	62,224	735	62,959
Capital outlay	15,295	-	15,295
Payments to other governments	14,735	4,356	19,091
Depreciation and disposition losses	12,055	-	12,055
Administrative			
On-behalf payments	<u>211,380</u>	<u>-</u>	<u>211,380</u>
Total expenses	<u>1,282,184</u>	<u>33,152</u>	<u>1,315,336</u>
Change in net assets	<u>\$ (25,215)</u>	<u>\$ (3,277)</u>	<u>\$ (28,492)</u>

Operating grants and contributions account for 71% of the total revenue. Whiteside County Regional Office of Education No. 55's expenses primarily relate to instructional services, which account for 84% of the total expenses.

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

Governmental Activities

Revenues for governmental activities were \$1,397,978 and \$1,256,969 and expenses were \$1,403,484 and \$1,282,184 for 2006 and 2005, respectively.

The following tables present the cost of Whiteside County Regional Office of Education No. 55's functional governmental activities. The tables also show each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and Whiteside County Regional Office of Education No. 55's residents by each of these functions.

<u>2006</u>	<u>Total Expenses</u>	<u>Net (Expenses) Revenues</u>
Instructional services		
Salaries and benefits	\$ 817,518	\$ (115,242)
Purchased services	242,844	(34,233)
Supplies and materials	74,665	(10,525)
Capital outlay	31,271	(4,408)
Payments to other governments	18,524	(2,611)
Depreciation and disposition losses	6,488	(6,488)
Administrative		
On-behalf payments	212,174	(212,174)
Total expenses	<u>\$ 1,403,484</u>	<u>\$ (385,681)</u>
<u>2005</u>	<u>Total Expenses</u>	<u>Net (Expenses) Revenues</u>
Instructional services		
Salaries and benefits	\$ 759,289	\$ (38,694)
Purchased services	207,206	(52,092)
Supplies and materials	62,224	(7,565)
Capital outlay	15,295	(5,061)
Payments to other governments	14,735	(1,972)
Depreciation and disposition losses	12,055	(12,055)
Administrative		
On-behalf payments	211,380	(211,380)
Total expenses	<u>\$ 1,282,184</u>	<u>\$ (328,819)</u>

**WHITESIDE COUNTY
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- The cost of all governmental activities was \$1,403,484 and \$1,282,184 for 2006 and 2005, respectively.
- Federal and state governments subsidized certain governmental activities with grants and contributions of \$1,017,803 and \$915,214 for 2006 and 2005, respectively.

Net cost of governmental activities (\$385,681), was financed by general revenues, which are made up of primarily local and state sources (\$168,001) and on-behalf payments (\$212,174) for 2006.

Net cost of governmental activities (\$328,819), was financed by general revenues, which are made up of primarily local and state sources (\$92,224) and on-behalf payments (\$211,380) for 2005.

Business-Type Activities

Revenues for business-type activities were \$37,357 and \$29,875 and expenses were \$29,018 and \$33,152 for 2006 and 2005, respectively. Whiteside County Regional Office of Education No. 55's business-type activities include the Meeting the Challenge Workshops. Revenues of these activities were comprised of charges for service.

INDIVIDUAL FUND ANALYSIS

As previously noted, Whiteside County Regional Office of Education No. 55 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of Whiteside County Regional Office of Education No. 55 as a whole is reflected in its governmental funds, as well. As Whiteside County Regional Office of Education No. 55 completed the year, its governmental funds reported a combined fund balance of \$246,024, above last year's ending fund balances of \$245,042.

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

Governmental Fund Highlights

The General Fund's fund balance decreased from \$83,397 in 2005 to \$81,261 in 2006. The main reason for the decrease is primarily due to having to pay more employee salaries from the General Fund.

The Institute Fund's fund balance decreased from \$47,895 in 2005 to \$40,225 in 2006. The main reason for the decrease is due to having to pay more employee salaries from the Institute Fund.

The Education Fund's fund balance increased from \$99,061 in 2005 to \$109,883 in 2006. The Education Fund is made up grants that the Regional Office receives and these can vary greatly from year to year as some programs are discontinued while others see a funding increase. Over the various programs that make up the fund, total revenues exceeded expenditures by \$10,822 thus increasing the fiscal year 2005 fund balance from \$99,061 to \$109,883 in fiscal year 2006. This was due to an increase in state aid and an increase in local support for some of the grant programs.

Proprietary Fund Highlights

Proprietary Fund net assets increased from \$27,664 at June 30, 2005 to \$36,003 at June 30, 2006, representing an increase of approximately 30%. The reason for the increase is due to more workshops being held, thus increasing revenue.

BUDGETARY HIGHLIGHTS

Whiteside County Regional Office of Education No. 55 is not required to create a budget for overall operations. They are required to prepare budgets for most of the grants they receive. Over the course of the year, Whiteside County Regional Office of Education No. 55 amended several of the grant budgets within the Education Fund. Budgets for grant programs are adjusted because of an increase or decrease in funding due to changes at the State level or to better allocate funds received to meet the needs of the program.

**WHITESIDE COUNTY
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CAPITAL ASSETS

As of June 30, 2006, Whiteside County Regional Office of Education No. 55 had invested \$58,964 in capital assets, including furniture and equipment. This amount was \$6,488 lower when compared to 2005. Total depreciation expense for the year was \$6,488.

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

	Governmental Activities
Furniture and equipment	\$ 500
Building improvement	58,464
Total capital assets	\$ 58,964

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

	Governmental Activities
Furniture and equipment	\$ 5,088
Building improvement	60,364
Total capital assets	\$ 65,452

Additional information on Whiteside County Regional Office of Education No. 55's capital assets can be found in Note 6 on page 60 of this report.

ECONOMIC FACTORS BEARING ON WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55'S FUTURE

At the time these financial statements were prepared and audited, Whiteside County Regional Office of Education No. 55 was aware of several existing circumstances that could significantly affect its financial health in the future:

The interest rate on investments remains low and will impact interest earned going into the future.

Grant funding continues to fluctuate. The School Services grant has again been reduced from \$60,877 in fiscal year 2005 to \$58,615 in fiscal year 2006. It is important to understand that this reduction in School Services dollars has not resulted in a reduction of required initiatives. To the contrary, there has been an increase in required initiatives.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006**

**CONTACTING WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55'S
FINANCIAL MANAGEMENT**

This financial report is designed to provide Whiteside County Regional Office of Education No. 55's citizens, taxpayers, and customers with a general overview of Whiteside County Regional Office of Education No. 55's finances and to demonstrate Whiteside County Regional Office of Education No. 55's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Whiteside County Regional Office of Education No. 55, 1001 West 23rd Street, Sterling, Illinois 61081.

BASIC FINANCIAL STATEMENTS

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
STATEMENT OF NET ASSETS
June 30, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 265,260	\$ 43,650	\$ 308,910
Due from other governments	39,236	-	39,236
Due to/from other funds	5,937	(5,937)	-
Total current assets	310,433	37,713	348,146
Non-current assets:			
Capital assets, being depreciated, net	58,964	-	58,964
Total assets	369,397	37,713	407,110
LIABILITIES			
Current liabilities:			
Accounts payable	16,412	1,710	18,122
Due to other governments	1,760	-	1,760
Deferred revenue	46,237	-	46,237
Total current liabilities	64,409	1,710	66,119
NET ASSETS			
Investment in capital assets	58,964	-	58,964
Unrestricted	205,799	36,003	241,802
Restricted for teacher professional development	40,225	-	40,225
Total net assets	\$ 304,988	\$ 36,003	\$ 340,991

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

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
STATEMENT OF ACTIVITIES
Year Ended June 30, 2006

EXHIBIT B

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	
Primary government:						
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 817,518	\$ -	\$ 702,276	\$ (115,242)	\$ -	\$ (115,242)
Purchased services	242,844	-	208,611	(34,233)	-	(34,233)
Supplies and materials	74,665	-	64,140	(10,525)	-	(10,525)
Capital outlay	31,271	-	26,863	(4,408)	-	(4,408)
Payments to other governments	18,524	-	15,913	(2,611)	-	(2,611)
Depreciation	6,488	-	-	(6,488)	-	(6,488)
Administrative:						
On-behalf payments	212,174	-	-	(212,174)	-	(212,174)
Total governmental activities	1,403,484	-	1,017,803	(385,681)	-	(385,681)
Business-type activities:						
Professional development	29,018	36,475	-	-	7,457	7,457
Total primary government	\$ 1,432,502	\$ 36,475	\$ 1,017,803	(385,681)	7,457	(378,224)
General revenues:						
Local sources				167,157	882	168,039
State sources				844	-	844
On-behalf payments				212,174	-	212,174
Total general revenue				380,175	882	381,057
CHANGES IN NET ASSETS				(5,506)	8,339	2,833
NET ASSETS, BEGINNING OF YEAR				310,494	27,664	338,158
NET ASSETS, END OF YEAR				\$ 304,988	\$ 36,003	\$ 340,991

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

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006

EXHIBIT C

		Special Revenue			
	General Fund	Institute Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 51,385	\$ 40,585	\$ 158,635	\$ 14,655	\$ 265,260
Due from other governments	15,610	-	23,626	-	39,236
Due from other funds	15,365	-	-	-	15,365
TOTAL ASSETS	\$ 82,360	\$ 40,585	\$ 182,261	\$ 14,655	\$ 319,861
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 655	\$ 258	\$ 15,499	\$ -	\$ 16,412
Due to other governments	444	102	1,214	-	1,760
Due to other funds	-	-	9,428	-	9,428
Deferred revenue	-	-	46,237	-	46,237
Total liabilities	1,099	360	72,378	-	73,837
FUND BALANCES					
Unreserved, reported in:					
General fund	81,261	-	-	-	81,261
Special revenue funds	-	40,225	109,883	14,655	164,763
Total fund balances	81,261	40,225	109,883	14,655	246,024
TOTAL LIABILITIES AND FUND BALANCES	\$ 82,360	\$ 40,585	\$ 182,261	\$ 14,655	\$ 319,861

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

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2006**

Total fund balances of governmental funds (page 36)	\$ 246,024
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>58,964</u>
Net assets of governmental activities (page 34)	<u><u>\$ 304,988</u></u>

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

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2006

	Special Revenue				Total Governmental Funds
	General Fund	Institute Fund	Education Fund	Other Nonmajor Funds	
REVENUES:					
Local sources	\$ 32,340	\$ 20,729	\$ 92,572	\$ 21,516	\$ 167,157
State sources	63,406	-	541,348	1,820	606,574
Federal sources	-	-	412,073	-	412,073
On-behalf payments	212,174	-	-	-	212,174
Total revenues	<u>307,920</u>	<u>20,729</u>	<u>1,045,993</u>	<u>23,336</u>	<u>1,397,978</u>
EXPENDITURES:					
Current:					
Education:					
Salaries and benefits	54,484	5,398	740,253	17,383	817,518
Purchased services	18,437	20,592	198,956	4,859	242,844
Supplies and materials	9,480	115	63,942	1,128	74,665
Capital outlay	-	2,294	28,977	-	31,271
Payments to other governments	15,481	-	3,043	-	18,524
On-behalf payments	212,174	-	-	-	212,174
Total expenditures	<u>310,056</u>	<u>28,399</u>	<u>1,035,171</u>	<u>23,370</u>	<u>1,396,996</u>
NET CHANGE IN FUND BALANCES	(2,136)	(7,670)	10,822	(34)	982
FUND BALANCE, BEGINNING OF YEAR	<u>83,397</u>	<u>47,895</u>	<u>99,061</u>	<u>14,689</u>	<u>245,042</u>
FUND BALANCE, END OF YEAR	<u>\$ 81,261</u>	<u>\$ 40,225</u>	<u>\$ 109,883</u>	<u>\$ 14,655</u>	<u>\$ 246,024</u>

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

**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
June 30, 2006**

Net change in fund balances (page 38) \$ 982

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

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

Capital outlay	\$ -	
Depreciation and disposition losses	<u>(6,488)</u>	<u>(6,488)</u>

Change in net assets of governmental activities (page 35) \$ (5,506)

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

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2006

	Business-Type Activities - Enterprise Funds		
	Meeting the Challenge Workshops	Other Nonmajor Funds	Total Proprietary Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 27,775	\$ 15,875	\$ 43,650
LIABILITIES			
Current liabilities:			
Accounts payable	210	1,500	1,710
Due to other funds	-	5,937	5,937
Total liabilities	210	7,437	7,647
NET ASSETS			
Unrestricted	\$ 27,565	\$ 8,438	\$ 36,003

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

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds		Total Proprietary Funds
	Meeting the Challenge Workshops	Other Nonmajor Funds	
OPERATING REVENUES:			
Local sources	\$ 13,789	\$ 22,686	\$ 36,475
OPERATING EXPENSES:			
Salaries and benefits	2,200	120	2,320
Purchased services	8,324	13,324	21,648
Supplies and materials	497	4,553	5,050
Total operating expenses	<u>11,021</u>	<u>17,997</u>	<u>29,018</u>
OPERATING INCOME	2,768	4,689	7,457
NONOPERATING REVENUES			
Interest income	<u>666</u>	<u>216</u>	<u>882</u>
INCOME AFTER NONOPERATING REVENUES	3,434	4,905	8,339
TOTAL NET ASSETS, BEGINNING OF YEAR	<u>24,131</u>	<u>3,533</u>	<u>27,664</u>
TOTAL NET ASSETS, END OF YEAR	<u><u>\$ 27,565</u></u>	<u><u>\$ 8,438</u></u>	<u><u>\$ 36,003</u></u>

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

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds		Total Proprietary Funds
	Meeting the Challenge Workshops	Other Nonmajor Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts for workshops and services	\$ 13,789	\$ 22,686	\$ 36,475
Payments to suppliers and providers of goods and services	(8,849)	(17,877)	(26,726)
Payments to employees	(2,200)	(120)	(2,320)
Net cash provided by operating activities	<u>2,740</u>	<u>4,689</u>	<u>7,429</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest	<u>666</u>	<u>216</u>	<u>882</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,406	4,905	8,311
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>24,369</u>	<u>10,970</u>	<u>35,339</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 27,775</u>	<u>\$ 15,875</u>	<u>\$ 43,650</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 2,768	\$ 4,689	\$ 7,457
Adjustments to reconcile operating income to net cash provided by operating activities:			
Effects of increase in liabilities:			
Accounts payable	<u>(28)</u>	<u>-</u>	<u>(28)</u>
Net cash provided by operating activities	<u>\$ 2,740</u>	<u>\$ 4,689</u>	<u>\$ 7,429</u>

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

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2006

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 2,512</u>
LIABILITIES	
Due to other governments	<u>\$ 2,512</u>

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

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2006**

REPORTING ENTITY

The Whiteside County Regional Office of Education No. 55 operates under the School Code (105 ILCS 5/3 and 5/3A). A Regional Superintendent of Schools serves as chief administrative officer of the Regional Office of Education No. 55 and is elected pursuant to 105 ILCS 5/3 and 5/3A of the School Code. The principal financial duty of the Regional Superintendent is to receive and distribute monies due to school districts from general state aid, state categorical grants, and various other sources.

The Whiteside County Regional Office of Education No. 55's reporting entity includes all related organizations for which the Regional Office of Education No. 55 exercises oversight responsibility in accordance with Statement No. 14 of the Governmental Accounting Standards Board.

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

The Superintendent has developed criteria to determine whether outside agencies with activities which benefit the citizens served by the Regional Office of Education No. 55 should be included within its financial reporting entity. The criteria includes, but is not limited to whether the Superintendent (1) selects the governing authority or management, (2) has the ability to significantly influence operations, or (3) has accountability for fiscal matters (i.e., financial budget approval, management of assets, etc.). The Superintendent has determined that no outside agency meets the above criteria and, therefore, no agency has been included as a component unit in the financial statements. In addition, the Superintendent is not aware of any entity which would exercise such oversight which would result in the Regional Office of Education No. 55 being considered a component unit of the entity.

BASIS OF PRESENTATION

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the activities of Whiteside County Regional Office of Education No. 55. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by intergovernmental and local revenues.

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2006**

The Statement of Net Assets presents Whiteside County Regional Office of Education No. 55's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

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

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

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

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

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are consolidated into a single column within the governmental funds in the financial section of the basic financial statements and are detailed in the supplemental information.

Whiteside County Regional Office of Education No. 55 reports the following major governmental funds:

The General Fund is the operating fund of the Whiteside County Regional Office of Education No. 55. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The following funds are the general funds of the Whiteside County Regional Office of Education No. 55.

ROE/ISC Operations Fund - this fund accounts for the State grant that provides the funding for the Regional Office of Education No. 55.

General Operations Fund - this fund accounts for the monies received and expenditures related to general administration of the Regional Office.

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2006**

Major Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are legally restricted to expenditures for specified purposes. Major special revenue funds include the following:

Institute Fund - this fund accounts for teacher certificate registration, issuance, and evaluation fees for processing certificates, and expenses of meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

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

Administrator's Academy - this program is used for providing staff development training to administrators in school improvement.

Scientific Literacy - this program provides funding for school improvement plans in the areas of math and science and to coordinate teacher development in math and science.

Title I - School Improvement & Accountability - this program assists schools that qualify for school-wide planning through staff development training.

Title II - Eisenhower - Leadership Grants - this program provides leadership workshops.

Mathematics & Science Partnerships - this program supports the Illinois Math & Science Programs.

Vocational Education - Instructor Practicum - this program places vocational teachers and counselors in worksites during the summer to expand their business experience.

Retired Professional Service Corps - this program places retired educators in schools to assist with special projects.

Adult Education and Family Literacy Grant - this program provides for education and literacy programs for adults.

Career Awareness and Development - this program provides students the opportunity to learn more about career options available to them.

Regional Safe Schools - these are alternative programs for disruptive youths in grades 6-12. Students eligible for this program must have been suspended or expelled by a local school district.

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2006**

Truants Alternative/Optional Education - this program assists in prevention of truancy within the Alternative School.

School to Work (DOL) - this program supports the School to Work Program.

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

Even Start - this program is for developing and operating programs to promote family literacy.

Early Childhood Parenting Program - this program supports the Early Childhood Block Program.

ROE/ISC School Improvement Grant - this program provides training and reading workshops for local teachers.

Learning Standards - this program is associated with providing services and funding activities as specified in the Illinois Learning Standards Implementation Plan.

Early Childhood - Block Grant (0-3) - this program supports the Early Childhood Block Program for ages 0-3.

Early Childhood - Block Grant (3-5) - this program supports the Early Childhood Block Program for ages 3-5.

Early Childhood - Block Grant (Prevention Initiative) - this program supports the Early Childhood Block Program for prevention.

Illinois Century Network - this program supports the Department of Central Management Services' Illinois Century Network program.

Tobacco Settlement Recovery Fund/Prevention - this program is used for tobacco prevention education.

Early Childhood - Block Grant (3705-50) - this program supports the Early Childhood Block Prekindergarten At-risk Program.

Reading Improvement Statewide/Professional Development - this program supports the Reading Improvement Program.

Title IV Community Service - this program is used to support teachers in the use of service to the community as a teaching method.

Title I - Reading First Part B SEA Funds - this program assists K-2 teachers with professional development and the 5 essential components of early reading instruction.

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2006**

Secretary of State Family Literacy Grant - this program supports literacy activities from the Secretary of State.

Education Outreach Program - this program is associated with workforce investment activities that are designed to increase educational and occupational skill attainment by participants.

State Free Lunch & Breakfast - this program supports the State Free Lunch and Breakfast programs.

National School Lunch Program - this program supports the National School Lunch program.

School Breakfast Program - this program supports the School Breakfast program.

Asthma Grant – this program provides training to coaches, physical education teachers, and others on sports-induced asthma.

Standards Aligned Classroom - this program provides standards aligned classroom initiatives, coaching, and support teams.

Education Technology Grant - this program 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.

Secretary of State RESPRO - this program provides support to schools and school districts which are on the academic watch list.

The Regional Office of Education No. 55 reports the following nonmajor governmental funds:

Nonmajor Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are legally restricted to expenditures for specified purposes. Nonmajor special revenue funds include the following:

General Educational Development - this fund accounts for the receipts and expenses pertaining to the GED/High School Equivalency program for high school dropouts.

Bus Driver Training - this fund accounts for State and local receipts and expenses as a result of training school district bus drivers.

Supervisory - this fund accounts for proceeds provided to the Regional Superintendent by the Illinois State Board of Education to be used for travel and related purposes.

Technology Training - this fund accounts for receipts and expenses by the Regional Superintendent for technology training workshops.

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2006**

Learning Technology Center - this fund accounts for receipts and expenses for establishing a statewide support system for information, professional development, technical assistance, network design, technology planning, leadership, and information exchange.

The Regional Office of Education No. 55 reports the following major proprietary fund:

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the Regional Office of Education No. 55 on a cost reimbursement basis are reported.

Meeting the Challenge Workshops - used to account for the workshop fees and expenses of the Regional Office of Education No. 55.

Other Nonmajor Funds - used to account for revenues and expenses related to the following funds:

Computer Workshops - this fund accounts for workshops conducted by the Regional Office of Education No. 55 related to information technology and computer literacy.

Courses Fund - this fund accounts for receipts from area teachers and payments made to Northern Illinois University for registration in courses offered locally by the University.

Non-Grant Workshops - this fund accounts for the conducting of series of non-grant workshops for various school districts.

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

Miscellaneous Local Fees - this fund accounts for various programs and services performed for local school districts. Local fees for spelling bees, laminate/books, computer repair, and ISS dinner.

The Regional Office of Education No. 55 also reports the following agency funds:

Agency Funds are used to account for assets held by the 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds include the following:

Distributive Fund - this fund distributes money received from the State out to the school districts and other entities.

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2006**

Payroll Fund - this fund accounts for payroll costs.

Public Aid Fund - this fund is 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.

The school district boards within the Regional Office of Education No. 55 have signed formal agreements that allow the Regional Office of Education No. 55 to retain any interest earned during the year.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

Intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Whiteside County Regional Office of Education No. 55.

Whiteside County Regional Office of Education No. 55 records on-behalf payments made by the State to the Teachers' Retirement System as revenue and expenditures.

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

Under the terms of grant agreements, Whiteside County Regional Office of Education No. 55 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is Whiteside County Regional Office of Education No. 55's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2006**

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

The proprietary funds of Whiteside County Regional Office of Education No. 55 apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Whiteside County Regional Office of Education No. 55's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Whiteside County Regional Office of Education No. 55 maintains its financial records on the cash basis. The financial statements of Whiteside County Regional Office of Education No. 55 is prepared by making memorandum adjusting entries to the cash basis financial records.

ASSETS, LIABILITIES AND FUND EQUITY

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

Cash and cash equivalents - The cash and cash equivalent balances of Whiteside County Regional Office of Education No. 55 are valued at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Due from other governments - Due from other governments represents amounts due from the Illinois State Board of Education and other local governments.

Capital assets - Capital assets, which include property, furniture and equipment, are reported in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by Whiteside County Regional Office of Education No. 55 as assets with an initial, individual cost in excess of \$5,000 and estimated useful lives in excess of two years. Capital assets are depreciated using the sum-of-the-years method over 3-40 years.

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2006**

ASSETS, LIABILITIES AND FUND EQUITY (CONTINUED)

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, and 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.

Deferred Revenues - The Regional Office of Education 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.

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

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

Invested in Capital Assets - represents the Regional Office of Education'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.

Restricted Net Assets - represents net assets that are restricted due to constraints placed on the net asset use that are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2006**

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, 2006 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. Funds with budgets include the ROE/ISC Operations, Regional Safe Schools, Truants Alternative/Optional Education, Even Start, Early Childhood Block Grant (0-3), Early Childhood Block Grant (3-5), Title I – Reading First Part B SEA Funds, and Secretary of State Family Literacy Grant.

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

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
NOTES TO FINANCIAL STATEMENTS
June 30, 2006**

NOTE 1 - 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.

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 Counties 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, Career Awareness and Development, and Learning Standards.

NOTE 2 - CASH AND CASH EQUIVALENTS

The deposit of Whiteside County Regional Office of Education No. 55 monies is governed by the provisions of the Illinois Compiled Statutes.

Deposits

At June 30, 2006, the carrying amount of Whiteside County Regional Office of Education No. 55's deposits was \$311,422 and the bank balance was \$338,336.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, Whiteside County Regional Office of Education No. 55's deposits may not be returned. Whiteside County Regional Office of Education No. 55 does not have a deposit policy for custodial credit risk. As of June 30, 2006, all of Whiteside County Regional Office of Education No. 55's deposits were either covered by FDIC insurance or covered by collateral held by the financial institution in Whiteside County Regional Office of Education No. 55's name.

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
NOTES TO FINANCIAL STATEMENTS
June 30, 2006**

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

A reconciliation of cash as shown on the Statement of Net Assets for the primary government is as follows:

	<u>Carrying Amount</u>
Cash - Primary Government	\$ 265,260
Cash - Enterprise Fund	43,650
Cash - Agency	<u>2,512</u>
Total	<u>\$ 311,422</u>

NOTE 3 - ON-BEHALF PAYMENTS

Salaries of the Regional Superintendent and his assistant are paid by the State of Illinois. All other salaries are paid by Whiteside County. Pension plan contributions associated with these salaries are also paid respectively, by the State of Illinois and Whiteside County.

A breakdown of the on-behalf payments are as follows:

Regional Superintendent - salary	\$ 84,737
Regional Superintendent - benefits (includes state paid insurance)	11,054
Assistant Regional Superintendent - salary	76,263
Assistant Regional Superintendent - benefits (includes state paid insurance)	15,325
TRS on-behalf payments	<u>24,795</u>
Total on-behalf payments	<u>\$ 212,174</u>

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

NOTE 4 - EMPLOYEE BENEFIT PLAN

Whiteside County Regional Office of Education No. 55's employees are covered under the Illinois Municipal Retirement Fund. Contributions to the Fund are made by Whiteside County and the Whiteside County Regional Office of Education No. 55 through grant monies on behalf of the Whiteside County Regional Office of Education No. 55 staff employees and grant coordinators.

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
NOTES TO FINANCIAL STATEMENTS
June 30, 2006**

NOTE 4 - EMPLOYEE BENEFIT PLAN (CONTINUED)

Whiteside County is a participating member of the Illinois Municipal Retirement Fund whose coverage includes all Whiteside County Regional Office of Education No. 55 employees who:

- a. Occupy a job normally requiring 600 hours or more per year;
- b. Are paid on a regular payroll from Whiteside County or Whiteside County Regional Office of Education No. 55 funds;
- c. Were under age sixty when first entering employment; and
- d. Are not covered by another state created retirement system for the same service.

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

The Regional Superintendent and Assistant Regional Superintendent of Whiteside County Regional Office of Education No. 55 are paid by the State of Illinois. Certain staff employees of Whiteside County Regional Office of Education No. 55’s office are employed and paid by Whiteside County (other support staff and grant coordinators are paid by Whiteside County Regional Office of Education No. 55 through grant monies). Whiteside County Regional Office of Education No. 55 has no separate employee benefit plan.

Illinois Municipal Retirement Fund

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 supplemental information. The report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by State statute. Whiteside County Regional Office of Education No. 55 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2005 was 6.76% percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2005 was 1 year.

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
NOTES TO FINANCIAL STATEMENTS
June 30, 2006**

NOTE 4 - EMPLOYEE BENEFIT PLAN (CONTINUED)

For December 31, 2005, Whiteside County Regional Office of Education No. 55's annual pension cost of \$49,109 was equal to Whiteside County Regional Office of Education No. 55's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2005 actuarial valuation were based on the 2002-2004 experience study.

TREND INFORMATION

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/05	\$ 49,109	100%	\$ -
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%	-

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
NOTES TO FINANCIAL STATEMENTS
June 30, 2006**

NOTE 5 - RETIREMENT PLANS

Teachers' Retirement System of the State of Illinois

The Regional Office of Education participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2006, was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by 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 Regional Office of Education No. 55 THIS Fund contribution was 0.6 percent during the year ended June 30, 2006, and the member THIS Fund health insurance contribution was 0.80 percent.

The State of Illinois makes contributions directly to TRS on behalf of the 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 Regional Office of Education No. 55. For the year ended June 30, 2006, the State of Illinois contributions were based on 7.06 percent of creditable earnings, and the Regional Office of Education No. 55 recognized revenue and expenditures of \$24,795 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2005, and June 30, 2004, the State of Illinois contribution rates as percentages of creditable earnings were 11.76 percent (\$25,901) and 13.98 percent (\$19,811), respectively.

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

- **2.2 Formula Contributions.** Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ended June 30, 2006 were \$1,530. Contributions for the years ending June 30, 2005, and June 30, 2004, were \$1,277 and \$1,194, respectively.
- **Federal and Trust Fund Contributions.** When TRS members are paid from federal and trust funds administered by the Regional Office of Education No. 55, there is a statutory requirement for the Regional Office of Education No. 55 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions paid from federal and trust funds will be the same as the state contribution rate for TRS.

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
NOTES TO FINANCIAL STATEMENTS
June 30, 2006**

NOTE 5 - RETIREMENT PLANS (CONTINUED)

For the year ended June 30, 2006, the employer pension contribution was 7.06 percent of salaries paid from federal and trust funds. For the two years ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2006, there were \$4,932 in contributions. For the years ended June 30, 2005, and June 30, 2004, there were \$4,384 and \$6,728 in contributions, respectively.

- **Early Retirement Option.** The Regional Office of Education No. 55 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires. Under Public Act 94-0004 a "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007. If members do not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies in the Pipeline ERO). Under the ERO program that expired on June 30, 2005, and the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation. Under the Modified ERO, the maximum employer contribution is 117.5 percent. Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement. For the year ended June 30, 2006, June 30, 2005, and June 30, 2004, the Regional Office of Education No. 55 paid no employer contributions under the Early Retirement Option.

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

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
NOTES TO FINANCIAL STATEMENTS
June 30, 2006**

NOTE 6 - CAPITAL ASSETS

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

	<u>Balance June 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2006</u>
Governmental activities:				
Furniture and equipment	\$ 84,298	\$ -	\$ -	\$ 84,298
Building improvements	92,279	-	-	92,279
	<u>176,577</u>	<u>-</u>	<u>-</u>	<u>176,577</u>
Less accumulated depreciation	(111,125)	(6,488)	-	(117,613)
Total capital assets, net	<u>\$ 65,452</u>	<u>\$ (6,488)</u>	<u>\$ -</u>	<u>\$ 58,964</u>

Depreciation expense was charged as follows:

Governmental activities:

 Education:

 Depreciation and disposition losses \$ 6,488

NOTE 7 - DISPOSITION OF DISTRIBUTIVE FUND INTEREST

The school district boards within the Regional Office of Education No. 55 have signed formal agreements that allow the Regional Office of Education No. 55 to retain any interest earned during the year.

NOTE 8 - DEFICIT FUND BALANCES

At June 30, 2006, the following funds had deficit fund balances. They are expected to correct themselves in 2007, through payments from the State and transfers from local funds.

General Fund	
ROE/ISC Operations	\$ (27)
Education Fund	
Administrator's Academy	(78)
Scientific Literacy	(159)
Adult Education and Family Literacy Grant	(6,050)
Early Childhood Parenting Program	(184)
Early Childhood-Block Grant (0-3)	(4)
Early Childhood-Block Grant (3-5)	(121)
Title IV Community Service	(65)
State Free Lunch & Breakfast	(408)
Education Technology Grant	(13,289)
Nonmajor Special Revenue Funds	
Learning Technology Center	(2,014)
Nonmajor Proprietary Funds	
Non-Grant Workshops	(3,387)

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
NOTES TO FINANCIAL STATEMENTS
June 30, 2006**

NOTE 9 - DUE FROM/TO OTHER GOVERNMENTS

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

Due From Other Governments		
General Fund		
Local Governments		\$ 15,610
Education Fund		
Illinois State Board of Education		<u>23,626</u>
Total Due From Other Governments		<u>\$ 39,236</u>
Due To Other Governments		
General Fund		
Local Governments		\$ 444
Institute Fund		
Local School Districts		102
Education Fund		
Illinois State Board of Education		<u>1,214</u>
Total Due To Other Governments		<u>\$ 1,760</u>

NOTE 10 - DUE TO/FROM OTHER FUNDS

Interfund receivables and payables at June 30, 2006 were:

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
General Fund		
General Operations	\$ -	\$ 15,365
Education Fund		
Career Awareness and Development	580	-
Truants Alternative/Optional Education	8,100	-
ROE/ISC School Improvement Grant	748	-
Proprietary Fund		
Non-Grant Workshops	5,528	-
Miscellaneous Local Fess	<u>409</u>	<u>-</u>
Total	<u>\$ 15,365</u>	<u>\$ 15,365</u>

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
NOTES TO FINANCIAL STATEMENTS
June 30, 2006**

NOTE 11 - RISK MANAGEMENT

Whiteside County Regional Office of Education No. 55 is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. Whiteside County Regional Office of Education No. 55 assumes liability for any deductibles and claims in excess of coverage limitations. There has been no significant reduction in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the year.

NOTE 12 - NEW PRONOUNCEMENT

In 2006, Whiteside County Regional Office of Education No. 55 adopted Governmental Accounting Standards Board (GASB) Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section, an Amendment of NCGA Statement 1*, GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation, an Amendment of GASB No. 34*, and GASB Statement No. 47, *Accounting for Termination Benefits*. The Regional Office of Education implemented these standards during the current year, however; they do not have a significant impact on the financial statements.

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

REQUIRED SUPPLEMENTAL INFORMATION
(Other than Management's Discussion and Analysis)

**WHITESIDE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 55
SCHEDULE OF FUNDING PROGRESS -
ILLINOIS MUNICIPAL RETIREMENT FUND
(Unaudited)
June 30, 2006**

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/05	\$ 616,091	\$ 664,230	\$ 48,139	92.75%	\$ 437,302	11.01%
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%

On a market value basis, the actuarial value of assets as of December 31, 2005 is \$621,255. On a market basis, the funded ratio would be 93.53%.

***Digest of Changes**

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

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

SUPPLEMENTAL INFORMATION

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND ACCOUNTS
June 30, 2006**

	ROE/ISC Operations	General Operations	Total
ASSETS			
Cash and cash equivalents	\$ 618	\$ 50,767	\$ 51,385
Due from other governments	-	15,610	15,610
Due from other funds	-	15,365	15,365
TOTAL ASSETS	\$ 618	\$ 81,742	\$ 82,360
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 645	\$ 10	\$ 655
Due to other governments	-	444	444
Total liabilities	645	454	1,099
FUND BALANCE (DEFICIT), UNRESERVED	(27)	81,288	81,261
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT), UNRESERVED	\$ 618	\$ 81,742	\$ 82,360

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
Year Ended June 30, 2006

	ROE/ISC Operations	General Operations	Totals
REVENUES:			
Local sources			
Intergovernmental	\$ -	\$ 32,290	\$ 32,290
Interest	-	50	50
Total local sources	-	32,340	32,340
State sources	58,615	4,791	63,406
On-behalf payments	-	212,174	212,174
Total revenues	58,615	249,305	307,920
EXPENDITURES:			
Current:			
Education:			
Salaries	36,998	11,403	48,401
Benefits	5,029	1,054	6,083
Purchased services	522	17,915	18,437
Supplies and materials	-	9,480	9,480
Payments to other governments	15,481	-	15,481
On-behalf payments	-	212,174	212,174
Total expenditures	58,030	252,026	310,056
NET CHANGE IN FUND BALANCE (DEFICIT)	585	(2,721)	(2,136)
FUND BALANCE (DEFICIT), UNRESERVED, BEGINNING OF YEAR	(612)	84,009	83,397
FUND BALANCE (DEFICIT), UNRESERVED, END OF YEAR	\$ (27)	\$ 81,288	\$ 81,261

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND ACCOUNTS
Year Ended June 30, 2006

SCHEDULE 3

	ROE/ISC Operations		Actual	Variance
	Budgeted Amounts		Amounts	with
	Original	Final	Amounts	Final
				Budget
REVENUES:				
State sources	\$ 58,615	\$ 58,615	\$ 58,615	\$ -
EXPENDITURES:				
Current:				
Education:				
Salaries	37,000	37,000	36,998	2
Benefits	5,263	5,263	5,029	234
Purchased services	832	832	522	310
Payments to other governments	15,520	15,520	15,481	39
Total expenditures	58,615	58,615	58,030	585
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ -	\$ -	\$ 585	\$ 585
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			(612)	
FUND BALANCE (DEFICIT), END OF YEAR			\$ (27)	

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2006**

	<u>Administrator's Academy</u>	<u>Scientific Literacy</u>	<u>Title I - School Improvement & Accountability</u>	<u>Title II - Eisenhower - Leadership Grants</u>	<u>Mathematics & Science Partnerships</u>	<u>Vocational Education - Instructor Practicum</u>
ASSETS						
Cash (overdrafts) and cash equivalents	\$ (78)	\$ (159)	\$ 230	\$ 273	\$ 4,002	\$ 605
Due from other governments	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ (78)</u>	<u>\$ (159)</u>	<u>\$ 230</u>	<u>\$ 273</u>	<u>\$ 4,002</u>	<u>\$ 605</u>
LIABILITIES AND FUND BALANCE (DEFICIT)						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	230	-	-	-
Due to other funds	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>230</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT)						
Unreserved	<u>(78)</u>	<u>(159)</u>	<u>-</u>	<u>273</u>	<u>4,002</u>	<u>605</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ (78)</u>	<u>\$ (159)</u>	<u>\$ 230</u>	<u>\$ 273</u>	<u>\$ 4,002</u>	<u>\$ 605</u>

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2006

	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)
ASSETS						
Cash (overdrafts) and cash equivalents	\$ 28	\$ 15,180	\$ 636	\$ 116,721	\$ 10,236	\$ 898
Due from other governments	-	-	-	-	-	-
TOTAL ASSETS	\$ 28	\$ 15,180	\$ 636	\$ 116,721	\$ 10,236	\$ 898
LIABILITIES AND FUND BALANCE (DEFICIT)						
LIABILITIES						
Accounts payable	\$ -	\$ 239	\$ -	\$ 8	\$ 1,701	\$ -
Due to other governments	-	-	-	-	-	895
Due to other funds	-	-	580	-	8,100	-
Deferred revenue	-	20,991	-	-	-	-
Total liabilities	-	21,230	580	8	9,801	895
FUND BALANCE (DEFICIT)						
Unreserved	28	(6,050)	56	116,713	435	3
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 28	\$ 15,180	\$ 636	\$ 116,721	\$ 10,236	\$ 898

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2006

	ROE/ISC Technology	Even Start	Early Childhood Parenting Program	ROE/ISC School Improvement Grant	Learning Standards	Early Childhood - Block Grant (0-3)
ASSETS						
Cash (overdrafts) and cash equivalents	\$ 6	\$ 10,605	\$ 88	\$ 819	\$ 424	\$ (313)
Due from other governments	-	-	-	-	-	3,419
TOTAL ASSETS	<u>\$ 6</u>	<u>\$ 10,605</u>	<u>\$ 88</u>	<u>\$ 819</u>	<u>\$ 424</u>	<u>\$ 3,106</u>
LIABILITIES AND FUND BALANCE (DEFICIT)						
LIABILITIES						
Accounts payable	\$ -	\$ 1,310	\$ 272	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-	-
Due to other funds	-	-	-	748	-	-
Deferred revenue	-	9,269	-	-	-	3,110
Total liabilities	-	10,579	272	748	-	3,110
FUND BALANCE (DEFICIT)						
Unreserved	6	26	(184)	71	424	(4)
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 6</u>	<u>\$ 10,605</u>	<u>\$ 88</u>	<u>\$ 819</u>	<u>\$ 424</u>	<u>\$ 3,106</u>

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2006

	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
ASSETS						
Cash (overdrafts) and cash equivalents	\$ 889	\$ 90	\$ 1,595	\$ 14	\$ 230	\$ 8
Due from other governments	3,843	-	-	-	-	-
TOTAL ASSETS	\$ 4,732	\$ 90	\$ 1,595	\$ 14	\$ 230	\$ 8
LIABILITIES AND FUND BALANCE (DEFICIT)						
LIABILITIES						
Accounts payable	\$ 178	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	89	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deferred revenue	4,675	-	-	-	-	-
Total liabilities	4,853	89	-	-	-	-
FUND BALANCE (DEFICIT)						
Unreserved	(121)	1	1,595	14	230	8
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 4,732	\$ 90	\$ 1,595	\$ 14	\$ 230	\$ 8

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2006

	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	National School Lunch Program
ASSETS						
Cash (overdrafts) and cash equivalents	\$ (213)	\$ 16,570	\$ 790	\$ (12,800)	\$ (409)	\$ 499
Due from other governments	148	-	-	16,000	1	131
TOTAL ASSETS	<u>\$ (65)</u>	<u>\$ 16,570</u>	<u>\$ 790</u>	<u>\$ 3,200</u>	<u>\$ (408)</u>	<u>\$ 630</u>
LIABILITIES AND FUND BALANCE (DEFICIT)						
LIABILITIES						
Accounts payable	\$ -	\$ 8,347	\$ 244	\$ 3,200	\$ -	\$ -
Due to other governments	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deferred revenue	-	8,192	-	-	-	-
Total liabilities	<u>-</u>	<u>16,539</u>	<u>244</u>	<u>3,200</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT)						
Unreserved	<u>(65)</u>	<u>31</u>	<u>546</u>	<u>-</u>	<u>(408)</u>	<u>630</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ (65)</u>	<u>\$ 16,570</u>	<u>\$ 790</u>	<u>\$ 3,200</u>	<u>\$ (408)</u>	<u>\$ 630</u>

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2006

	School Breakfast Program	Asthma Grant	Standards Aligned Classroom	Education Technology Grant	Secretary of State RESPRO	Totals
ASSETS						
Cash (overdrafts) and cash equivalents	\$ 952	\$ -	\$ 1,849	\$ (13,289)	\$ 1,659	\$ 158,635
Due from other governments	84	-	-	-	-	23,626
TOTAL ASSETS	<u>\$ 1,036</u>	<u>\$ -</u>	<u>\$ 1,849</u>	<u>\$ (13,289)</u>	<u>\$ 1,659</u>	<u>\$ 182,261</u>
LIABILITIES AND FUND BALANCE (DEFICIT)						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,499
Due to other governments	-	-	-	-	-	1,214
Due to other funds	-	-	-	-	-	9,428
Deferred revenue	-	-	-	-	-	46,237
Total liabilities	-	-	-	-	-	72,378
FUND BALANCE (DEFICIT)						
Unreserved	<u>1,036</u>	<u>-</u>	<u>1,849</u>	<u>(13,289)</u>	<u>1,659</u>	<u>109,883</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 1,036</u>	<u>\$ -</u>	<u>\$ 1,849</u>	<u>\$ (13,289)</u>	<u>\$ 1,659</u>	<u>\$ 182,261</u>

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2006

	<u>Administrator's Academy</u>	<u>Scientific Literacy</u>	<u>Title I - School Improvement & Accountability</u>	<u>Title II - Eisenhower - Leadership Grants</u>	<u>Mathematics & Science Partnerships</u>	<u>Vocational Education - Instructor Practicum</u>
REVENUES:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 24
State sources	-	-	-	-	3,152	-
Federal sources	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,154</u>	<u>24</u>
EXPENDITURES:						
Current:						
Education:						
Salaries	-	-	-	-	-	-
Benefits	-	-	-	-	-	-
Purchased services	-	-	-	-	-	-
Supplies and materials	-	-	-	-	-	-
Capital expenditure	-	-	-	-	-	-
Payment to other governments	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-	3,154	24
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(78)</u>	<u>(159)</u>	<u>-</u>	<u>273</u>	<u>848</u>	<u>581</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (78)</u>	<u>\$ (159)</u>	<u>\$ -</u>	<u>\$ 273</u>	<u>\$ 4,002</u>	<u>\$ 605</u>

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2006

	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)
REVENUES:						
Local sources	\$ -	\$ 4	\$ 30	\$ 10,265	\$ 9	\$ 1
State sources	-	8,100	-	156,205	64,795	-
Federal sources	-	-	-	-	-	-
Total revenues	-	8,104	30	166,470	64,804	1
EXPENDITURES:						
Current:						
Education:						
Salaries	-	7,070	-	106,170	49,012	-
Benefits	-	897	-	12,199	8,857	-
Purchased services	-	130	-	21,438	6,070	-
Supplies and materials	-	-	-	5,638	454	-
Capital expenditure	-	-	-	16,709	-	-
Payment to other governments	-	-	-	-	-	-
Total expenditures	-	8,097	-	162,154	64,393	-
NET CHANGE IN FUND BALANCE	-	7	30	4,316	411	1
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	28	(6,057)	26	112,397	24	2
FUND BALANCE (DEFICIT), END OF YEAR	\$ 28	\$ (6,050)	\$ 56	\$ 116,713	\$ 435	\$ 3

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2006

	ROE/ISC Technology	Even Start	Early Childhood Parenting Program	ROE/ISC School Improvement Grant	Learning Standards	Early Childhood - Block Grant (0-3)
REVENUES:						
Local sources	\$ 5	\$ 12	\$ 81,220	\$ 32	\$ 14	\$ 5
State sources	-	-	-	-	-	99,311
Federal sources	-	144,311	-	-	-	-
Total revenues	<u>5</u>	<u>144,323</u>	<u>81,220</u>	<u>32</u>	<u>14</u>	<u>99,316</u>
EXPENDITURES:						
Current:						
Education:						
Salaries	-	94,053	65,114	-	-	70,956
Benefits	-	13,585	11,745	-	-	11,782
Purchased services	-	32,747	2,318	-	-	11,139
Supplies and materials	-	1,595	1,100	-	-	5,434
Capital expenditure	-	2,331	-	-	-	-
Payment to other governments	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>144,311</u>	<u>80,277</u>	<u>-</u>	<u>-</u>	<u>99,311</u>
NET CHANGE IN FUND BALANCE	5	12	943	32	14	5
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>1</u>	<u>14</u>	<u>(1,127)</u>	<u>39</u>	<u>410</u>	<u>(9)</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 6</u>	<u>\$ 26</u>	<u>\$ (184)</u>	<u>\$ 71</u>	<u>\$ 424</u>	<u>\$ (4)</u>

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2006

	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
REVENUES:						
Local sources	\$ 11	\$ -	\$ 1	\$ -	\$ 339	\$ -
State sources	163,375	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Total revenues	<u>163,386</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>339</u>	<u>-</u>
EXPENDITURES:						
Current:						
Education:						
Salaries	88,828	-	-	-	-	-
Benefits	14,511	-	-	-	-	-
Purchased services	29,167	-	-	-	111	-
Supplies and materials	26,025	-	-	-	-	-
Capital expenditure	4,844	-	-	-	-	-
Payment to other governments	-	-	-	-	-	-
Total expenditures	<u>163,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	11	-	1	-	228	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(132)</u>	<u>1</u>	<u>1,594</u>	<u>14</u>	<u>2</u>	<u>8</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (121)</u>	<u>\$ 1</u>	<u>\$ 1,595</u>	<u>\$ 14</u>	<u>\$ 230</u>	<u>\$ 8</u>

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2006

	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	National School Lunch Program
REVENUES:						
Local sources	\$ -	\$ 16	\$ 10	\$ 3	\$ -	\$ 346
State sources	-	-	35,000	-	121	-
Federal sources	-	13,216	-	213,839	-	1,646
Total revenues	-	13,232	35,010	213,842	121	1,992
EXPENDITURES:						
Current:						
Education:						
Salaries	-	688	25,747	129,459	-	-
Benefits	-	95	2,067	22,521	-	-
Purchased services	-	6,749	5,533	36,893	266	1,907
Supplies and materials	-	2,641	1,263	14,583	221	-
Capital expenditure	-	-	-	-	-	-
Payment to other governments	-	3,043	-	-	-	-
Total expenditures	-	13,216	34,610	203,456	487	1,907
NET CHANGE IN FUND BALANCE	-	16	400	10,386	(366)	85
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	(65)	15	146	(10,386)	(42)	545
FUND BALANCE (DEFICIT), END OF YEAR	\$ (65)	\$ 31	\$ 546	\$ -	\$ (408)	\$ 630

**SCHEDULE 5
(CONTINUED)**

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2006**

	<u>School Breakfast Program</u>	<u>Asthma Grant</u>	<u>Standards Aligned Classroom</u>	<u>Education Technology Grant</u>	<u>Secretary of State RESPRO</u>	<u>Totals</u>
REVENUES:						
Local sources	\$ 221	\$ -	\$ 2	\$ -	\$ -	\$ 92,572
State sources	-	-	-	-	11,289	541,348
Federal sources	690	1,510	15,000	21,861	-	412,073
Total revenues	<u>911</u>	<u>1,510</u>	<u>15,002</u>	<u>21,861</u>	<u>11,289</u>	<u>1,045,993</u>
EXPENDITURES:						
Current:						
Education:						
Salaries	-	-	4,735	-	-	641,832
Benefits	-	-	162	-	-	98,421
Purchased services	-	1,510	8,215	25,133	9,630	198,956
Supplies and materials	-	-	64	4,924	-	63,942
Capital expenditure	-	-	-	5,093	-	28,977
Payment to other governments	-	-	-	-	-	3,043
Total expenditures	<u>-</u>	<u>1,510</u>	<u>13,176</u>	<u>35,150</u>	<u>9,630</u>	<u>1,035,171</u>
NET CHANGE IN FUND BALANCE	911	-	1,826	(13,289)	1,659	10,822
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>125</u>	<u>-</u>	<u>23</u>	<u>-</u>	<u>-</u>	<u>99,061</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 1,036</u>	<u>\$ -</u>	<u>\$ 1,849</u>	<u>\$ (13,289)</u>	<u>\$ 1,659</u>	<u>\$ 109,883</u>

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2006

SCHEDULE 6

	Regional Safe Schools				Truants Alternative/Optional Education			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES:								
Local sources	\$ -	\$ -	\$ 10,265	\$ 10,265	\$ -	\$ -	\$ 9	\$ 9
State sources	108,903	108,903	156,205	47,302	64,795	64,795	64,795	-
Federal sources	-	-	-	-	-	-	-	-
Total revenues	<u>108,903</u>	<u>108,903</u>	<u>166,470</u>	<u>57,567</u>	<u>64,795</u>	<u>64,795</u>	<u>64,804</u>	<u>9</u>
EXPENDITURES:								
Current:								
Education:								
Salaries	88,000	88,000	106,170	(18,170)	49,012	49,012	49,012	-
Benefits	11,238	11,238	12,199	(961)	9,269	9,269	8,857	412
Purchased services	8,515	8,515	21,438	(12,923)	6,414	6,414	6,070	344
Supplies and materials	1,150	1,150	5,638	(4,488)	100	100	454	(354)
Capital outlay	-	-	16,709	(16,709)	-	-	-	-
Payments to other governments	-	-	-	-	-	-	-	-
Total expenditures	<u>108,903</u>	<u>108,903</u>	<u>162,154</u>	<u>(53,251)</u>	<u>64,795</u>	<u>64,795</u>	<u>64,393</u>	<u>402</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	4,316	<u>\$ 4,316</u>	<u>\$ -</u>	<u>\$ -</u>	411	<u>\$ 411</u>
FUND BALANCE (DEFICIT), UNRESERVED, BEGINNING OF YEAR			<u>112,397</u>			<u>24</u>		
FUND BALANCE (DEFICIT), UNRESERVED, END OF YEAR			<u>\$ 116,713</u>			<u>\$ 435</u>		

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2006

SCHEDULE 6
(CONTINUED)

	Even Start				Early Childhood - Block Grant (0-3)			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES:								
Local sources	\$ -	\$ -	\$ 12	\$ 12	\$ -	\$ -	\$ 5	\$ 5
State sources	-	-	-	-	97,077	97,077	99,311	2,234
Federal sources	150,000	150,000	144,311	(5,689)	-	-	-	-
Total revenues	150,000	150,000	144,323	(5,677)	97,077	97,077	99,316	2,239
EXPENDITURES:								
Current:								
Education:								
Salaries	96,452	91,267	94,053	(2,786)	71,070	71,070	70,956	114
Benefits	16,640	15,558	13,585	1,973	13,413	13,413	11,782	1,631
Purchased services	35,058	39,508	32,747	6,761	9,790	9,790	11,139	(1,349)
Supplies and materials	1,850	3,667	1,595	2,072	2,804	2,804	5,434	(2,630)
Capital outlay	-	-	2,331	(2,331)	-	-	-	-
Payments to other governments	-	-	-	-	-	-	-	-
Total expenditures	150,000	150,000	144,311	5,689	97,077	97,077	99,311	(2,234)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	12	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ -</u>	5	<u>\$ 5</u>
FUND BALANCE (DEFICIT), UNRESERVED, BEGINNING OF YEAR			14				(9)	
FUND BALANCE (DEFICIT), UNRESERVED, END OF YEAR			<u>\$ 26</u>				<u>\$ (4)</u>	

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2006

SCHEDULE 6
(CONTINUED)

	Early Childhood - Block Grant (3-5)				Title I - Reading First Part B SEA Funds			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES:								
Local sources	\$ -	\$ -	\$ 11	\$ 11	\$ -	\$ -	\$ 16	\$ 16
State sources	175,301	175,301	163,375	(11,926)	-	-	-	-
Federal sources	-	-	-	-	20,889	20,889	13,216	(7,673)
Total revenues	<u>175,301</u>	<u>175,301</u>	<u>163,386</u>	<u>(11,915)</u>	<u>20,889</u>	<u>20,889</u>	<u>13,232</u>	<u>(7,657)</u>
EXPENDITURES:								
Current:								
Education:								
Salaries	90,215	90,215	88,828	1,387	-	700	688	12
Benefits	14,978	14,978	14,511	467	-	100	95	5
Purchased services	37,298	37,298	29,167	8,131	3,900	3,100	6,749	(3,649)
Supplies and materials	27,810	27,810	26,025	1,785	3,500	6,299	2,641	3,658
Capital outlay	5,000	5,000	4,844	156	-	-	-	-
Payments to other governments	-	-	-	-	13,489	10,690	3,043	7,647
Total expenditures	<u>175,301</u>	<u>175,301</u>	<u>163,375</u>	<u>11,926</u>	<u>20,889</u>	<u>20,889</u>	<u>13,216</u>	<u>7,673</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	11	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ -</u>	16	<u>\$ 16</u>
FUND BALANCE (DEFICIT), UNRESERVED, BEGINNING OF YEAR			<u>(132)</u>				<u>15</u>	
FUND BALANCE (DEFICIT), UNRESERVED, END OF YEAR			<u>\$ (121)</u>				<u>\$ 31</u>	

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2006

SCHEDULE 6
(CONTINUED)

	Secretary of State Family Literacy Grant				Total			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES:								
Local sources	\$ -	\$ -	\$ 10	\$ 10	\$ -	\$ -	\$ 10,328	\$ 10,328
State sources	35,000	35,000	35,000	-	481,076	481,076	518,686	37,610
Federal sources	-	-	-	-	170,889	170,889	157,527	(13,362)
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>35,010</u>	<u>10</u>	<u>651,965</u>	<u>651,965</u>	<u>686,541</u>	<u>34,576</u>
EXPENDITURES:								
Current:								
Education:								
Salaries	26,704	25,747	25,747	-	421,453	416,011	435,454	(19,443)
Benefits	3,371	2,907	2,067	840	68,909	67,463	63,096	4,367
Purchased services	3,600	5,021	5,533	(512)	104,575	109,646	112,843	(3,197)
Supplies and materials	1,325	1,325	1,263	62	38,539	43,155	43,050	105
Capital outlay	-	-	-	-	5,000	5,000	23,884	(18,884)
Payments to other governments	-	-	-	-	13,489	10,690	3,043	7,647
Total expenditures	<u>35,000</u>	<u>35,000</u>	<u>34,610</u>	<u>390</u>	<u>651,965</u>	<u>651,965</u>	<u>681,370</u>	<u>(29,405)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	400	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ -</u>	5,171	<u>\$ 5,171</u>
FUND BALANCE (DEFICIT), UNRESERVED, BEGINNING OF YEAR			<u>146</u>				<u>112,455</u>	
FUND BALANCE (DEFICIT), UNRESERVED, END OF YEAR			<u>\$ 546</u>				<u>\$ 117,626</u>	

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2006**

ASSETS	General Educational Development	Bus Driver Training	Supervisory	Technology Training	Learning Technology Center	Totals
Cash (overdrafts) and cash equivalents	\$ 10,034	\$ 4,620	\$ 1,084	\$ 931	\$ (2,014)	\$ 14,655
LIABILITIES AND FUND BALANCE (DEFICIT)						
LIABILITIES						
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES (DEFICIT)						
Unreserved	10,034	4,620	1,084	931	(2,014)	14,655
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 10,034	\$ 4,620	\$ 1,084	\$ 931	\$ (2,014)	\$ 14,655

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2006

	<u>General Educational Development</u>	<u>Bus Driver Training</u>	<u>Supervisory</u>	<u>Technology Training</u>	<u>Learning Technology Center</u>	<u>Totals</u>
REVENUES:						
Local sources	\$ 6,280	\$ 133	\$ 14	\$ 1	\$ 15,088	\$ 21,516
State sources	-	820	1,000	-	-	1,820
Total revenues	<u>6,280</u>	<u>953</u>	<u>1,014</u>	<u>1</u>	<u>15,088</u>	<u>23,336</u>
EXPENDITURES:						
Current:						
Education:						
Salaries	-	-	-	-	16,416	16,416
Benefits	-	-	-	-	967	967
Purchased services	2,988	376	1,091	-	404	4,859
Supplies and materials	1,085	-	43	-	-	1,128
Total expenditures	<u>4,073</u>	<u>376</u>	<u>1,134</u>	<u>-</u>	<u>17,787</u>	<u>23,370</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	2,207	577	(120)	1	(2,699)	(34)
FUND BALANCE, BEGINNING OF YEAR	<u>7,827</u>	<u>4,043</u>	<u>1,204</u>	<u>930</u>	<u>685</u>	<u>14,689</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 10,034</u>	<u>\$ 4,620</u>	<u>\$ 1,084</u>	<u>\$ 931</u>	<u>\$ (2,014)</u>	<u>\$ 14,655</u>

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
June 30, 2006

ASSETS	<u>Computer Workshops</u>	<u>Courses Fund</u>	<u>Non-Grant Workshops</u>	<u>IARSS Website Development</u>	<u>Miscellaneous Local Fees</u>	<u>Totals</u>
Cash and cash equivalents	\$ 5,174	\$ 1,597	\$ 2,141	\$ 2,930	\$ 4,033	\$ 15,875
LIABILITIES						
Accounts payable	-	-	-	-	1,500	1,500
Due to other funds	-	-	5,528	-	409	5,937
Total liabilities	-	-	5,528	-	1,909	7,437
NET ASSETS						
Unrestricted	<u>\$ 5,174</u>	<u>\$ 1,597</u>	<u>\$ (3,387)</u>	<u>\$ 2,930</u>	<u>\$ 2,124</u>	<u>\$ 8,438</u>

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2006

	<u>Computer Workshops</u>	<u>Courses Fund</u>	<u>Non-Grant Workshops</u>	<u>IARSS Website Development</u>	<u>Miscellaneous Local Fees</u>	<u>Totals</u>
OPERATING REVENUES						
Local sources	\$ 1,855	\$ -	\$ 17,738	\$ 1,600	\$ 1,493	\$ 22,686
OPERATING EXPENSES						
Salaries	-	-	-	-	-	-
Benefits	120	-	-	-	-	120
Purchased services	919	-	11,617	-	788	13,324
Supplies and materials	-	-	3,980	-	573	4,553
Total operating expenses	<u>1,039</u>	<u>-</u>	<u>15,597</u>	<u>-</u>	<u>1,361</u>	<u>17,997</u>
OPERATING INCOME (LOSS)	816	-	2,141	1,600	132	4,689
NONOPERATING REVENUES						
Interest revenue	<u>154</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>61</u>	<u>216</u>
INCOME (LOSS) AFTER NONOPERATING REVENUES	970	1	2,141	1,600	193	4,905
NET ASSETS, BEGINNING OF YEAR	<u>4,204</u>	<u>1,596</u>	<u>(5,528)</u>	<u>1,330</u>	<u>1,931</u>	<u>3,533</u>
NET ASSETS, END OF YEAR	<u>\$ 5,174</u>	<u>\$ 1,597</u>	<u>\$ (3,387)</u>	<u>\$ 2,930</u>	<u>\$ 2,124</u>	<u>\$ 8,438</u>

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2006

	<u>Computer Workshops</u>	<u>Courses Fund</u>	<u>Non-Grant Workshops</u>	<u>IARSS Website Development</u>	<u>Miscellaneous Local Fees</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts for workshops and services	\$ 1,855	\$ -	\$ 17,738	\$ 1,600	\$ 1,493	\$ 22,686
Payments to suppliers and providers of goods and services	(919)	-	(15,597)	-	(1,361)	(17,877)
Payments to employees	(120)	-	-	-	-	(120)
Net cash provided by (used in) operating activities	<u>816</u>	<u>-</u>	<u>2,141</u>	<u>1,600</u>	<u>132</u>	<u>4,689</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest	<u>154</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>61</u>	<u>216</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	970	1	2,141	1,600	193	4,905
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,204</u>	<u>1,596</u>	<u>-</u>	<u>1,330</u>	<u>3,840</u>	<u>10,970</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,174</u>	<u>\$ 1,597</u>	<u>\$ 2,141</u>	<u>\$ 2,930</u>	<u>\$ 4,033</u>	<u>\$ 15,875</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:						
Operating income	\$ 816	\$ -	\$ 2,141	\$ 1,600	\$ 132	\$ 4,689
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Decrease in accounts payable	-	-	-	-	-	-
Increase in due to other funds	-	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 816</u>	<u>\$ -</u>	<u>\$ 2,141</u>	<u>\$ 1,600</u>	<u>\$ 132</u>	<u>\$ 4,689</u>

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
 June 30, 2006

	<u>Distributive Fund</u>	<u>Payroll Fund</u>	<u>Public Aid Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	<u>\$ 2,540</u>	<u>\$ (443)</u>	<u>\$ 415</u>	<u>\$ 2,512</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	<u>2,540</u>	<u>(443)</u>	<u>415</u>	<u>2,512</u>
TOTAL LIABILITIES	<u>\$ 2,540</u>	<u>\$ (443)</u>	<u>\$ 415</u>	<u>\$ 2,512</u>

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2006

SCHEDULE 13

	Balance, July 1, 2005	Additions	Deductions	Balance, June 30, 2006
DISTRIBUTIVE FUND				
ASSETS				
Cash and cash equivalents	<u>\$ 1,746</u>	<u>\$ 3,536,480</u>	<u>\$ 3,535,686</u>	<u>\$ 2,540</u>
LIABILITIES				
Accounts payable	\$ 40	\$ -	\$ 40	\$ -
Due to other governments	<u>1,706</u>	<u>3,536,480</u>	<u>3,535,646</u>	<u>2,540</u>
TOTAL LIABILITIES	<u>\$ 1,746</u>	<u>\$ 3,536,480</u>	<u>\$ 3,535,686</u>	<u>\$ 2,540</u>
 PAYROLL FUND				
ASSETS				
Cash and cash equivalents	<u>\$ (476)</u>	<u>\$ 575,556</u>	<u>\$ 575,523</u>	<u>\$ (443)</u>
LIABILITIES				
Accounts payable	\$ (1,370)	\$ 1,370	\$ -	\$ -
Due to other governments	<u>894</u>	<u>574,186</u>	<u>575,523</u>	<u>(443)</u>
TOTAL LIABILITIES	<u>\$ (476)</u>	<u>\$ 575,556</u>	<u>\$ 575,523</u>	<u>\$ (443)</u>
 PUBLIC AID FUND				
ASSETS				
Cash and cash equivalents	<u>\$ 415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 415</u>
LIABILITIES				
Due to other governments	<u>\$ 415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 415</u>
 TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	<u>\$ 1,685</u>	<u>\$ 4,112,036</u>	<u>\$ 4,111,209</u>	<u>\$ 2,512</u>
LIABILITIES				
Accounts payable	\$ (1,330)	\$ 1,370	\$ 40	\$ -
Due to other governments	<u>3,015</u>	<u>4,110,666</u>	<u>4,111,169</u>	<u>2,512</u>
TOTAL LIABILITIES	<u>\$ 1,685</u>	<u>\$ 4,112,036</u>	<u>\$ 4,111,209</u>	<u>\$ 2,512</u>

WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT
TREASURERS AND OTHER ENTITIES
DISTRIBUTIVE FUND
Year Ended June 30, 2006

	<u>Regional Superintendent of Schools</u>	<u>Bi-County Special Education Coop</u>	<u>Totals</u>
Early Childhood Block Grant	\$ 290,890	\$ -	\$ 290,890
Even Start - 2006	150,000	-	150,000
Regional Safe Schools - 2006	112,734	-	112,734
Truants Alternative/Optional Education - 2006	64,795	-	64,795
ROE/ISC Operations	58,615	-	58,615
General State Aid	47,302	-	47,302
Title I - Reading First Part B SEA Funds	1,283	-	1,283
Breakfast Incentive	731	-	731
National Lunch	1,118	-	1,118
Supervisory	1,000	-	1,000
School Bus Driver Training	240	-	240
State Free Lunch & Breakfast	757	-	757
Special Education IDEA	-	2,293,163	2,293,163
Special Education Personnel	-	396,340	396,340
Special Education Preschool	-	116,718	116,718
	<u>\$ 729,465</u>	<u>\$ 2,806,221</u>	<u>\$ 3,535,686</u>

**WHITESIDE COUNTY REGIONAL OFFICE OF EDUCATION NO. 55
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2006**

Federal Grantor/Pass- Through Grantor, Program or Cluster Title	CFDA Number	Project Number (1st 8 digits) or Contract #	Federal Expenditures 7/1/05 - 6/30/06
U.S. Department of Education passed through Illinois State Board of Education:			
Evenstart Family Literacy	84.213C	05-4335-00	\$ 3,579
Evenstart Family Literacy	84.213C	06-4335-00	<u>140,732</u>
Total Evenstart Family Literacy			144,311
Title I - Reading First Part B SEA	84.357A	06-4337-02	13,216
Clark, Coles, Cumberland, Douglas, Edgar, Moultrie, and Shelby Counties Regional Office of Education No. 11:			
Standards Aligned Classroom	84.289A	06-4999-00	13,176
Carroll, JoDaviess, and Stephenson Counties Regional Office of Education No. 8:			
Technology - Enhancing Education - Competitive	84.318X	05-4972-00	<u>21,861</u>
Total U.S. Department of Education			192,564
U.S. Department of Agriculture passed through Illinois State Board of Education:			
National School Lunch Program	10.555	06-4210-00	<u>1,646</u>
Total U.S. Department of Agriculture			1,646
U.S. Department of Labor passed through Northwest Illinois Workforce Partnership:			
(M) Education Outreach Program	17.250	PY05-68104-03Y	203,456
Centers for Disease Control and Prevention passed through:			
Illinois Department of Public Health			
Training for Athletes and Asthma Program	93.293	06-4999-01	<u>1,510</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 399,176</u></u>

(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
Year Ended June 30, 2006**

NOTE 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of 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 preparation of these basic financial statements.

NOTE 2 - SUBRECIPIENTS

NONE

NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM

Education Outreach Program - this program is associated with workforce investment activities that are designed to increase educational and occupational skill attainment by participants.

NOTE 4 - NON-CASH ASSISTANCE

NONE

NOTE 5 - AMOUNT OF INSURANCE

NONE

NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

NONE

This information is an integral part of the accompanying schedule.