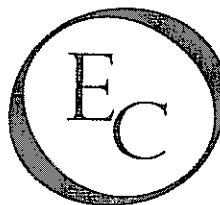


**STATE OF ILLINOIS  
WILL COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 56**

**FINANCIAL AUDIT  
(In Accordance with the Single Audit Act and OMB Circular A-133)  
FOR THE YEAR ENDED JUNE 30, 2007**

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



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

WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56

TABLE OF CONTENTS

	PAGE
<b>OFFICIALS</b> .....	1
<b>COMPLIANCE REPORT SUMMARY</b> .....	2
<b>FINANCIAL STATEMENT REPORT SUMMARY</b> .....	4
 <b>FINANCIAL SECTION</b>	
Independent Auditors' Report.....	5
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	7
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	9
Schedule of Findings and Questioned Costs.....	11
Financial Statement Findings.....	12
Federal Award Findings.....	14
Corrective Action Plan for Current Year Audit Findings.....	15
Summary Schedule of Prior Audit Findings.....	16
Management's Discussion and Analysis.....	17

**EXHIBIT**

**BASIC FINANCIAL STATEMENTS**

Government-wide Financial Statements		
Statement of Net Assets.....	A	23
Statement of Activities.....	B	24

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56**

**TABLE OF CONTENTS (CONTINUED)**

	<b>EXHIBIT</b>	<b>PAGE</b>
<b>BASIC FINANCIAL STATEMENTS (Continued)</b>		
Fund Financial Statements		
Governmental Funds - Balance Sheet.....	C.....	25
Governmental Funds - Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	D.....	26
Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances.....	E.....	27
Governmental Funds - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	F.....	28
Proprietary Funds - Statement of Net Assets.....	G.....	29
Proprietary Funds - Statement of Revenues, Expenses and Changes in Fund Net Assets.....	H.....	30
Proprietary Funds - Statement of Cash Flows.....	I.....	31
Fiduciary Funds - Statement of Fiduciary Net Assets.....	J.....	32
Notes to Financial Statements.....		33

**REQUIRED SUPPLEMENTARY INFORMATION**

Illinois Municipal Retirement Fund - Schedule of Funding Progress.....	50
--	----

**SUPPLEMENTARY INFORMATION**

	<b>SCHEDULE</b>	
General Fund Accounts:		
Combining Schedule of Accounts.....	1.....	51
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	2.....	52
Budgetary Comparison Schedule.....	3.....	53
Special Revenue Funds:		
Education Fund		
Combining Schedule of Accounts.....	4.....	54
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	5.....	55
Budgetary Comparison Schedules.....	6.....	56
Professional Development Alliance		
Combining Schedule of Accounts.....	7.....	58
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	8.....	60
Budgetary Comparison Schedules.....	9.....	62

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56**

**TABLE OF CONTENTS (CONTINUED)**

	<b>SCHEDULE</b>	<b>PAGE</b>
<b>SUPPLEMENTARY INFORMATION (Continued)</b>		
Nonmajor Special Revenue Funds		
Combining Balance Sheet.....	10.....	64
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	11.....	65
Fiduciary Funds:		
Combining Statement of Fiduciary Net Assets.....	12.....	66
Combining Statement of Changes in Assets and Liabilities - All Agency Funds.....	13.....	67
Schedule of Disbursements to School District Treasurers and Others.....	14.....	68
<b>FEDERAL COMPLIANCE SECTION</b>		
Schedule of Expenditures of Federal Awards.....	15.....	69
Notes to Schedule of Expenditures of Federal Awards.....		70

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
OFFICIALS**

Regional Superintendent  
(July 1, 2007 to present)

Dr. Jennifer Bertino-Tarrant

Regional Superintendent  
(During the audit period)

Mr. Richard P. Duran

Assistant Regional Superintendent  
(July 1, 2007 to present)

Mr. Shawn T. Walsh

Assistant Regional Superintendent  
(During the audit period)

Mr. David J. Levek

Office is located at:

702 West Maple Street  
New Lenox, Illinois 60451

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
COMPLIANCE REPORT SUMMARY**

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

**AUDITORS' REPORTS**

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

**SUMMARY OF AUDIT FINDINGS**

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

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

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Prior Finding Code</u>
FINDING ( <i>GOVERNMENT AUDITING STANDARDS</i> )			
07-1	12	Controls Over Compliance with Laws and Regulations	06-1
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)			
	14	None	
PRIOR FINDINGS NOT REPEATED ( <i>GOVERNMENT AUDITING STANDARDS</i> )			
None			
PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)			
None			

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
JUNE 30, 2007**

**EXIT CONFERENCE**

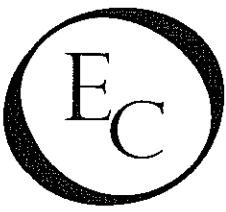
The Will County Regional Office of Education No. 56 opted not to have an exit conference during the financial audit for the year ended June 30, 2007. Responses to the recommendations were provided by Dr. Jennifer Bertino-Tarrant in a letter dated April 3, 2008.

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Will County Regional Office of Education No. 56 was performed by E. C. Ortiz & Co., LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Will County Regional Office of Education No. 56's basic financial statements.





## INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Will County Regional Office of Education No. 56, as of and for the year ended June 30, 2007, which collectively comprise the Will County Regional Office of Education No. 56's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Will County Regional Office of Education No. 56'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 Will County Regional Office of Education No. 56, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 9, 2008 on our consideration of the Will County Regional Office of Education No. 56's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of

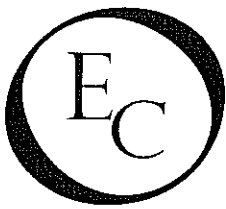
an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 17 to 22 and page 50 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Will County Regional Office of Education No. 56's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Others are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Others, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*E. C. Ortig & Co. LLP*

Chicago, Illinois  
May 9, 2008



**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 Will County Regional Office of Education No. 56, as of and for the year ended June 30, 2007, which collectively comprise the Will County Regional Office of Education No. 56's basic financial statements and have issued our report thereon dated May 9, 2008. 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 Will County Regional Office of Education No. 56's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Will County Regional Office of Education No. 56's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Will County Regional Office of Education No. 56's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

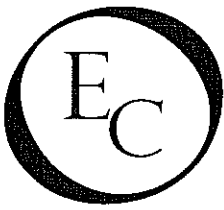
As part of obtaining reasonable assurance about whether the Will County Regional Office of Education No. 56's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with 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 or other matters which we reported on the accompanying Schedule of Findings and Questioned Costs as item 07-1.

The Will County Regional Office of Education No. 56's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Will County Regional Office of Education No. 56's response and, accordingly, we express no opinion on it.

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

*E. C. Ortiz & Co. LLP*

Chicago, Illinois  
May 9, 2008



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

We have audited the compliance of the Will County Regional Office of Education No. 56 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, 2007. The Will County Regional Office of Education No. 56's major federal programs are identified in the Summary of the Auditors' 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 Will County Regional Office of Education No. 56's management. Our responsibility is to express an opinion on the Will County Regional Office of Education No. 56's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Will County Regional Office of Education No. 56'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 Will County Regional Office of Education No. 56's compliance with those requirements.

In our opinion, the Will County Regional Office of Education No. 56 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, 2007.

## Internal Control Over Compliance

The management of the Will County Regional Office of Education No. 56 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 Will County Regional Office of Education No. 56'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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Will County Regional Office of Education No. 56's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

*E. C. Ortiz & Co. LLP*

Chicago, Illinois  
May 9, 2008

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Part I: Summary of the Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?        Yes   ✓   No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?        Yes   ✓   None reported
- Noncompliance material to financial statements noted?        Yes   ✓   No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?        Yes   ✓   No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?        Yes   ✓   None reported

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

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

**Identification of major programs:**

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I - School Improvement and Accountability

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

Auditee qualified as low-risk auditee?   ✓   Yes        No

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007**

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

**FINDING NO. 07-1 - Controls Over Compliance with Laws and Regulations (Repeated from 2006 and 2005 - Finding Nos. 06-1 and 05-1)**

*Criteria/Specific Requirement:*

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.)

*Condition:*

The Regional Office of Education No. 56 did not present at the September county board meeting and as nearly quarterly thereafter, a report of all his acts including a list of all the schools visited and dates of visitation. The Regional Superintendent submitted to the county board its annual report. The annual report included statistics on major areas of activities of the ROE, including the inspections of school buildings within its region. Details of the dates of visits and other statistics are provided to the board upon request.

*Effect:*

The Regional Office of Education No. 56 did not comply with statutory requirements.

*Cause:*

According to the Regional Superintendent, presentation to the county board is done only when scheduled by the board. The ROE submits the annual report to the county every year. The annual report is believed to have all the pertinent information about the ROE's operations, and details of any visits and dates of visitation are available upon request.

*Recommendation:*

The Regional Superintendent should attend the county board meeting in September and quarterly thereafter as it may have regular or special meetings, and present a report of all his acts as county superintendent, including a list of all the schools visited with the dates of visitation as required by 105 ILCS 5/3-5.



**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007**

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

**FINDING NO. 07-1 - Controls Over Compliance with Laws and Regulations (Repeated from 2006 and 2005 - Finding Nos. 06-1 and 05-1) (Continued)**

*Management's Response:*

We agree with the recommendation. Compliance with 105 ILCS 5/3-5 is currently being done by this Office beginning September 2007. Legal opinion has been given and approval has been provided by the county board, that the Will County Regional Office of Education No. 56 will provide quarterly reports of all its acts as county superintendent. Furthermore, if requested an oral, as well as written, presentation will be given in September.

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Part III: Federal Award Findings**

**INSTANCES OF NONCOMPLIANCE:**

None

**SIGNIFICANT DEFICIENCIES:**

None

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDING  
JUNE 30, 2007**

**FINDING NO. 07-1 - Controls Over Compliance with Laws and Regulations (Repeated from 2006 and 2005 - Finding Nos. 06-1 and 05-1)**

*Condition:*

The Regional Office of Education No. 56 did not present at the September county board meeting and as nearly quarterly thereafter, a report of all his acts including a list of all the schools visited and dates of visitation. The Regional Superintendent submitted to the county board its annual report. The annual report included statistics on major areas of activities of the ROE, including the inspections of school buildings within its region. Details of the dates of visits and other statistics are provided to the board upon request.

*Plan:*

Compliance with 105 ILCS 5/3-14.5 is currently being done by this Office beginning September 2007. Legal opinion has been given and approval has been provided by the county board, that the Will County Regional Office of Education No. 56 will provide quarterly reports of all its acts as county superintendent. Furthermore, if requested an oral, as well as written, presentation will be given in September.

*Anticipated Date of Completion:*

Completed.

*Name of Contact Person:*

Jennifer Bertino-Tarrant, Regional Superintendent

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**JUNE 30, 2007**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
06-1	<p>Controls Over Compliance with Laws and Regulations</p> <p>A. Public Act 95-496 repealed the requirements of 105 ILCS 5/3-14.11.</p> <p>B. The Regional Superintendent did not present to the county board meetings a report of all her acts and the list of all schools visited with the dates of visitation in compliance with the Illinois School Code 105 ILCS 5/3-5.</p> <p>C. Public Act 95-496 repealed the requirements of 105 ILCS 5/3-14.5.</p>	<p>Resolved</p> <p>Repeated</p> <p>Resolved</p>

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007**

The Will County Regional Office of Education No. 56 (ROE No. 56) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2007 with comparative information for the year ended June 30, 2006. Readers are encouraged to consider the information in conjunction with the ROE No. 56's financial statements that follow.

**2007 Financial Highlights**

- Within the Governmental Funds, the General Fund revenues increased by \$93,869 (19%) from \$495,401 in FY 2006 to \$589,270 in FY 2007. General Fund expenditures increased by \$92,682 (19%) from \$494,958 in FY 2006 to \$587,640 in FY 2007.
- Within the Governmental Funds, the Special Revenue Fund revenues increased by \$824,033 (11%) from \$7,805,831 in FY 2006 to \$8,629,864 in FY 2007. The Special Revenue Fund expenditures increased by \$731,583 (9%) from \$7,753,330 in FY 2006 to \$8,484,913 in FY 2007.
- The Enterprise Fund revenues decreased by \$71,686 (4%) from \$1,631,149 in FY 2006 to \$1,559,463 in FY 2007. The Enterprise Fund expenditures decreased by \$168,560 (11%) from \$1,545,652 in FY 2006 to \$1,377,092 in FY 2007.

**Using This Report**

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

- *Management's Discussion and Analysis* introduces financial statements and provides an analytical overview of the ROE No. 56's financial activities.
- The *Government-wide financial statements* consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the ROE No. 56 as a whole and present an overall view of the Office's finances.
- *Fund financial statements* report the ROE No. 56's operations in more detail than the government-wide statements by providing information about the most significant funds.
- *Notes to the financial statements* provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- *Required supplementary information* further explains and supports the financial statements and supplementary information provides detailed information about the non-major funds.

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007**

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

It is important to note, that many grants are a cooperative effort of the ROE No. 56 and the Grundy/Kendall Regional Office of Education No. 24. Therefore, these figures may reflect grants that are intended to serve Will County only and grants that serve Will, Grundy, and Kendall Counties.

**The Statement of Net Assets and the Statement of Activities**

Government-wide Financial Statements

The Government-wide statements report information about the ROE No. 56 as a whole. The Statement of Net Assets includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid using Generally Accepted Accounting Principles and GASB 34.

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

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

Fund Financial Statements

The fund financial statements provide detailed information about the ROE No. 56's funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The ROE No. 56 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

- (1) Governmental funds account for those funds through which most governmental functions of the Office are financed. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at the year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Office's programs. The governmental

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007**

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

- (2) Proprietary funds account for resources from fees charged directly to those entities or individuals that use its services. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements. The proprietary funds required financial statements include a Statement of Net Assets, Statement of Revenues, Expenses and Changes in Fund Net Assets and a Statement of Cash Flows.
- (3) Fiduciary funds are used to account for assets held by the ROE No. 56 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds required financial statements include a Statement of Fiduciary Net Assets.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve when examined over time as one indicator of the financial position of the ROE No. 56. The net assets at the end of FY 2007 and FY 2006 totaled \$1,996,951 and \$1,674,294, respectively. The analysis that follows provides a summary of the ROE No. 56's net assets as of June 30.

**CONDENSED STATEMENT OF NET ASSETS**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>						
Current assets	\$ 2,265,524	\$ 1,550,710	\$ 1,397,603	\$ 1,191,856	\$ 3,663,127	\$ 2,742,566
Capital assets, net of depreciation	13,019	19,314	15,806	3,904	28,825	23,218
<b>TOTAL ASSETS</b>	<u>2,278,543</u>	<u>1,570,024</u>	<u>1,413,409</u>	<u>1,195,760</u>	<u>3,691,952</u>	<u>2,765,784</u>
Current liabilities	1,596,169	1,027,936	98,832	63,554	1,695,001	1,091,490
<b>TOTAL LIABILITIES</b>	<u>1,596,169</u>	<u>1,027,936</u>	<u>98,832</u>	<u>63,554</u>	<u>1,695,001</u>	<u>1,091,490</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	13,019	19,314	15,806	3,904	28,825	23,218
Restricted for teacher professional development	379,515	260,710	-	-	379,515	260,710
Unrestricted	289,840	262,064	1,298,771	1,128,302	1,588,611	1,390,366
<b>TOTAL NET ASSETS</b>	<u>\$ 682,374</u>	<u>\$ 542,088</u>	<u>\$ 1,314,577</u>	<u>\$ 1,132,206</u>	<u>\$ 1,996,951</u>	<u>\$ 1,674,294</u>

The ROE No. 56's net assets increased by \$322,657 (19%) from FY 2006. The increase occurred in the Local Professional Development Alliance (PDA) Funds and Institute Funds

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007**

due to excess of revenues over expenses for certification and workshops conducted by the ROE. In addition, net assets related to the Teacher Institute Fund are considered restricted for teacher professional development.

**CHANGES IN NET ASSETS**

The following analysis shows the changes in net assets for the years ended June 30, 2006 and 2007.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues:						
Program revenues:						
Charges for services	\$ 183,137	\$ 59,816	\$ 1,484,092	\$ 1,570,391	\$ 1,667,229	\$ 1,630,207
Operating grants and contributions	8,713,579	7,883,148	-	-	8,713,579	7,883,148
General revenues:						
Local sources and miscellaneous	46,907	110,527	-	-	46,907	110,527
Interest income	45,817	24,456	75,371	60,758	121,188	85,214
On-behalf payments	229,694	223,285	-	-	229,694	223,285
Total revenues	<u>9,219,134</u>	<u>8,301,232</u>	<u>1,559,463</u>	<u>1,631,149</u>	<u>10,778,597</u>	<u>9,932,381</u>
Expenses:						
Salaries	1,056,036	1,266,108	330,276	379,938	1,386,312	1,646,046
Benefits	245,181	264,260	91,484	91,208	336,665	355,468
Purchased services	1,534,833	1,506,630	754,852	909,640	2,289,685	2,416,270
Supplies and materials	156,404	170,131	163,474	131,920	319,878	302,051
Capital expenditures	12,287	8,329	10,183	10,159	22,470	18,488
Depreciation	6,295	10,449	6,335	3,903	12,630	14,352
Payments to other governments	5,748,282	4,800,169	-	-	5,748,282	4,800,169
Miscellaneous	89,836	9,376	20,488	18,884	110,324	28,260
On-behalf payments	229,694	223,285	-	-	229,694	223,285
Total expenses	<u>9,078,848</u>	<u>8,258,737</u>	<u>1,377,092</u>	<u>1,545,652</u>	<u>10,455,940</u>	<u>9,804,389</u>
Change in net assets	140,286	42,495	182,371	85,497	322,657	127,992
Net assets, beginning	<u>542,088</u>	<u>499,593</u>	<u>1,132,206</u>	<u>1,046,709</u>	<u>1,674,294</u>	<u>1,546,302</u>
Net assets, ending	<u>\$ 682,374</u>	<u>\$ 542,088</u>	<u>\$ 1,314,577</u>	<u>\$ 1,132,206</u>	<u>\$ 1,996,951</u>	<u>\$ 1,674,294</u>

**Governmental Activities**

Revenues for governmental activities were \$9,219,134 and expenses were \$9,078,848. Some grants increased while others decreased or were not funded in FY 2007. The General State Aid increased by \$401,140 due to the increase in the state funding level per student. Title I - School Improvement and Accountability increased by \$907,662 due to having more schools on the academic watch list and the need to provide services to these schools. Title IV - 21st Century Community Learning Centers grants decreased by \$337,228 with one of the grants ending its 5-year term. Technology Enhancing Education Competitive grant has been



**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007**

severely cut in funding with no new funds in FY 2007, thus revenues decreased by \$121,813. Expenses were proportionally increased or decreased to meet the funding level.

**Business-Type Activities**

Revenues for business-type activities were \$1,559,463 and expenditures were \$1,377,092. The decrease in revenues and expenditures is attributed to the decrease in workshops for the Masters and Doctoral programs partially offset with the increase in background investigations conducted in FY 2007.

**Financial Analysis of the ROE No. 56 Funds**

As previously noted, the ROE No. 56 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency's Governmental Funds reported combined fund balances were \$669,355.

**Governmental Fund Highlights**

- State funding of Regional Offices of Education has been stable in funding compared to the previous year.
- The dollar return on investments (certificate of deposit, short-term investments and interest earned on a float) increased modestly due to the electronic deposit of receipts of the ROE funds which resulted in immediate clearing of deposits made.
- County support for the ROE No. 56 remained at the same funding level.
- The Regional Safe Schools Program was able to maintain services due to an increase in the foundation level of General State Aid.

**Proprietary Fund Highlights**

Total proprietary fund net assets increased by \$182,371 (16%). The increase in the proprietary fund net assets is due mainly to the decrease in expenses, specifically purchased services, as a result of streamlining of operations. Interest income increased as a result of increased available funds for investment.

**Budgetary Highlights**

The ROE No. 56 annually adopts budgets for several funds. The Professional Development Alliance (PDA) Budget is prepared by the Executive Director of the PDA and approved by a joint Governing Board representing Will, Grundy, & Kendall Counties. The Regional Safe Schools Budget is approved by a similar board. The Education-To-Careers Executive Board approves the budgets for the ETC Partnership and the 21st Century Grant. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007**

Board for their approval. The Office Operations Budget covers a fiscal year which runs from December 1 to November 30. All grant budgets are prepared by the Regional Office of Education No. 56 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency.

**Capital Assets**

ROE No. 56's capital assets include office equipment, computers, audio-visual equipment, and building improvements. The ROE No. 56 maintains an inventory of capital assets which have been accumulated over time. The ROE acquired a telephone system for \$18,237 in 2007. Depreciation expense for FY 2007 was \$12,630.

**Economic Factors and Next Years' Budget**

At the time these financial statements were prepared and audited, the Will County Regional Office of Education No. 56 was aware of several existing circumstances that could affect its financial condition in the future:

- The state aid foundation level for FY 2007 has increased to \$5,334 per student.
- County board support for Regional Office of Education No. 56 remains the same for FY 2007.
- The Region is experiencing student growth of 4.1%.
- The Regional Office of Education continues to experience double-digit health care cost increases for employees and escalating fuel prices.

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

This financial report is designed to provide the ROE No 56's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of Schools, Will County Regional Office of Education No. 56, 702 West Maple Street, New Lenox, Illinois 60451.

## **BASIC FINANCIAL STATEMENTS**

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2007**

**EXHIBIT A**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,014,223	\$ 1,244,900	\$ 3,259,123
Accounts receivable	-	152,703	152,703
Due from other governmental units	251,301	-	251,301
<b>Total current assets</b>	<b>2,265,524</b>	<b>1,397,603</b>	<b>3,663,127</b>
Noncurrent assets:			
Capital assets, net	13,019	15,806	28,825
<b>TOTAL ASSETS</b>	<b>2,278,543</b>	<b>1,413,409</b>	<b>3,691,952</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	1,376,225	86,757	1,462,982
Deferred revenues	200,438	12,075	212,513
Due to other governmental units	19,506	-	19,506
<b>TOTAL LIABILITIES</b>	<b>1,596,169</b>	<b>98,832</b>	<b>1,695,001</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	13,019	15,806	28,825
Restricted for teacher professional development	379,515	-	379,515
Unrestricted	289,840	1,298,771	1,588,611
<b>TOTAL NET ASSETS</b>	<b>\$ 682,374</b>	<b>\$ 1,314,577</b>	<b>\$ 1,996,951</b>

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

WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2007

EXHIBIT B

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contribution	Primary Government		
				Governmental Activities	Business-Type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>						
<b>Primary government</b>						
<b>Governmental activities:</b>						
<b>Instructional services:</b>						
Salaries	\$ 1,056,036	\$ -	\$ 1,043,541	\$ (12,495)	\$ -	\$ (12,495)
Benefits	245,181	-	242,280	(2,901)	-	(2,901)
Purchased services	1,534,833	120,620	1,503,778	89,565	-	89,565
Supplies and materials	156,404	19,784	154,297	17,677	-	17,677
Capital expenditures	12,287	9,664	11,900	9,277	-	9,277
Miscellaneous	89,836	33,069	77,512	20,745	-	20,745
Payments to other governments	5,748,282	-	5,680,271	(68,011)	-	(68,011)
Depreciation	6,295	-	-	(6,295)	-	(6,295)
<b>Administrative:</b>						
On-behalf payments	229,694	-	-	(229,694)	-	(229,694)
<b>Total governmental activities</b>	<b>9,078,848</b>	<b>183,137</b>	<b>8,713,579</b>	<b>(182,132)</b>	<b>-</b>	<b>(182,132)</b>
<b>Business-type activities:</b>						
Professional development	1,377,092	1,484,092	-	-	107,000	107,000
<b>Total business-type activities</b>	<b>1,377,092</b>	<b>1,484,092</b>	<b>-</b>	<b>-</b>	<b>107,000</b>	<b>107,000</b>
<b>Total primary government</b>	<b>\$ 10,455,940</b>	<b>\$ 1,667,229</b>	<b>\$ 8,713,579</b>	<b>(182,132)</b>	<b>107,000</b>	<b>(75,132)</b>
<b>General revenues:</b>						
Local sources				17,003	-	17,003
Interest income				45,817	75,371	121,188
On-behalf payments				229,694	-	229,694
Miscellaneous				29,904	-	29,904
<b>Total general revenues</b>				<b>322,418</b>	<b>75,371</b>	<b>397,789</b>
<b>Change in net assets</b>				<b>140,286</b>	<b>182,371</b>	<b>322,657</b>
<b>Net assets - beginning</b>				<b>542,088</b>	<b>1,132,206</b>	<b>1,674,294</b>
<b>Net assets - ending</b>				<b>\$ 682,374</b>	<b>\$ 1,314,577</b>	<b>\$ 1,996,951</b>

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

WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
 GOVERNMENTAL FUNDS  
 BALANCE SHEET  
 JUNE 30, 2007

EXHIBIT C

	General	Education Fund	Institute Fund	Professional Development Alliance Funds	Nonmajor Special Revenue Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 12,587	\$ 1,059,052	\$ 379,652	\$ 515,371	\$ 47,561	\$ 2,014,223
Due from other governmental units	-	-	-	251,301	-	251,301
<b>TOTAL ASSETS</b>	<u>12,587</u>	<u>1,059,052</u>	<u>379,652</u>	<u>766,672</u>	<u>47,561</u>	<u>2,265,524</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	3,432	607,170	137	764,870	616	1,376,225
Due to other governmental units	-	19,506	-	-	-	19,506
Deferred revenues	-	198,636	-	1,802	-	200,438
Total liabilities	<u>3,432</u>	<u>825,312</u>	<u>137</u>	<u>766,672</u>	<u>616</u>	<u>1,596,169</u>
<b>FUND BALANCES</b>						
Unreserved, reported in:						
General fund	9,155	-	-	-	-	9,155
Special revenue funds	-	233,740	379,515	-	46,945	660,200
Total fund balances	<u>9,155</u>	<u>233,740</u>	<u>379,515</u>	<u>-</u>	<u>46,945</u>	<u>669,355</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 12,587</u>	<u>\$ 1,059,052</u>	<u>\$ 379,652</u>	<u>\$ 766,672</u>	<u>\$ 47,561</u>	<u>\$ 2,265,524</u>

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

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2007**

**EXHIBIT D**

Total fund balances - governmental funds \$ 669,355

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. 13,019

Net assets of governmental activities \$ 682,374

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

WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
GOVERNMENTAL FUNDS

EXHIBIT E

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2007

	General	Education Fund	Institute Fund	Professional Development Alliance Funds	Nonmajor Special Revenue Funds	Total Governmental Funds
<b>REVENUES</b>						
Federal sources	\$ -	\$ 1,399,652	\$ -	\$ 3,850,639	\$ -	\$ 5,250,291
State sources	312,160	2,862,457	-	286,231	2,440	3,463,288
Local sources						
Registration fees	-	-	122,915	-	-	122,915
Fees for services	17,003	-	-	-	53,668	70,671
Interest	509	28,683	14,465	-	2,160	45,817
Miscellaneous	29,904	-	6,375	-	179	36,458
On-behalf payments	229,694	-	-	-	-	229,694
Total revenues	589,270	4,290,792	143,755	4,136,870	58,447	9,219,134
<b>EXPENDITURES</b>						
Current:						
Instructional services:						
Salaries	178,882	551,098	-	326,056	-	1,056,036
Benefits	60,489	86,460	-	98,232	-	245,181
Purchased services	106,343	647,499	13,050	722,175	45,766	1,534,833
Supplies and materials	4,705	110,010	260	32,042	9,387	156,404
Capital expenditures	-	2,779	244	4,796	4,468	12,287
Miscellaneous	7,527	15,229	11,396	50,955	4,729	89,836
Payments to other governments	-	2,845,668	-	2,902,614	-	5,748,282
On-behalf payments	229,694	-	-	-	-	229,694
Total expenditures	587,640	4,258,743	24,950	4,136,870	64,350	9,072,553
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	1,630	32,049	118,805	-	(5,903)	146,581
<b>FUND BALANCES, BEGINNING OF YEAR</b>	7,525	201,691	260,710	-	52,848	522,774
<b>FUND BALANCES, END OF YEAR</b>	\$ 9,155	\$ 233,740	\$ 379,515	\$ -	\$ 46,945	\$ 669,355

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



**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007**

**EXHIBIT F**

Net change in fund balances	\$ 146,581
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>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.</p>	
Depreciation expense	(6,295)
Change in net assets of governmental activities	\$ 140,286

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

WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2007

EXHIBIT G

	<b>Business Type Activities - Enterprise Funds</b>		
	<b>Local PDA</b>	<b>Criminal</b>	<b>Total</b>
	<b>Funds</b>	<b>Background Investigation</b>	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,226,243	\$ 18,657	\$ 1,244,900
Accounts receivable	139,401	13,302	152,703
Total current assets	<u>1,365,644</u>	<u>31,959</u>	<u>1,397,603</u>
Noncurrent assets:			
Capital assets, net	15,806	-	15,806
Total noncurrent assets	<u>15,806</u>	<u>-</u>	<u>15,806</u>
<b>TOTAL ASSETS</b>	<u>1,381,450</u>	<u>31,959</u>	<u>1,413,409</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	80,215	6,542	86,757
Deferred revenues	12,075	-	12,075
<b>TOTAL LIABILITIES</b>	<u>92,290</u>	<u>6,542</u>	<u>98,832</u>
<b>NET ASSETS</b>			
Invested in capital assets	15,806	-	15,806
Unrestricted	1,273,354	25,417	1,298,771
<b>TOTAL NET ASSETS</b>	<u>\$ 1,289,160</u>	<u>\$ 25,417</u>	<u>\$ 1,314,577</u>

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

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2007**

**EXHIBIT H**

	<b>Business Type Activities - Enterprise Funds</b>		<b>Total</b>
	<b>Local PDA Funds</b>	<b>Criminal Background Investigation</b>	
<b>OPERATING REVENUES</b>			
Local sources	\$ 1,387,249	\$ 96,843	\$ 1,484,092
<b>OPERATING EXPENSES</b>			
Salaries	330,276	-	330,276
Benefits	91,484	-	91,484
Purchased services	657,718	97,134	754,852
Supplies and materials	163,474	-	163,474
Miscellaneous	20,482	6	20,488
Capital expenditures	10,183	-	10,183
Depreciation	2,431	3,904	6,335
Total operating expenses	<u>1,276,048</u>	<u>101,044</u>	<u>1,377,092</u>
<b>OPERATING INCOME (LOSS)</b>	111,201	(4,201)	107,000
<b>NONOPERATING REVENUES</b>			
Interest income	<u>74,387</u>	<u>984</u>	<u>75,371</u>
<b>CHANGE IN NET ASSETS</b>	185,588	(3,217)	182,371
<b>TOTAL NET ASSETS, BEGINNING OF YEAR</b>	<u>1,103,572</u>	<u>28,634</u>	<u>1,132,206</u>
<b>TOTAL NET ASSETS, END OF YEAR</b>	<u>\$ 1,289,160</u>	<u>\$ 25,417</u>	<u>\$ 1,314,577</u>

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

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2007**

**EXHIBIT I**

	<b>Business Type Activities - Enterprise Funds</b>		
	<b>Local PDA Funds</b>	<b>Criminal Background Investigation</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts for workshops/services	\$ 1,286,990	\$ 83,541	\$ 1,370,531
Payment to suppliers and providers of goods and services	(813,465)	(90,598)	(904,063)
Payment to employees	(421,760)	-	(421,760)
Net cash provided by (used in) operating activities	<u>51,765</u>	<u>(7,057)</u>	<u>44,708</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITY:</b>			
Purchase of equipment	(18,237)	-	(18,237)
Net cash used in capital financing activity	<u>(18,237)</u>	<u>-</u>	<u>(18,237)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY:</b>			
Interest	74,387	984	75,371
Net cash provided by investing activity	<u>74,387</u>	<u>984</u>	<u>75,371</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	107,915	(6,073)	101,842
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,118,328</u>	<u>24,730</u>	<u>1,143,058</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,226,243</u>	<u>\$ 18,657</u>	<u>\$ 1,244,900</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ 111,201	\$ (4,201)	107,000
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	2,431	3,904	6,335
Effects of changes in assets and liabilities:			
Accounts receivable	(112,334)	(13,302)	(125,636)
Due from other funds	21,731	-	21,731
Accounts payable	16,661	6,542	23,203
Deferred revenues	12,075	-	12,075
Net cash provided by (used in) operating activities	<u>\$ 51,765</u>	<u>\$ (7,057)</u>	<u>\$ 44,708</u>

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

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2007**

**EXHIBIT J**

**ASSETS**

Cash and cash equivalents	<u>\$ 5,380</u>
---------------------------	-----------------

**LIABILITIES**

Distributive payable	<u>\$ 5,380</u>
----------------------	-----------------

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

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Will County Regional Office of Education No. 56 was created by Illinois Public Act 76-735, as amended effective August 8, 1995, to develop and maintain educational service for the school districts in Will County. The Will County Regional Office of Education No. 56 services 126 public schools and 46 private schools in the 29 districts within the County.

The following are the functions of the Will County Regional Office of Education No. 56:

- Processing teachers' certificates
- Teaching initial and refresher classes for bus drivers
- Review life/safety requirements for schools in conjunction with the State of Illinois
- Disbursing state and federal aid to individual school districts

The Regional Superintendent of schools is the chief administrative officer of the region and is elected to the position for a four year term. The Regional Superintendent is responsible for the supervision and control of the school districts. 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' institute; making public notice of unfilled teaching positions within the region; and ensuring of the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses.

The financial statements of the Will County Regional Office of Education No. 56 have been prepared in conformity with the Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The following is a summary of the significant accounting policies:

**B. Criteria Used to Determine the Scope of Entity**

The reporting entity includes the governing board and all related organizations for which the Will County Regional Office of Education No. 56 exercises oversight responsibility.

The criteria to determine whether outside agencies with activities which benefit the residents should be included within its financial reporting entity includes, but is not

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

limited to, whether the Will County Regional Office of Education No. 56 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), scope of public service, and special financing relationships.

The Will County Regional Office of Education No. 56 has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the financial statements. In addition, the Will County Regional Office of Education No. 56 is not aware of any entity which would exercise such oversight which would result in it being considered a component unit of the entity.

**C. New Accounting Pronouncement**

Effective July 1, 2006, the Will County Regional Office of Education No. 56 adopted GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which establishes uniform financial reporting standards for other postemployment benefits (OPEB) plans and supersedes the interim guidance included in Statement No. 26, *Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans*.

There was no significant impact on the Will County Regional Office of Education No. 56's financial statements as a result of adopting the above statements.

**D. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between those activities of the ROE that are governmental in nature and those that are considered business-type activities. *Governmental activities* normally are supported by operating grants and contributions, charges for services and intergovernmental revenues. *Business-type activities* normally are supported by amounts assessed or received from local sources for the ROE programs.

The Statement of Net Assets presents the Will County Regional Office of Education No. 56's nonfiduciary assets and liabilities with the differences reported as net assets. Net assets of the ROE are classified as follows:

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

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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

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

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

**E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The financial statements of the Will County Regional Office of Education No. 56 are prepared in accordance with generally accepted accounting principles (GAAP). The Will County Regional Office of Education No. 56 applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. 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 revenues are recognized as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund and fiduciary financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Will County Regional Office of Education No. 56 considers revenues as available if they are collected within 60 days after year-end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. In



**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

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

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

The Will County Regional Office of Education No. 56 records on-behalf payments made by the State to the Teachers' Retirement System as revenues and expenditures.

**F. Fund Accounting**

The accounts of the Will County Regional Office of Education No. 56 are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. The Will County Regional Office of Education No. 56 maintains individual funds as required by the State of Illinois. The resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following summarizes the fund types used:

**Government Fund Types**

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

The General Fund is the general operating fund. The General Fund accounts for all financial resources except those required to be accounted for in another fund.

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

ROE/ISC Operations - Accounts for grant monies received for, and payment of, expenditures of the ISC Operation Fund.

General Operations - Accounts for monies received for, and payment of, expenditures in connection with general administrative activities.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than those accounted for in the Fiduciary Funds) that are legally restricted to expenditures for specified purposes. The special revenue funds include the following:

Education - Accounts for grant funds which are restricted as to their use except for those accounted for in the Lambert and Professional Development Alliance Funds. Education funds include:

FY 2005/2004 Education to Careers - Accounts for the administration of monies to be used for Education to Careers Fund received from the Illinois State Board of Education.

Regional Safe Schools Program - Accounts for the administration of monies to be used for the Regional Safe Schools Program Fund received from the Illinois State Board of Education.

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

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

Title IV - 21st Century Community Learning Centers - 05/00 - Accounts for monies received for, and payment of, expenditures of the 21st Century Learning Centers Grant. The purpose of this grant is to create community learning centers that provide academic enrichment opportunities for children, particularly students who attend high-poverty and low performing schools.

Institute - Accounts for registration and renewal fees related to teachers' certificates. Funds collected from registration and renewal fees are expended to defray costs incidental to teachers' institutes, conferences, and workshops. All

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

funds generated remain restricted until expended only on the aforementioned activities.

Professional Development Alliance (PDA) - Accounts for state, and federal funded programs designed to meet the identified needs of the school districts within Will, Grundy and Kendall counties. These services are designed to improve the educational opportunities provided to students within these counties. Professional Development Alliance Funds include:

Learning Technology Center - Accounts for monies from State of Illinois for expenditures incurred to create and support ongoing learning teams focused on alignment of classroom level assessment and instruction.

Standards Aligned Classroom - Area I and Fair 22 - Accounts for grant monies received for, and payment of, expenditures incurred in the improvement of teaching and learning.

FY 2006 Title I - Reading First Part B SEA Funds - 04/02 - Funds provide assistance to school districts in establishing reading programs for students in kindergarten through third grade that are based on scientifically based reading research. Reading First also focuses on teacher development and ensuring that all teachers, including special education teachers, have the tools they need to effectively help their students learn to read.

FY 2006/2007 Title I - School Improvement and Accountability - Accounts for grant monies received for, and payment of, expenditures of the Title I - School Improvement and Accountability Fund. This grant provides school districts with funds to carry out their school improvement and corrective action responsibilities under Section 1116(c) of Title I while offering students in schools identified for improvement and corrective action the opportunity to transfer to another higher performing public school, including a public charter school within the district.

FY 2007 Other Federal Programs - Accounts for grant monies received for, and payment of, expenditures incurred for the English Language Learners program.

FY 2007 Title II - Teacher Quality Leadership Grant - Accounts for grant monies received for, and payment of, expenditures of the Title II - Teacher Quality Leadership Grant.

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

Other State Programs (Support Services) - Accounts for grant monies received, and payment of, expenditures incurred for various support service programs funded by the state.

Nonmajor Special Revenue Funds - All other special revenue funds not classified under Education Fund or Professional Development Alliance are grouped under this fund for financial statement presentation.

General Education Development (GED) - Accounts for the administration of the GED Testing Program. Revenues consist of fees collected for testing, diplomas and materials.

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

Supervisory - Accounts for State funding used to pay expenses for supervision of school districts in the jurisdiction.

Lambert - Accounts for donations which are used for support, health, welfare and education of worthy poor children residing in Will County.

Proprietary Funds - to account for resources from fees charged directly to those entities or individuals that use its services.

Local Professional Development Alliance (PDA) Funds - Accounts for the revenues and expenditures associated with state aid money and workshops put on by the Will County Regional Office of Education No. 56.

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

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

The Agency Fund consists of the following:

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

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

categorical grants, and various other sources. Interest earned on Distributive Fund assets is used to fund existing programs.

Forest Conservation - accounts for funds received from Will County and disbursed to school districts in relation to the Forest Conservation project.

**G. Interest Revenue**

Illinois State Board of Education (ISBE) funds received by the ROE for the Distributive Fund accrue interest for the period of time between the receipt of the funds and clearance of checks to the recipient. In accordance with an agreement dated May 24, 1988 with the school district boards served, interest earned on Distributive Fund deposits is transferred to the General Fund to offset wire service and other bank charges incurred by the Distributive Fund.

Distributive Fund interest earned and related charges are recognized as revenues and expenditures in the general fund.

**H. License and Permits**

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

**I. Revenues - Exchange and Non-exchange Transactions**

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

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

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**J. Capital Assets**

Capital assets result from expenditures in the governmental and proprietary funds. These assets are reported in the governmental and business-type activities column of the government-wide Statement of Net Assets but are not reported in the fund financial statements for the governmental funds.

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

**K. Deferred Revenues**

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

**L. Management Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**M. Investments and Cash Accounts**

State regulations require that the Will County Regional Office of Education No. 56 deposit funds under its control into accounts insured by the federal government, secured by substantial collateral or into pooled investment trusts. All funds not needed for immediate disbursements are maintained in interest bearing accounts. Statutes authorize the Will County Regional Office of Education No. 56 to make deposits or invest in obligation of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Public Treasurer's Investment Pool.

**N. Revenue from Federal and State Grants**

Revenues from federal and State grant awards are recorded net of the amount due to the State for the unused portion of the grant or the amount carried over to the following fiscal

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

year project. Amounts due to the State or carried over to the following year project are recorded as liabilities.

O. Budgetary Data

Will County Regional Office of Education No. 56 did not formally adopt a budget for the year ended June 30, 2007 and is not legally required to do so. The Illinois State Board of Education requires budgets for certain State and Federal programs. These budgets were used to prepare Budgetary Comparison Schedules for the following programs:

General Fund:

- ROE/ISC Operations

Special Revenue Funds:

- Education Fund:
  - Regional Safe Schools Program
  - Title IV - 21st Century Community Learning Centers - 05/00
- Professional Development Alliance Fund:
  - Learning Technology Center
  - FY 2007 Title I - School Improvement & Accountability
  - FY 2007 Title II - Teacher Quality Leadership Grant
  - Other State Programs (Support Services)

**NOTE 2 - CASH AND INVESTMENTS**

The Will County Regional Office of Education No. 56 utilizes several different bank accounts for its various activities. The book balance of such accounts is \$3,264,503 at June 30, 2007, while the bank balance was \$3,839,759. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2007.

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

Category 1 includes deposits covered by depository insurance or collateral held by the Will County Regional Office of Education No. 56 in its name.

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

Category 2 includes deposits covered by collateral held by the financial institutions in a pledged safekeeping account in the name of the Will County Regional Office of Education No. 56.

Category 3 includes deposits which are uncollateralized or the collateral is held by the financial institution trust department but not in the name of the Will County Regional Office of Education No. 56.

The ROE's deposits are covered by the Federal Deposit Insurance Corporation (FDIC) and by collateral held by the financial institution in the ROE's name. Although deposit balances classified under the traditional risk categories of 1 and 2 have been determined under GASB Statement No. 40 to be exposed to only minimal risk, and, based on this conclusion, the GASB chose to limit disclosure of custodial credit risk to deposits that meet the definition of "Category 3", the ROE has decided to include categories 1 and 2 in the discussion. The following table reflects the ROE's level of risk as of June 30, 2007:

	<u>Bank Balance</u>
Category 1	\$ 354,378
Category 2	2,439,000
Category 3	-
Exempt	1,046,381
Total	\$ 3,839,759

The exempt funds are those deposited in the Illinois Funds.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The ROE's policy for reducing its exposure to the risk is to structure the ROE's portfolio so that securities mature to meet the ROE's cash requirements for ongoing operations. The ROE's investments as of June 30, 2007 are limited to the investment in the State investment pool (Illinois Funds).

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ROE's policy for managing its exposure to the risk is to limit investments to those allowable by the Illinois Public Funds Investment Act. As of June 30, 2007, the ROE's investment in the State investment pool (Illinois Funds) was rated AAAM by Standard & Poor's.



**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**NOTE 3 - CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2007 is as follows:

	Balance July 1, 2006	Additions	Retirements	Balance June 30, 2007
<b>GOVERNMENTAL FUNDS</b>				
Equipment	\$ 60,976	\$ -	\$ -	\$ 60,976
Building improvement	83,239	-	-	83,239
	144,215	-	-	144,215
Less: accumulated depreciation	(124,901)	(6,295)	-	(131,196)
Capital assets, net	<u>\$ 19,314</u>	<u>\$ (6,295)</u>	<u>\$ -</u>	<u>\$ 13,019</u>
<b>PROPRIETARY FUNDS</b>				
Equipment	\$ 11,710	\$ 18,237	\$ -	\$ 29,947
Less: accumulated depreciation	(7,806)	(6,335)	-	(14,141)
Capital assets, net	<u>\$ 3,904</u>	<u>\$ 11,902</u>	<u>\$ -</u>	<u>\$ 15,806</u>

**NOTE 4 - SALARIES AND PENSION PLAN CONTRIBUTIONS**

Salaries of the regional and assistant superintendents are paid by the State of Illinois. All other salaries with the exception of employees paid by the Professional Development Alliance (PDA) Fund, are paid by Will County. Pension plan contributions associated with these salaries are also paid respectively, by the State of Illinois and Will County. Employees of the PDA Fund and the applicable pension plan contributions are paid by the Will County Regional Office of Education No. 56.

A breakdown of the on-behalf payments for the Regional Superintendent and his first assistant are as follows:

Regional Superintendent Salary	\$ 88,540
Regional Superintendent Fringe Benefits (includes State paid insurance)	12,970
Assistant Regional Superintendent Salary	79,686
Assistant Regional Superintendent Fringe Benefits (includes State paid insurance)	20,662
TRS Pension Contributions	<u>27,836</u>
Total	<u>\$ 229,694</u>

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**NOTE 5 - RETIREMENT FUND COMMITMENTS**

Teachers' Retirement System of the State of Illinois

The Will County Regional Office of Education No. 56 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, 2007, 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 employer THIS Fund contribution was 0.60 percent during the year ended June 30, 2007, 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 Will County Regional Office of Education No. 56's TRS-covered employees.

- **On-behalf Contributions.** The State of Illinois makes employer pension contributions on behalf of the Will County Regional Office of Education No. 56. For the year ended June 30, 2007, State of Illinois contributions were based on 9.78 percent of creditable earnings, and the Will County Regional Office of Education No. 56, recognized revenue and expenditures of \$27,836 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2006 and June 30, 2005, the State of Illinois contribution rates as percentages of creditable earnings were 7.06 percent (\$22,926) and 11.76 percent (\$33,923), respectively. The state contributions to TRS for the years ended June 30, 2007 and June 30, 2006 were based on dollar amounts specified by the statute and were not actuarially determined. The state contributions for the year ended June 30, 2005 were based on an actuarial formula.

The Will County Regional Office of Education No. 56 makes other types of employer contributions directly to TRS.

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

- **2.2 Formula Contributions.** Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2007 were \$1,651. Contributions for the years ended June 30, 2006, and June 30, 2005, were \$1,884 and \$1,673, respectively.
  
- **Federal and Trust Fund Contributions.** When TRS members are paid from federal and trust funds administered by the Will County Regional Office of Education No. 56, there is a statutory requirement for the Will County Regional Office of Education No. 56 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to TRS. For the year ended June 30, 2007, the employer pension contribution was 9.78 percent of salaries paid from federal and trust funds. For the year ended June 30, 2006, the employer contribution was 7.06 percent of salaries paid from federal and trust funds. For the year ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2007, salaries totaling \$112,050 were paid from federal and trust funds that required employer contributions of \$10,958. For the years ended June 30, 2006 and June 30, 2005, required Will County Regional Office of Education No. 56 contributions were \$7,846 and \$15,019, respectively.
  
- **Early Retirement Option.** The Will County Regional Office of Education No. 56 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires. Under Public Act 94-0004, a "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007. If members do not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the Pipeline ERO). 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, 2007, the Will County Regional Office of Education No. 56 paid \$0 to TRS for employer contributions under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2006 and June 30, 2005, the Will County Regional Office of Education No. 56 paid \$0 and \$1,184 in employer ERO contributions, respectively.

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

- **Salary Increases Over 6 Percent and Excess Sick Leave.** Public Act 94-0004 added two new employer contributions to TRS.
  - If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent. For the years ended June 30, 2007 and June 30, 2006, the Will County Regional Office of Education No. 56 did not have any payments to TRS for employer contributions due on salary increases in excess of 6 percent.
  - If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (17.60 percent of salary during the year ended June 30, 2007). For the years ended June 30, 2007 and June 30, 2006, the Will County Regional Office of Education No. 56 did not have any employer contributions granted for sick leave days in excess of the normal annual allotment.

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, 2006. The report for the year ended June 30, 2007, is expected to be available in late 2007. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS web site at [trs.illinois.gov](http://trs.illinois.gov).

Illinois Municipal Retirement Fund

The Will County Regional Office of Education No. 56's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

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

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

Employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by state statute. The Will County Regional Office of Education No. 56 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2006 was 9.23% 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, 2006 was 5 years.

For December 31, 2006, the Will County Regional Office of Education No. 56's annual pension cost of \$44,204 was equal to the Will County Regional Office of Education No. 56's required and actual contributions. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expense), (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 2006 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>
12/31/06	\$ 44,204	100%	\$ —
12/31/05	49,070	100%	—
12/31/04	29,013	100%	—
12/31/03	39,609	100%	—
12/31/02	43,782	100%	—
12/31/01	40,485	100%	—
12/31/00	32,758	100%	—
12/31/99	30,269	100%	—
12/31/98	25,149	100%	—
12/31/97	13,996	100%	—

**NOTE 6 - RENTAL OF OFFICE SPACE**

Will County Regional Office of Education No. 56 rents office space for Professional Development Alliance Fund operations. A renewal of the lease term was made on

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

April 18, 2007 for the lease period June 1, 2007 through May 31, 2011, with monthly rental of \$8,000. Rental expense for the year ended June 30, 2007 was \$74,000.

Future minimum lease payments under this agreement are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2008	\$ 96,000
2009	96,000
2010	96,000
2011	88,000
Total	<u>\$ 376,000</u>

**NOTE 7 - DUE FROM (TO) OTHER GOVERNMENTAL UNITS**

The Will County Regional Office of Education No. 56's Special Revenue Funds have funds due from the Illinois State Board of Education for the following programs:

Learning Technology Center	\$ 7,162
FY 2007 Title I - School Improvement and Accountability	215,294
FY 2007 Title II - Teacher Quality Leadership Grant	845
Other State Programs (Support Services)	28,000
	<u>\$ 251,301</u>

The Will County Regional Office of Education No. 56's Special Revenue Funds have funds due to the Education Service Network - Grundy/Kendall Regional Office of Education No. 24 for the General State Aid program amounting to \$19,506.

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

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2007**

**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)
12/31/06	\$ 455,530	\$ 529,093	\$ 73,563	86.10%	\$ 478,917	15.36%
12/31/05	374,932	426,348	51,416	87.94%	423,018	12.15%
12/31/04	353,163	370,665	17,502	95.28%	396,348	4.42%
12/31/03	328,350	380,826	52,476	86.22%	409,183	12.82%
12/31/02	301,268	292,139	(9,129)	103.12%	393,726	0.00%
12/31/01	200,407	225,111	24,704	89.03%	375,210	6.58%
12/31/00	118,200	165,657	47,457	71.35%	289,890	16.37%
12/31/99	90,988	132,513	41,525	68.66%	249,748	16.63%
12/31/98	49,492	97,107	47,615	50.97%	191,106	24.92%
12/31/97	14,760	58,483	43,723	25.24%	153,820	28.42%

On a market value basis, the actuarial value of assets as of December 31, 2006 is \$501,485.  
On a market basis, the funded ratio would be 94.78%.

**\*Digest of Changes**

The actuarial assumptions used to determine the actuarial accrued liability for 2006 are based on the 2002-2004 Experience Study. The principal changes were:

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

SLEP Member contribution rate changed from 6.5% to 7.5% effective June 1, 2006.



**SUPPLEMENTARY INFORMATION**

WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
 GENERAL FUND  
 COMBINING SCHEDULE OF ACCOUNTS  
 JUNE 30, 2007

SCHEDULE 1

	<u>ROE/ISC Operations</u>	<u>General Operations</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 12,587</u>	<u>\$ 12,587</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	<u>-</u>	<u>3,432</u>	<u>3,432</u>
<b>FUND BALANCES</b>			
Unreserved	<u>-</u>	<u>9,155</u>	<u>9,155</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 12,587</u>	<u>\$ 12,587</u>

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
GENERAL FUND**

**SCHEDULE 2**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>ROE/ISC Operations</u>	<u>General Operations</u>	<u>Total</u>
<b>REVENUES</b>			
State sources	\$ 312,160	\$ -	\$ 312,160
Local sources			
Fees for services	-	17,003	17,003
Interest	-	509	509
Miscellaneous	-	29,904	29,904
On-behalf payments	-	229,694	229,694
	<u>312,160</u>	<u>277,110</u>	<u>589,270</u>
Total revenues			
<b>EXPENDITURES</b>			
Salaries	178,882	-	178,882
Benefits	60,489	-	60,489
Purchased services	72,789	33,554	106,343
Supplies and materials	-	4,705	4,705
Miscellaneous	-	7,527	7,527
On-behalf payments	-	229,694	229,694
	<u>312,160</u>	<u>275,480</u>	<u>587,640</u>
Total expenditures			
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	1,630	1,630
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>-</u>	<u>7,525</u>	<u>7,525</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ 9,155</u>	<u>\$ 9,155</u>

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2007**

**SCHEDULE 3**

	<b>ROE/ISC Operations</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
State sources	\$ 251,734	\$ 312,160	\$ 60,426
<b>EXPENDITURES</b>			
Salaries	130,525	178,882	(48,357)
Benefits	46,425	60,489	(14,064)
Purchased services	74,784	72,789	1,995
Total expenditures	<u>251,734</u>	<u>312,160</u>	<u>(60,426)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>		<u>-</u>	
<b>FUND BALANCE, END OF YEAR</b>		<u>\$ -</u>	

WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
 EDUCATION FUND  
 COMBINING SCHEDULE OF ACCOUNTS  
 JUNE 30, 2007

SCHEDULE 4

FY 2005/2004	Education to Careers	Regional Safe Schools Program	General State Aid	McKinney Education for Homeless Children	Title IV - 21st Century Community Learning Centers - 05	Title IV - 21st Century Community Learning Centers - 00	Total
\$	100	\$ 94,491	\$ 506,310	\$ 4,625	\$ 292,098	\$ 161,428	\$ 1,059,052

ASSETS

Cash and cash equivalents

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable and accrued expenses  
 Due to other governmental units  
 Deferred revenues  
 Total liabilities

FUND BALANCES

Unreserved

TOTAL LIABILITIES AND FUND BALANCES

-	91,281	276,172	2,242	100,514	136,961	607,170
-	-	19,506	-	-	-	19,506
-	-	-	-	181,190	17,446	198,636
-	91,281	295,678	2,242	281,704	154,407	825,312
100	3,210	210,632	2,383	10,394	7,021	233,740
\$ 100	\$ 94,491	\$ 506,310	\$ 4,625	\$ 292,098	\$ 161,428	\$ 1,059,052

WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
 EDUCATION FUND  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 5

	FY 2005/2004 Education to Careers	Regional Safe Schools Program	General State Aid	McKinney Education for Homeless Children	Title IV - 21st Century Community Learning Centers - 05	Title IV - 21st Century Community Learning Centers - 00	Total
<b>REVENUES</b>							
Local sources							
Interest	\$ -	\$ 3,210	\$ 13,351	\$ 263	\$ 7,736	\$ 4,123	\$ 28,683
State sources	-	863,647	1,998,810	-	-	-	2,862,457
Federal sources	-	-	-	51,188	809,710	538,754	1,399,652
Total revenues	-	866,857	2,012,161	51,451	817,446	542,877	4,290,792
<b>EXPENDITURES</b>							
Salaries	-	-	-	-	313,356	237,742	551,098
Benefits	-	-	-	-	49,802	36,658	86,460
Purchased services	-	-	-	43,444	355,866	248,189	647,499
Supplies and materials	-	-	-	3,159	90,686	16,165	110,010
Capital expenditures	-	-	-	2,779	-	-	2,779
Miscellaneous	-	3,673	11,556	-	-	-	15,229
Payments to other governments	-	863,827	1,981,841	-	-	-	2,845,668
Total expenditures	-	867,500	1,993,397	49,382	809,710	538,754	4,258,743
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	(643)	18,764	2,069	7,736	4,123	32,049
<b>FUND BALANCES, BEGINNING OF YEAR</b>	100	3,853	191,868	314	2,658	2,898	201,691
<b>FUND BALANCES, END OF YEAR</b>	\$ 100	\$ 3,210	\$ 210,632	\$ 2,383	\$ 10,394	\$ 7,021	\$ 233,740

WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
 EDUCATION FUND  
 BUDGETARY COMPARISON SCHEDULES  
 FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 6

	Regional Safe Schools Program		Title IV - 21st Century Community Learning Centers - 05		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	

REVENUES

Federal sources	\$ -	\$ -	\$ 943,700	\$ 809,710	\$ (133,990)
State sources	802,712	863,647			
Local sources					
Interest		3,210			
Total revenues	802,712	866,857	943,700	817,446	(126,254)

EXPENDITURES

Salaries			388,440	313,356	75,084
Benefits			57,560	49,802	7,758
Purchased services			367,200	355,866	11,334
Supplies and materials			130,500	90,686	39,814
Miscellaneous		3,673			
Payments to other governments		863,827			
Total expenditures	802,712	867,500	943,700	809,710	133,990

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES \$ (643) \$ (643) \$ 7,736 \$ 7,736

FUND BALANCES, BEGINNING OF YEAR 3,853 2,658

FUND BALANCES, END OF YEAR \$ 3,210 \$ 10,394

WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
 EDUCATION FUND  
 BUDGETARY COMPARISON SCHEDULES  
 FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 6  
 (CONTINUED)

Title IV - 21st Century Community Learning Centers - 00		Total			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 667,400	\$ 538,754	\$ (128,646)	\$ 1,611,100	\$ 1,348,464	\$ (262,636)
-	-	-	802,712	863,647	60,935
-	4,123	4,123	-	15,069	15,069
<u>667,400</u>	<u>542,877</u>	<u>(124,523)</u>	<u>2,413,812</u>	<u>2,227,180</u>	<u>(186,632)</u>
309,640	237,742	71,898	698,080	551,098	146,982
45,250	36,658	8,592	102,810	86,460	16,350
261,010	248,189	12,821	628,210	604,055	24,155
51,500	16,165	35,335	182,000	106,851	75,149
-	-	-	-	3,673	(3,673)
-	-	-	802,712	863,827	(61,115)
<u>667,400</u>	<u>538,754</u>	<u>128,646</u>	<u>2,413,812</u>	<u>2,215,964</u>	<u>197,848</u>
-	4,123	4,123	-	11,216	11,216
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES \$</b>					
<u>2,898</u>					
<b>FUND BALANCES, BEGINNING OF YEAR</b>					
<u>\$ 7,021</u>					
<b>FUND BALANCES, END OF YEAR</b>					
<u>\$ 20,625</u>					



WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
 PROFESSIONAL DEVELOPMENT ALLIANCE FUNDS  
 COMBINING SCHEDULE OF ACCOUNTS  
 JUNE 30, 2007

SCHEDULE 7

	Learning Technology Center	Standards Aligned Classroom - Area I	Standards Aligned Classroom - Fair - 22	Title I - Reading First Part B SEA Funds - 04	FY 2006 Title I - Reading First Part B SEA Funds - 02
<b>ASSETS</b>					
Cash and cash equivalents (overdraft)	\$ (7,162)	\$ 1,000	\$ 1,802	\$ -	\$ -
Due from other governmental units	7,162	-	-	-	-
<b>TOTAL ASSETS</b>	-	1,000	1,802	-	-
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	-	1,000	-	-	-
Deferred revenues	-	-	1,802	-	-
Total liabilities	-	1,000	1,802	-	-
<b>FUND BALANCES</b>					
Unreserved	-	-	-	-	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	\$ -	\$ 1,000	\$ 1,802	\$ -	\$ -

WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
 PROFESSIONAL DEVELOPMENT ALLIANCE FUNDS  
 COMBINING SCHEDULE OF ACCOUNTS  
 JUNE 30, 2007

SCHEDULE 7  
 (CONTINUED)

	FY 2006 Title I - School Improvement and Accountability		FY 2007 Title I - School Improvement and Accountability		FY 2007 Other Federal Programs	FY 2007 Title II - Teacher Quality Leadership Grant	Other State Programs (Support Services)	Total
<b>ASSETS</b>								
Cash and cash equivalents (overdraft)	\$ -	\$ -	\$ 451,666	\$ -	\$ -	\$ 53,108	\$ 14,957	\$ 515,371
Due from other governmental units	-	-	215,294	-	-	845	28,000	251,301
<b>TOTAL ASSETS</b>	-	-	666,960	-	-	53,953	42,957	766,672
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts payable and accrued expenses	-	-	666,960	-	-	53,953	42,957	764,870
Deferred revenues	-	-	-	-	-	-	-	1,802
Total liabilities	-	-	666,960	-	-	53,953	42,957	766,672
<b>FUND BALANCES</b>								
Unreserved	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	\$ -	\$ -	666,960	\$ -	\$ -	53,953	\$ 42,957	\$ 766,672

WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
 PROFESSIONAL DEVELOPMENT ALLIANCE FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 8

	Learning Technology Center	Standards Aligned Classroom - Area I	Standards Aligned Classroom - Fair - 22	Title I - Reading First Part B SEA Funds - 04	FY 2006 Title I - Reading First Part B SEA Funds - 02
REVENUES					
State sources	\$ 146,231	\$ -	\$ -	\$ -	\$ -
Federal sources	-	114,709	7,198	1,460	8,498
Total revenues	146,231	114,709	7,198	1,460	8,498
EXPENDITURES					
Salaries	95,470	5,880	-	-	-
Benefits	28,174	1,959	-	-	-
Purchased services	12,349	46,431	5,902	1,460	7,138
Supplies and materials	5,442	939	1,296	-	1,360
Miscellaneous	-	-	-	-	-
Capital expenditures	4,796	-	-	-	-
Payments to other governments	-	59,500	-	-	-
Total expenditures	146,231	114,709	7,198	1,460	8,498
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-	-	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-	-	-
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -

WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
 PROFESSIONAL DEVELOPMENT ALLIANCE FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 8  
 (CONTINUED)

	FY 2006 Title I -		FY 2007 Title I -		FY 2007 Title II -		Other State		Total
	School Improvement and Accountability	School Improvement and Accountability	Other Federal Programs	Teacher Quality Leadership Grant	Other State Programs (Support Services)				
<b>REVENUES</b>									
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 286,231
Federal sources	846,621	2,755,577	10,000	106,576	-	-	-	-	3,850,639
Total revenues	846,621	2,755,577	10,000	106,576	140,000	140,000	140,000	140,000	4,136,870
<b>EXPENDITURES</b>									
Salaries	33,833	160,830	-	2,000	28,043	-	-	-	326,056
Benefits	10,538	49,569	-	496	7,496	-	-	-	98,232
Purchased services	192,833	394,172	9,862	38,454	13,574	-	-	-	722,175
Supplies and materials	4,845	9,992	138	2,439	5,591	-	-	-	32,042
Miscellaneous	19,000	31,955	-	-	-	-	-	-	50,955
Capital expenditures	-	-	-	-	-	-	-	-	4,796
Payments to other governments	585,572	2,109,059	-	63,187	85,296	-	-	-	2,902,614
Total expenditures	846,621	2,755,577	10,000	106,576	140,000	140,000	140,000	140,000	4,136,870
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	-	-	-	-	-	-	-	-
<b>FUND BALANCES, BEGINNING OF YEAR</b>	-	-	-	-	-	-	-	-	-
<b>FUND BALANCES, END OF YEAR</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
 PROFESSIONAL DEVELOPMENT ALLIANCE FUNDS  
 BUDGETARY COMPARISON SCHEDULES  
 FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 9

	Learning Technology Center		FY 2007 Title I - School Improvement & Accountability		FY 2007 Title II - Teacher Quality Leadership Grant		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	Budget	Actual	
			Variance Favorable (Unfavorable)		Variance Favorable (Unfavorable)		
<b>REVENUES</b>							
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	146,231	146,231	\$3,097,660	\$2,755,577	\$ 132,000	\$ 106,576	\$ (25,424)
Total revenues	146,231	146,231	3,097,660	2,755,577	132,000	106,576	(25,424)
<b>EXPENDITURES</b>							
Salaries	91,605	95,470	(3,865)	160,830	(40,830)	2,000	21,000
Benefits	28,250	28,174	76	49,569	431	496	5,204
Purchased services	16,876	12,349	4,527	394,172	231,661	38,454	(15,270)
Supplies and materials	4,500	5,442	(942)	9,992	15,008	2,439	61
Capital expenditures	5,000	4,796	204	-	-	-	-
Payments to other governments	-	-	-	2,109,059	167,768	63,187	14,429
Miscellaneous	-	-	-	31,955	(31,955)	-	-
Total expenditures	146,231	146,231	3,097,660	2,755,577	342,083	106,576	25,424
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>FUND BALANCES, BEGINNING OF YEAR</b>	-	-	-	-	-	-	-
<b>FUND BALANCES, END OF YEAR</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
 PROFESSIONAL DEVELOPMENT ALLIANCE FUNDS  
 BUDGETARY COMPARISON SCHEDULES  
 FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 9  
 (CONTINUED)

	Other State Programs (Support Services)			Total		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Federal sources	\$ -	\$ -	\$ -	\$ 3,229,660	\$ 2,862,153	\$ (367,507)
State sources	140,000	140,000	-	286,231	286,231	-
Total revenues	140,000	140,000	-	3,515,891	3,148,384	(367,507)
<b>EXPENDITURES</b>						
Salaries	30,000	28,043	1,957	264,605	286,343	(21,738)
Benefits	8,200	7,496	704	92,150	85,735	6,415
Purchased services	13,800	13,574	226	679,693	458,549	221,144
Supplies and materials	4,000	5,591	(1,591)	36,000	23,464	12,536
Capital expenditures	-	-	-	5,000	4,796	204
Payments to other governments	84,000	85,296	(1,296)	2,438,443	2,257,542	180,901
Miscellaneous	-	-	-	-	31,955	(31,955)
Total expenditures	140,000	140,000	-	3,515,891	3,148,384	367,507
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>FUND BALANCES, BEGINNING OF YEAR</b>	-	-	-	-	-	-
<b>FUND BALANCES, END OF YEAR</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
 NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2007

SCHEDULE 10

	General Education Development	School Bus Driver Training	Supervisory	Lambert	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 29,607	\$ 16,893	\$ 155	\$ 906	\$ 47,561
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	-	616	-	-	616
<b>FUND BALANCES</b>					
Unreserved	29,607	16,277	155	906	46,945
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	\$ 29,607	\$ 16,893	\$ 155	\$ 906	\$ 47,561

WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
 NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 11

	General Education Development	School Bus Driver Training	Supervisory	Lambert	Total
<b>REVENUES</b>					
State sources	\$ -	\$ 1,440	\$ 1,000	\$ -	\$ 2,440
Local sources					
Fees for services	48,528	5,140	-	-	53,668
Interest	1,296	773	50	41	2,160
Miscellaneous	179	-	-	-	179
Total revenues	50,003	7,353	1,050	41	58,447
<b>EXPENDITURES</b>					
Purchased services	41,366	4,400	-	-	45,766
Supplies and materials	9,387	-	-	-	9,387
Capital expenditures	4,468	-	-	-	4,468
Miscellaneous	1,463	1,448	1,818	-	4,729
Total expenditures	56,684	5,848	1,818	-	64,350
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(6,681)	1,505	(768)	41	(5,903)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	36,288	14,772	923	865	52,848
<b>FUND BALANCES, END OF YEAR</b>	\$ 29,607	\$ 16,277	\$ 155	\$ 906	\$ 46,945



WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
 FIDUCIARY FUNDS  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 JUNE 30, 2007

SCHEDULE 12

	<u>Distributive</u>	<u>Forest Conservation</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	<u>\$ 5,380</u>	<u>\$ -</u>	<u>\$ 5,380</u>
<b>LIABILITIES</b>			
Distributive payable	<u>\$ 5,380</u>	<u>\$ -</u>	<u>\$ 5,380</u>

WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
 FIDUCIARY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS  
 JUNE 30, 2007

SCHEDULE 13

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2007</u>
<b>DISTRIBUTIVE</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,353	\$ 8,517,941	\$ 8,523,914	\$ 5,380
<b>LIABILITIES</b>				
Distributive payable	\$ 11,353	\$ 8,517,941	\$ 8,523,914	\$ 5,380
<b>FOREST CONSERVATION</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	117,749	117,749	\$ -
<b>LIABILITIES</b>				
Due to other governmental units	\$ -	117,749	117,749	\$ -
<b>TOTAL ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,353	8,635,690	8,641,663	\$ 5,380
<b>LIABILITIES</b>				
Distributive payable	11,353	8,517,941	8,523,914	5,380
Due to other governmental units	-	117,749	117,749	-
Total liabilities	\$ 11,353	\$ 8,635,690	\$ 8,641,663	\$ 5,380

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56**  
**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHERS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**SCHEDULE 14**

	<u>Will County ROE</u>	<u>Professional Development Alliance</u>	<u>Will County Area Career Center</u>	<u>Total</u>
General State Aid	\$ 1,998,810	\$ -	\$ -	\$ 1,998,810
ROE School Bus Driver Training	1,440	-	-	1,440
Regional Safe Schools	941,210	-	-	941,210
ROE/ISC Operations		343,376	-	343,376
Supervisory Expense	1,000	-	-	1,000
Title I - School Improvement	-	3,169,462	-	3,169,462
Title II - Teacher Quality Leadership Grant	-	127,731	-	127,731
Learning Technology Centers	-	139,069	-	139,069
21st Century Community Learning Centers Program	577,729	-	-	577,729
21st Century Kids Club II	943,117	90,100	-	1,033,217
Technology Enhancing Education - Competitive	-	5,223	-	5,223
General Operations	10,871	-	-	10,871
Other Federal Programs	-	10,000	-	10,000
Other State Programs	-	152,246	12,530	164,776
	<u>\$ 4,474,177</u>	<u>\$ 4,037,207</u>	<u>\$ 12,530</u>	<u>\$ 8,523,914</u>

WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 15

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Number	FY 2007 Expenditures
<b>DEPARTMENT OF EDUCATION</b>			
Title I Grants to Local Educational Agencies			
Passed-Through Illinois State Board of Education			
<i>Title I - School Improvement and Accountability</i>	(M) 84.010A	2006-4331-SS	846,621
<i>Title I - School Improvement and Accountability</i>	(M) 84.010A	2007-4331-SS	<u>2,755,577</u>
			<u>3,602,198</u>
Reading First State Grants			
Passed-Through Illinois State Board of Education			
<i>Title I - Reading First Part B SEA Funds</i>	84.357A	2006-4337-04	1,460
<i>Title I - Reading First Part B SEA Funds</i>	84.357A	2006-4337-02	<u>8,498</u>
			<u>9,958</u>
Twenty-First Century Community Learning Centers			
Passed-Through Illinois State Board of Education			
<i>Title IV - 21st Century Community Learning Centers</i>	84.287C	2006-4421-00	29,031
<i>Title IV - 21st Century Community Learning Centers</i>	84.287C	2006-4421-05	47,783
<i>Title IV - 21st Century Community Learning Centers</i>	84.287C	2007-4421-00	509,723
<i>Title IV - 21st Century Community Learning Centers</i>	84.287C	2007-4421-05	<u>761,927</u>
			<u>1,348,464</u>
Improving Teacher Quality State Grants			
Passed-Through Illinois State Board of Education			
<i>FY 2007 Title II - Teacher Quality Leadership Grant</i>	84.367A	2007-4935-SS	<u>106,576</u>
English Language Acquisition Grants			
Passed-Through Illinois State Board of Education			
<i>FY 2007 Other Federal Programs</i>	84.365A	2007-4999-PD	<u>10,000</u>
State Grants for Innovative Programs			
Passed-Through Clark, Coles, Cumberland, Douglas, Edgar, Moultrie and Shelby Counties Regional Office of Education No. 11			
<i>Standards Aligned Classroom - Area I</i>	84.298A	2006-4999-SS	114,709
<i>Standards Aligned Classroom - Fair 22</i>	84.298A	2006-4999-SS	<u>7,198</u>
			<u>121,907</u>
Education for Homeless Children and Youth			
Passed-Through Kane County Regional Office of Education No. 31			
<i>McKinney Education for Homeless Children</i>	84.196A	2006-4920-00	<u>49,382</u>
<b>TOTAL DEPARTMENT OF EDUCATION</b>			<u>\$ 5,248,485</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 5,248,485</u>

(M) Program was audited as a major program

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

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007**

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

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Will County Regional Office of Education No. 56 and is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**Note 2. Subrecipients**

The Will County Regional Office of Education No. 56 provided federal awards totaling \$2,568,048 to the following:

<u>Grant Title / CFDA #</u>	<u>DuPage County Regional Office of Education No. 19</u>	<u>Kane County Regional Office of Education No. 31</u>	<u>Lake County Regional Office of Education No. 34</u>	<u>Total</u>
FY 2006/FY 2007 Title I - School Improvement and Accountability (CFDA #84.010A)	\$ 598,515	\$ 1,123,894	\$ 782,452	\$2,504,861
FY 2007 Title II - Teacher Quality Leadership Grant (CFDA #84.367A)	11,443	25,872	25,872	63,187
Total	<u>\$ 609,958</u>	<u>\$ 1,149,766</u>	<u>\$ 808,324</u>	<u>\$2,568,048</u>

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

Title I - School Improvement and Accountability provides school districts with funds to carry out their school improvement and corrective action responsibilities under Section 1116(c) of Title I while offering students in schools identified for improvement and corrective action the opportunity to transfer to another higher performing public school, including a public charter school within the district.

**WILL COUNTY REGIONAL OFFICE OF EDUCATION NO. 56  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Note 4. Non-Cash Assistance**

Not applicable.

**Note 5. Amount of Insurance**

Not applicable.

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

Not applicable.