

State of Illinois
McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION No. 44
FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2007

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



McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
For the Year Ended June 30, 2007

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AGENCY OFFICIALS

Regional Superintendent (current and during audit period)

Mr. Eugene T. Goeglein

Assistant Regional Superintendent (current and during audit period)

Mr. Joseph R. Williams, Sr.

Agency offices are located at:

McHenry County Government Center
2200 N. Seminary Avenue (Route 47)
Woodstock, Illinois 60098

FINANCIAL REPORT SUMMARY

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

AUDITOR'S REPORTS

The auditor's reports 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>
Findings	2	1
Repeated findings	0	1
Prior recommendations implemented or not repeated	1	0

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

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page(s)</u>	<u>Description</u>
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>		
07-01	9-10	Inadequate control over financial statement preparation
07-02	11	Controls over credit card transactions
<i>PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)</i>		
06-01	14	Controls over compliance with laws and regulations

EXIT CONFERENCE

An informal exit conference was held via telephone with agency personnel on November 21, 2007. Attending were Mr. Eugene T. Goeglein, Regional Superintendent, Maria de J. Prado, Partner from Prado & Renteria CPAs, Prof. Corp. and Cecilia Salinas, Manager from Prado & Renteria CPAs, Prof. Corp. The responses to the recommendations were provided by Mr. Eugene T. Goeglein in an e-mail dated December 17, 2007.

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the McHenry County Regional Office of Education No. 44 was performed by Prado & Renteria CPAs, Prof. Corp.

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



INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the McHenry County Regional Office of Education No. 44, as of and for the year ended June 30, 2007, which collectively comprise the McHenry County Regional Office of Education No. 44's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the McHenry County Regional Office of Education No. 44'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, each major fund, and the aggregate remaining fund information of the McHenry County Regional Office of Education No. 44, as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 28, 2008 on our consideration of the McHenry County Regional Office of Education No. 44's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The *Management's Discussion and Analysis* on pages 15 through 19 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the McHenry County Regional Office of Education No. 44's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurers and Other Entities 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.

Debo of Rentrain

Chicago, Illinois
April 28, 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, each major fund, and the aggregate remaining fund information of the McHenry County Regional Office of Education No. 44, as of and for the year ended June 30, 2007, which collectively comprise the McHenry County Regional Office of Education No. 44's basic financial statements and have issued our report thereon dated April 28, 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 McHenry County Regional Office of Education No. 44'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 and not for the purpose of expressing an opinion on the effectiveness of the McHenry County Regional Office of Education No. 44's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the McHenry County Regional Office of Education No. 44's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting, 07-01. We also noted another matter involving internal control over financial reporting which we reported on the accompanying Schedule of Findings and Questioned Costs as item 07-02.

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.

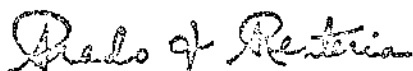
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and, accordingly, would not necessarily disclose all significant deficiencies that are also considered material weaknesses. However, we consider the significant deficiency described above as item 07-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the McHenry County Regional Office of Education No. 44'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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 07-02.

McHenry County Regional Office of Education No. 44's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit McHenry County Regional Office of Education No. 44'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, and Illinois State Board of Education and is not intended to be and should not be used by anyone other than these specified parties.



Chicago, Illinois
April 28, 2008

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2007

Section I: Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness (es) identified? X yes no

- Significant deficiency(ies) identified that
 are not considered to be material
 weakness (es)? yes X none reported

- Noncompliance material to financial
 statements noted? yes X no

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2007

Section II: Financial Statement Findings:

Finding No. 07-01 – Inadequate Control Over Financial Statement Preparation

Criteria/Specific Requirement:

The Regional Office of Education No. 44 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

Condition:

The Regional Office of Education No. 44 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains control over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not maintain adequate controls over the financial reporting process and numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenues.

Effect:

Management or employees in the normal course of performing their assigned functions may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Cause:

According to Regional Office officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2007

Recommendation:

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education No. 44 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

Management's Responses:

The McHenry County Regional Office of Education No. 44 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The McHenry County Regional Office of Education No. 44 accepts the degree of risk associated with this condition because the added expense of seeking additional expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region. The cost of hiring and training of additional staff or contracting the service outweighs the benefit.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2007

Finding No. 07-02 – Controls Over Credit Card Transactions

Criteria/specific requirements:

Prudent business practices dictate that expenditures charged to the Regional Office's credit card meet all of the criteria of an ROE business expense.

Condition:

Our review of 25 credit card transactions in the amount of \$2,213.60 disclosed that expenditures charged to the Regional Office's credit card do not meet all of the criteria of an ROE business-related expense. Specifically,

- 1 of 25 transactions in the amount of \$100 included personal expenses of \$51.75. This amount was subsequently reimbursed to the ROE and deposited within one month of the transaction.

Effect:

The failure to properly control and document credit card expenditures increases the risk of misuse of those funds.

Cause:

The Regional Office has an informal policy in which personal expenses (mainly part of meals) are allowed to be charged on the Regional Office credit card, as long as they are immediately reimbursed by the employee to the Regional Office.

Recommendation:

We recommend that the Regional Office formalize and revise credit card policies to prohibit personal expenses from being charged to the Regional Office's credit card.

Management's Response:

The McHenry County Regional Office of Education No. 44 accepts the recommendation that only business-related transactions be charged to the Regional Office's credit card. Only the Regional Superintendent and the Assistant Regional Superintendent of the McHenry County Regional Office of Education No. 44 have access to the Regional Office credit card and even though it has been the practice to reimburse any and all personal expenses, this practice has ceased effective as of the date of this finding.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS

June 30, 2007

Corrective Action Plan:

Finding No. 07-01

Condition:

The Regional Office of Education No. 44 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains control over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not maintain adequate controls over the financial reporting process and numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenues.

Plan:

The McHenry County Regional Office of Education No. 44 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The McHenry County Regional Office of Education No. 44 accepts the degree of risk associated with this condition because the added expense of seeking additional expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region. The cost of hiring and training of additional staff or contracting the service outweighs the benefit.

Anticipated Date of Completion:

Not applicable

Name of Contact Person:

Mr. Eugene T. Goeglein, Regional Superintendent

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS

June 30, 2007

Corrective Action Plan:

Finding No. 07-02

Condition:

Our review of 25 credit card transactions in the amount of \$2,213.60 disclosed that expenditures charged to the Regional Office's credit card do not meet all of the criteria of an ROE business-related expense. Specifically,

- 1 of 25 transactions in the amount of \$100 included personal expenses of \$51.75. This amount was subsequently reimbursed to the ROE and deposited within one month of the transaction.

Plan:

Only the Regional Superintendent and the Assistant Regional Superintendent of the McHenry County Regional Office of Education No. 44 have access to the Regional Office credit card and even though it has been the practice to reimburse any and all personal expenses, this practice has ceased effective as of the date of this finding.

Anticipated Date of Completion:

Effective immediately

Name of Contact Person:

Mr. Eugene T. Goeglein, Regional Superintendent

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2007

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
06-01	Controls Over Compliance with Laws and Regulations	A. Public Act 95-496 repealed the requirements of Illinois School Code 105 ILCS 5/3-14.11. Resolved B. Public Act 95-496 repealed the requirements of Illinois School Code 105 ILCS 5/3-14.5. Resolved

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2007

As management of McHenry County Regional Office of Education No. 44, we offer the readers of the financial statements this narrative overview and analysis of the financial activities of McHenry County Regional Office of Education No. 44 for the year ended June 30, 2007.

Management's Discussion and Analysis ("MD&A") is provided at the beginning of the report to provide an overview of McHenry County Regional Office of Education No. 44's financial position at June 30, 2007 and the results of operations for the year ended. This summary should not be taken as a replacement for the audit report, which consists of the financial statements, notes to the financial statements, required and other supplementary information.

Using This Financial Report

The financial section of this annual report consists of four parts – Independent Auditor's Reports, required supplementary information which includes the MD&A (this section), the basic financial statements, and other supplementary information. The basic financial statements include two kinds of statements that present different views of McHenry County Regional Office of Education No. 44: 1) government-wide financial statements and 2) fund financial statements.

Government – Wide Financial Statements

The first two statements are government-wide financial statements that provide both short term and long term information about McHenry County Regional Office of Education No. 44's overall financial status, similar to a private sector business. In the government-wide financial statements, activities are shown in one category – governmental activities. McHenry County Regional Office of Education No. 44's basic service is education. These activities are largely financed with local and state revenues.

The Statement of Net Assets presents information on all of McHenry County Regional Office of Education No. 44's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of McHenry County Regional Office of Education No. 44 is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. The financial statements are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when earned and expenditures and liabilities are recognized when the service or goods are received.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
Year Ended June 30, 2007

Fund Financial Statements

The fund financial statements provide more detailed information about McHenry County Regional Office of Education No. 44's funds – not McHenry County Regional Office of Education No. 44 as a whole. Funds are specific segregations of cash and accounting devices McHenry County Regional Office of Education No. 44 uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law, while others are established to control and manage money for particular purposes or to show that McHenry County Regional Office of Education No. 44 is properly using certain revenues.

McHenry County Regional Office of Education No. 44 maintains individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for all these funds. These funds are considered major funds of McHenry County Regional Office of Education No. 44. Major funds are separately reported while non-major funds are combined into a single aggregated presentation. More detail of the individual revenues and expenditures for non-major funds is presented in the supplementary section of this report.

McHenry County Regional Office of Education No. 44 is not legally required to adopt budgets. McHenry County Regional Office of Education No. 44 is required by Illinois State Board of Education (ISBE), the granting agency, to adopt annual budgets for certain program money received by the Education Fund of the governmental funds. A Budgetary Comparison Schedule has been provided as supplementary information for the Regional Safe School Program (2007 - part of the major education fund), which is in compliance with Governmental Accounting Standards Board ("GASB") Statement No. 34.

The last category of funds is the Agency Fund. The Regional Office of Education is the trustee, or agent, for assets that belong to others or are designated to be used for a specific purpose. McHenry County Regional Office of Education No. 44 is responsible for ensuring that the assets reported in these funds are used only for their intended purpose and by those to whom the assets belong. McHenry County Regional Office of Education No. 44's agency activities are reported in a separate Combining Statement of Changes in Assets and Liabilities – Agency Funds and a Combining Statement of Fiduciary Net Assets – Agency Funds. These activities are excluded from the government-wide financial statements because McHenry County Regional Office of Education No. 44 cannot use these assets to finance its operations.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
Year Ended June 30, 2007

Net assets are summarized in the table below.

Condensed Statement of Net Assets

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Assets:		
Current Assets	\$349,956	\$242,534
Capital Assets	-0-	-0-
Total Assets	<u>349,956</u>	<u>242,534</u>
Liabilities:		
Current Liabilities	67,114	21,670
Non-current Liabilities	-0-	-0-
Total Liabilities	<u>67,114</u>	<u>21,670</u>
Net Assets:		
Unrestricted	84,320	74,053
Restricted for Teacher Professional Development	<u>198,522</u>	<u>146,811</u>
Total Net Assets	<u>\$282,842</u>	<u>\$220,864</u>

Current assets consist of cash, \$348,661, and accounts receivable, \$1,295.

As of June 30, 2007, McHenry County Regional Office of Education No. 44 had no outstanding long-term debt.

McHenry County Regional Office of Education No. 44's net assets consist of unrestricted net assets which represent net assets that have not been restricted by an outside party. This includes funds that have been designated for specific uses as well as amounts that are contractually committed for goods and services. Net assets related to the Institute Fund are considered restricted for teacher professional development.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
Year Ended June 30, 2007

Revenues, expenditures, and changes in net assets are summarized in the table below.

Condensed Statement of Activities		
For Fiscal Year Ending:		
	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Revenues received:		
Program:		
Operating grants and contributions	\$584,450	\$574,483
General:		
Local sources	202,668	198,607
On-behalf payments	437,280	443,811
Interest	12,691	3,888
Miscellaneous	50,016	64,232
Total revenue received	<u>1,287,105</u>	<u>1,285,021</u>
Expenditures disbursed:		
Instructional services:		
Purchased services	194,461	193,362
Supplies and materials	7,933	10,837
Payments to other governments	585,453	576,139
Administrative services:		
On-behalf payments	437,280	443,811
Total expenditures disbursed	<u>1,225,127</u>	<u>1,224,149</u>
Change in net assets	61,978	60,872
Net assets – beginning	220,864	160,120
Fund reclassification	0	(128)
Net assets – ending	<u>\$282,842</u>	<u>\$220,864</u>

Major sources of operating revenues for McHenry County Regional Office of Education No. 44 include: State grants, teacher certificate fees, and fingerprinting fees.

Management's Analysis of the Regional Office of Education's Overall Financial Position and Results of Operations

During the year ended June 30, 2007, the Regional Office of Education did not invest any monies in capital assets.

On behalf payments continue to include payments made on behalf of the Regional Office of Education No. 44. These payments include direct expenditures and employee benefits made by McHenry County and salary and employee benefits made by the Illinois State Board of Education.

The McHenry County Regional Office of Education did see an increase of \$61,978 in net assets from July 1, 2006 through June 30, 2007. The increase is due to changes in the net assets in the following six funds:

General Fund – change in net assets was \$2,468

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
Year Ended June 30, 2007

Education Fund – change in net assets was \$6,614

Institute Fund – change in net assets was \$51,711

Fingerprinting – change in net assets was \$795

General Educational Development – change in net assets was \$2,077

Non major funds – change in net assets was (\$1,687)

Other than the Institute Fund and Education Fund, there were no significant changes to revenues or expenditures.

The decrease in revenues in the Education fund was a result of deferring \$39,457 of grant received during fiscal year 2007. There were no significant changes to expenditures.

The revenue increase noted in the Institute Fund was due to the increase of the total number of teaching certificates issued and registered during the same period of time. There were no significant changes to expenditures.

Factors or Conditions Impacting Future Periods

On a long-term basis, the McHenry County Regional Office of Education No. 44 is on a stable financial standing and it is anticipated that it will remain stable as there is no apparent legislation which would impact the office in the next year or in the long-term.

Recycling revenue will decrease as the current grant will expire June 30, 2008. To date there has been no effort or plans to apply for any other grant for the 2008-2009 school year. It is not expected that other current revenue sources will increase during the 2008-2009 school year. It is expected that any other source of funding in this program will be minimal, if at all.

The number of applications for administrative/teaching certificates and renewals will demonstrate a decrease during the next two (2) years, as we have moved from a three year renewal cycle with the third year cycle ending June 30, 2007 to a five (5) year cycle, with the first year to begin July 1, 2009. Increases in administrative/teaching certificates will be a result of continued growth in the county.

Lastly, fingerprinting revenue will remain stable, depending on a legal opinion of the General Counsel of the Illinois State Board of Education as to the authority of the Regional Office of Education to continue and/or to expand this service.

Contacting the Regional Office of Education No. 44's Financial Management

This financial report is designed to provide the Regional Office of Education No. 44's citizens, taxpayers, customers, and constituents with a general overview of the Regional Office of Education No. 44's finances and to demonstrate the Regional Office of Education No. 44's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Regional Office of Education No. 44, McHenry County Government Center, 2200 N. Seminary Avenue (Route 47), Woodstock, IL 60098.

BASIC FINANCIAL STATEMENTS

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
STATEMENT OF NET ASSETS
JUNE 30, 2007

Primary Government
Governmental
Activities

ASSETS

Current Assets:

Cash	\$348,661
Accounts receivable	1,295
Total Current Assets	<u>\$349,956</u>

LIABILITIES

Current Liabilities:

Accounts payable	\$13,569
Deferred revenue	53,545
Total Current Liabilities	<u>67,114</u>

NET ASSETS

Unrestricted	84,320
Restricted for teacher professional development	198,522
Total Net Assets	<u>\$282,842</u>

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

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Expenses</u>	<u>Program Revenues</u> Operating Grants and Contributions	<u>Net (Expense) Revenue and Changes in Net Assets</u> Primary Government Governmental Activities
FUNCTIONS/PROGRAMS			
Primary Government:			
Governmental activities:			
Instructional Services:			
Purchased services	\$194,461	\$2,440	(\$192,021)
Supplies and materials	7,933	0	(7,933)
Payments to other governments	585,453	582,010	(3,443)
Administrative:			
On-behalf payments	<u>437,280</u>	<u>0</u>	<u>(437,280)</u>
Total Governmental Activities	<u>1,225,127</u>	<u>584,450</u>	<u>(640,677)</u>
General Revenues:			
Local sources			\$202,668
On-behalf payments			437,280
Interest			12,691
Miscellaneous			<u>50,016</u>
Total general revenues, special and extraordinary items, and transfers			<u>702,655</u>
Change in net assets			61,978
Net Assets - Beginning			<u>220,864</u>
Net Assets - Ending			<u>\$282,842</u>

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

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	<u>General Fund</u>	<u>Education</u>	<u>Institute</u>	<u>General Educational Development</u>	<u>Finger- Printing</u>	<u>Other Non-Major Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>							
Cash	\$8,649	\$67,868	\$198,522	\$33,643	\$34,210	\$5,769	\$348,661
Accounts receivable	0	0	0	0	1,295	0	1,295
Total assets	<u>\$8,649</u>	<u>\$67,868</u>	<u>\$198,522</u>	<u>\$33,643</u>	<u>\$35,505</u>	<u>\$5,769</u>	<u>\$349,956</u>
<u>LIABILITIES</u>							
Accounts payable	\$0	\$0	\$0	\$0	\$13,569	\$0	\$13,569
Deferred revenue	0	39,457	0	0	14,088	0	53,545
Total liabilities	<u>0</u>	<u>39,457</u>	<u>0</u>	<u>0</u>	<u>27,657</u>	<u>0</u>	<u>67,114</u>
<u>FUND BALANCES</u>							
Fund balance, unreserved - Special Revenue	0	28,411	198,522	33,643	7,848	5,769	274,193
Fund balance, unreserved - General	8,649	0	0	0	0	0	8,649
Total fund balances	<u>8,649</u>	<u>28,411</u>	<u>198,522</u>	<u>33,643</u>	<u>7,848</u>	<u>5,769</u>	<u>282,842</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$8,649</u>	<u>\$67,868</u>	<u>\$198,522</u>	<u>\$33,643</u>	<u>\$35,505</u>	<u>\$5,769</u>	<u>\$349,956</u>

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

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>General Fund</u>	<u>Education</u>	<u>Institute</u>	<u>General Educational Development</u>	<u>Finger- Printing</u>	<u>Other Non-Major Funds</u>	<u>Total</u>
REVENUES							
Local sources							
Teacher certificate fees	\$0	\$0	\$63,823	\$0	\$0	\$0	\$63,823
GED application fees	0	0	0	15,415	0	0	15,415
School bus permit and class fees	0	0	0	0	0	2,988	2,988
Fingerprinting fees	0	0	0	0	120,442	0	120,442
Interest income	353	2,442	6,715	1,499	1,369	313	12,691
Other	4,019	41,732	4,265	0	0	0	50,016
Total local sources	<u>4,372</u>	<u>44,174</u>	<u>74,803</u>	<u>16,914</u>	<u>121,811</u>	<u>3,301</u>	<u>265,375</u>
State sources	0	582,010	0	0	0	2,440	584,450
On-behalf payments	437,280	0	0	0	0	0	437,280
Total revenues	<u>441,652</u>	<u>626,184</u>	<u>74,803</u>	<u>16,914</u>	<u>121,811</u>	<u>5,741</u>	<u>1,287,105</u>
EXPENDITURES							
Purchased services	1,600	34,976	20,474	10,700	119,733	6,978	194,461
Supplies and materials	72	2,584	806	4,137	9	325	7,933
Payments to other governments	232	582,010	1,812	0	1,274	125	585,453
On-behalf payments	437,280	0	0	0	0	0	437,280
Total expenditures	<u>439,184</u>	<u>619,570</u>	<u>23,092</u>	<u>14,837</u>	<u>121,016</u>	<u>7,428</u>	<u>1,225,127</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,468	6,614	51,711	2,077	795	(1,687)	61,978
FUND BALANCE, UNRESERVED, BEGINNING OF YEAR	<u>6,181</u>	<u>21,797</u>	<u>146,811</u>	<u>31,566</u>	<u>7,053</u>	<u>7,456</u>	<u>220,864</u>
FUND BALANCE, UNRESERVED, END OF YEAR	<u><u>\$8,649</u></u>	<u><u>\$28,411</u></u>	<u><u>\$198,522</u></u>	<u><u>\$33,643</u></u>	<u><u>\$7,848</u></u>	<u><u>\$5,769</u></u>	<u><u>\$282,842</u></u>

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

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
JUNE 30, 2007

	<u>Agency Funds</u>
 <u>ASSETS</u>	
Cash	<u><u>\$93,091</u></u>
 <u>LIABILITIES</u>	
Due to other governments	<u><u>\$93,091</u></u>

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

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The McHenry County Regional Office of Education No. 44 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2007, the McHenry County Regional Office of Education No. 44 implemented Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*; and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The McHenry County Regional Office of Education No. 44 implemented these standards during the current year, however; they do not have a significant impact on the financial statements.

GASB Statement No. 34 established a financial reporting model for State and local governments that included the addition of a management's discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the effects of the internal service activities and the use of account groups to the already required fund financial statements and notes.

A. Financial Reporting Entity

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teachers meetings and assist in their management; evaluate the schools in the region; examine school treasurer's books, accounts, and vouchers; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the Regional Superintendent's office; and file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; proving notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before September 30; maintenance of a map and numbering of the McHenry County Regional Office of Education No. 44's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

The Regional Superintendent is responsible for inspection and approval or rejection of school treasurer's bonds. The Regional Superintendent is also required to provide the State Board of Education with an affidavit showing that the treasurers of school districts within his region are properly bonded.

The McHenry County Regional Office of Education No. 44's reporting entity includes all related organizations for which it exercises oversight responsibility.

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

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Reporting Entity (Continued)

Certain joint agreements have been determined not to be part of the reporting entity after applying the manifesting of oversight, scope of public service and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the ROE does not control the assets, operations or management of the joint agreements. In addition, the ROE is not aware of any entity which would exercise such oversight as to result in the ROE being considered a component unit of the entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the ROE. The effect of inter-fund activity has been removed from these statements.

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

The Statement of Net Assets presents information on all of McHenry County Regional Office of Education No 44's assets and liabilities, with the difference between the two reported as net assets. Net assets of the ROE are classified as Unrestricted and Restricted for Teacher Professional Development. 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. Net Assets Restricted for Teacher Development relate to the Institute Fund.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

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

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

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental funds:

Major Governmental Funds

General Fund – The General Fund is the ROE’s primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is used to account for various expenditures as approved. The ROE receives cost reimbursements from Cooperative for Employment Education and from member districts.

Major Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted by law or regulation as to their use. The ROE reports the following major special revenue funds:

Education Fund – The Education Fund is used to account for the administration of various educational programs and the following funds:

Regional Safe Schools Program (RSSP) – The RSSP consists of State funds received for the administration of the Regional Safe Schools Program (RSSP).

Regional Safe Schools Program - General State Aid (RSSP-GSA) – The RSSP-GSA consists of State funds received for the administration of the Regional Safe Schools Program (RSSP).

Recycling Education – The Recycling Education is used to account for the administration of monies to be used for recycling and source reduction projects at the school districts.

Institute Fund – The Institute Fund is used to account for the stewardship of the assets held in trust for the benefit of the teachers. Fees are collected from registration of teachers’ certificates of qualification. These funds are to be used to defray expenses connected with improving the technology necessary for the efficient processing of certificates as well as any expenses incidental to teachers’ institutes, conferences, workshops or meetings of a professional nature that are designed to promote professional growth of teachers. All funds generated remain restricted until expended only on the aforementioned activities.

General Educational Development (GED) Fund – The GED Fund is used to account for the administration of the General Educational Development Testing Program. Revenues are received from testing and diploma fees.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fingerprinting Fund – The Fingerprinting Fund is used to account for the administration of the Fingerprinting Program. Revenues are received from member school districts and private entities.

Non-Major Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted by law or regulation as to their use. The ROE reports the following nonmajor special revenue funds:

Transportation – The Transportation Fund is used to account for the administration of the Bus Driver Training Program.

Supervisory Expense – The Supervisory Expense Fund is used to account for monies to be used for travel and other expenditures necessary to perform the duty of supervising the school districts under the ROE.

SearchSoft – The Searchsoft Fund is used to account for monies received for, and payment of, expenditures for searchsoft program. Activity in the fund consists of interest earned.

Fiduciary Funds

Agency Funds – Agency Funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. These include agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The ROE reports the following agency funds:

Distributive – The Distributive Fund is used to account for assets held as an agent for the Illinois State Board of Education.

Board of School Trustees – The Board of School Trustees Fund is used to account for the marketing and disposal of school properties belonging to local education agencies and for clearing of monies used for expenses related to detachment petitions.

McHenry County Film Library – The McHenry County Film Library Cooperative is composed of public school districts for the purpose of acquiring and maintaining a visual aids library. The cooperative is governed by a Board of Directors composed of school administrators. The Regional Superintendent is the Secretary-Treasurer and administrative agent of the McHenry County Film Library Cooperative.

Cooperative for Employment Education – The Cooperative for Employment Education Fund is used to account for assets held by the Regional Superintendent, in an agency capacity, for a vocational program which provides instruction for individuals in need of special training.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary System and Accounts

The ROE did not adopt a formal budget nor is it legally required to do so for the year ended June 30, 2007; subsequently, the accompanying financial statements are not presented on a budgetary basis whereby budget and actual revenues and expenditures are compared; however, Illinois State Board of Education, a granting agent, requires budgets for certain program money. A budgetary comparison schedule is presented for the Regional Safe Schools Program (RSSP) for the year ended June 30, 2007.

E. Deposits

Deposits are carried at cost plus accrued interest. The carrying amount of deposits is displayed on the balance sheet simply as cash and represents cash per bank adjusted for outstanding deposits and disbursements.

F. Salaries and Expenses

The salaries of the McHenry County Regional Superintendent of Schools and the Assistant Regional Superintendent are paid by the State of Illinois. All other employees are paid by the County of McHenry. All certified personnel participate in the Teachers' Retirement System of the State of Illinois and all other personnel participate in the Illinois Municipal Retirement Fund. All contributions to these retirement funds and all expenses of the office are also paid by the County of McHenry. Information about these retirement plans can be found in the financial statements of McHenry County.

G. Intergovernmental Agreement

On August 7, 1995, McHenry County Regional Office of Education No. 44 entered into an Intergovernmental Agreement executed pursuant to the provisions of the Intergovernmental Cooperation Clause of the Illinois Constitution as well as the provisions of the Intergovernmental Cooperation Act of 1973 and the Illinois Admin. Code Title 23 Section 525.110.

The name of the Educational Service delivery system formed is known as the Kishwaukee Intermediate Delivery System, (KIDS). Membership in KIDS is made up of the following Regional Offices of Education: Boone-Winnebago, DeKalb, and McHenry. The Boone-Winnebago Regional Office of Education has been designated as Administrative Agent.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2007, the carrying amount of the Regional Office of Education No. 44's cash deposits was \$435,202 and the bank balance was \$480,824. Of the total bank balance, \$100,000 was secured by federal depository insurance and \$380,824 was collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education No 44's name. The ROE does not have a policy regarding custodial credit risk for deposits.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2007

B. Investments

At June 30, 2007, the Regional Office of Education No. 44 had investments with carrying and fair values of \$6,550 invested in the Illinois Funds Money Market Fund.

NOTE 3 – PENSIONS

All employees are paid by McHenry County or the State of Illinois, therefore, no provision or funding for pension costs is required.

NOTE 4 – CAPITAL ASSETS

All capital assets are purchased by McHenry County; therefore there are no capital assets to report.

NOTE 5 – DISTRIBUTIVE FUND INTEREST DISPOSITION

Any interest earned on distributive fund earnings is appropriately allocated to member districts per McHenry County Regional Office of Education No. 44 agreements with these member districts.

NOTE 6 – ON-BEHALF PAYMENTS

Total on-behalf payments of \$437,280 are reported as revenues and expenditures of the general fund.

Salary and benefit data for the Regional Superintendent and the Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education. A breakdown of the on-behalf payments for the Regional Superintendent and Assistant Regional Superintendent is as follows:

Regional Superintendent – salary	\$ 88,540
Regional Superintendent – benefits	12,963
(Includes State paid insurance)	
Assistant Regional Superintendent – salary	79,686
Assistant Regional Superintendent – benefits	12,388
(Includes State paid insurance)	
State of Illinois on-behalf payments	\$193,577

McHenry County provides the Regional Office of Education No. 44 with staff and pays certain expenditures on-behalf of the Regional Office of Education No. 44.

Direct expenditures (includes salaries)	\$191,734
Benefits	51,969
McHenry County on-behalf payments	\$243,703
Total on-behalf payments	\$437,280

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2007

NOTE 7 – DUE TO OTHER GOVERNMENTS

The Regional Office of Education No. 44 is the trustee, or agent, for assets that belong to others or are designated to be used for a specific purpose. The Regional Office of Education No. 44 is responsible for ensuring that the assets reported in these funds are used only for their intended purpose and by those to whom the assets belong. At June 30, 2007, the Regional Office of Education No. 44 had amounts due to other governments as follows:

Distributive Fund	\$1,872
Board of School Trustees	138
McHenry County Film Library	57,274
Cooperative for Employment Education	<u>33,807</u>
Total	\$ 93,091

SUPPLEMENTAL INFORMATION

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2007

	<u>Recycling Education</u>	<u>Regional Safe Schools Program (RSSP)</u>	<u>Regional Safe Schools Program - General State Aid (RSSP-GSA)</u>	<u>Total</u>
ASSETS				
Cash	<u>\$67,868</u>	<u>\$0</u>	<u>\$0</u>	<u>\$67,868</u>
 LIABILITIES				
Accounts payable	\$0	\$0	\$0	\$0
Deferred revenue	<u>39,457</u>	<u>0</u>	<u>0</u>	<u>39,457</u>
Total liabilities	<u>39,457</u>	<u>0</u>	<u>0</u>	<u>39,457</u>
 FUND BALANCE				
Fund balance, unreserved	<u>28,411</u>	<u>0</u>	<u>0</u>	<u>28,411</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$67,868</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$67,868</u></u>

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Recycling Education</u>	<u>Regional Safe Schools Program (RSSP)</u>	<u>Regional Safe Schools Program - General State Aid (RSSP-GSA)</u>	<u>Total</u>
REVENUES				
Local sources				
Donations	\$41,732	\$0	\$0	\$41,732
Interest income	2,442	0	0	2,442
State sources	0	444,820	137,190	582,010
Total revenues	<u>44,174</u>	<u>444,820</u>	<u>137,190</u>	<u>626,184</u>
EXPENDITURES				
Purchased services	34,976	0	0	34,976
Supplies and materials	2,584	0	0	2,584
Payments to other governments	0	444,820	137,190	582,010
Total expenditures	<u>37,560</u>	<u>444,820</u>	<u>137,190</u>	<u>619,570</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,614	0	0	6,614
FUND BALANCE, UNRESERVED, BEGINNING OF YEAR	<u>21,797</u>	<u>0</u>	<u>0</u>	<u>21,797</u>
FUND BALANCE, UNRESERVED, END OF YEAR	<u>\$28,411</u>	<u>\$0</u>	<u>\$0</u>	<u>\$28,411</u>

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2007

	Regional Safe Schools Program (RSSP)		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$0	\$0	\$0
State sources	444,820	444,820	0
Federal sources	0	0	0
Total revenues	444,820	444,820	0
EXPENDITURES			
Salaries	0	0	0
Benefits	0	0	0
Purchased services	0	0	0
Supplies and materials	0	0	0
Payments to other governments	444,820	444,820	0
Total expenditures	444,820	444,820	0
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$0	0	\$0
FUND BALANCE, UNRESERVED, BEGINNING OF YEAR		0	
FUND BALANCE, UNRESERVED, END OF YEAR		\$0	

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2007

	<u>Transportation</u>	<u>Supervisory Expense</u>	<u>Searchsoft</u>	<u>Total</u>
<u>ASSETS</u>				
Cash	<u>\$5,752</u>	<u>\$17</u>	<u>\$0</u>	<u>\$5,769</u>
 <u>FUND BALANCE</u>				
Fund balance, unreserved	<u>\$5,752</u>	<u>\$17</u>	<u>\$0</u>	<u>\$5,769</u>

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Transportation</u>	<u>Supervisory Expense</u>	<u>SearchSoft</u>	<u>Total</u>
REVENUES				
Local sources				
School bus permit and class fees	\$2,988	\$0	\$0	\$2,988
Interest Income	270	27	16	313
State sources	1,440	1,000	0	2,440
Total revenues	<u>4,698</u>	<u>1,027</u>	<u>16</u>	<u>5,741</u>
EXPENDITURES				
Purchased services	4,555	1,010	1,413	6,978
Supplies and materials	325	0	0	325
Payments to other governments	125	0	0	125
Total expenditures	<u>5,005</u>	<u>1,010</u>	<u>1,413</u>	<u>7,428</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(307)	17	(1,397)	(1,687)
FUND BALANCE, UNRESERVED - BEGINNING OF YEAR	<u>6,059</u>	<u>0</u>	<u>1,397</u>	<u>7,456</u>
FUND BALANCE, UNRESERVED - END OF YEAR	<u>\$5,752</u>	<u>\$17</u>	<u>\$0</u>	<u>\$5,769</u>

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
JUNE 30, 2007

	<u>Distributive Fund</u>	<u>Board of School Trustees</u>	<u>McHenry County Film Library</u>	<u>Cooperative for Employment Education</u>	<u>Total</u>
ASSETS					
Cash	<u>\$1,872</u>	<u>\$138</u>	<u>\$57,274</u>	<u>\$33,807</u>	<u>\$93,091</u>
LIABILITIES					
Due to other governments	<u>\$1,872</u>	<u>\$138</u>	<u>\$57,274</u>	<u>\$33,807</u>	<u>\$93,091</u>

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Balance</u> <u>7/1/2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2007</u>
<u>DISTRIBUTIVE</u>				
Assets				
Cash	\$895	\$1,456,501	\$1,455,524	\$1,872
Liabilities				
Due to other governments	\$895	\$1,456,501	\$1,455,524	\$1,872
<u>BOARD OF SCHOOL TRUSTEES</u>				
Assets				
Cash	\$132	\$6	\$0	\$138
Liabilities				
Due to other governments	\$132	\$6	\$0	\$138
<u>McHENRY COUNTY FILM LIBRARY</u>				
Assets				
Cash	\$48,222	\$13,653	\$4,601	\$57,274
Liabilities				
Due to other governments	\$48,222	\$13,653	\$4,601	\$57,274
<u>COOPERATIVE FOR EMPLOYMENT EDUCATION</u>				
Assets				
Cash	\$58,612	\$1,001,985	\$1,026,790	\$33,807
Liabilities				
Due to other governments	\$58,612	\$1,001,985	\$1,026,790	\$33,807
<u>TOTALS ALL AGENCY FUNDS</u>				
Assets				
Cash	\$107,861	\$2,472,145	\$2,486,915	\$93,091
Liabilities				
Due to other governments	\$107,861	\$2,472,145	\$2,486,915	\$93,091

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
SCHEDULE OF DISBURSEMENTS TO SCHOOL
DISTRICT TREASURERS AND OTHER ENTITIES
DISTRIBUTIVE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

<u>Program</u>	<u>McHenry County Co-op</u>	<u>Special Education District of McHenry (SEDOM)</u>	<u>Regional Office of Education No. 44</u>	<u>Totals</u>
General State Aid		\$137,190		\$137,190
Vocational Ed. - Agriculture Education	\$5,155			5,155
Vocational Ed. - Secondary Program Imp.	576,858			576,858
Vocational Ed. - Perkins Title IIC	289,061			289,061
Alternative Education		444,820		444,820
Supervisory Expense			\$1,000	1,000
School Bus Driver Training			1,440	1,440
Totals	<u>\$871,074</u>	<u>\$582,010</u>	<u>\$2,440</u>	<u>\$1,455,524</u>