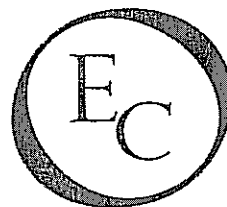


**STATE OF ILLINOIS
BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 4**

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

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 4**

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**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 4**

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**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 4**

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**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 4
OFFICIALS**

Regional Superintendent
(current and during the audit period)

Dr. Richard Fairgrievs

Assistant Regional Superintendent
(current and during the audit period)

Ms. Lori Fanello

Office is located at:

300 Heart Blvd.
Loves Park, IL 61111

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 4
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	—	2
Repeated audit findings	—	2
Prior recommendations implemented or not repeated	2	—

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Prior Finding Code</u>
FINDINGS (<i>GOVERNMENT AUDITING STANDARDS</i>)			
	12	None	
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)			
	13	None	
PRIOR FINDINGS NOT REPEATED (<i>GOVERNMENT AUDITING STANDARDS</i>)			
	14	Controls Over Compliance with Laws and Regulations	06-1
	14	Controls Over Property Records and Transactions	06-2
PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)			
		None	

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 4
JUNE 30, 2007**

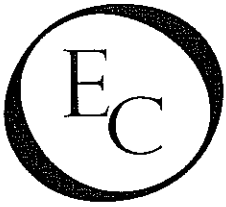
EXIT CONFERENCE

The Boone/Winnebago Counties Regional Office of Education No. 4 opted not to have an exit conference during the financial audit for the year ended June 30, 2007.

**BOONE/WINNEBAGO COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 4
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Boone/Winnebago Counties Regional Office of Education No. 4 was performed by E. C. Ortiz & Co., LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Boone/Winnebago Counties Regional Office of Education No. 4'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 Boone/Winnebago Counties Regional Office of Education No. 4, as of and for the year ended June 30, 2007, which collectively comprise the Boone/Winnebago Counties Regional Office of Education No. 4's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Boone/Winnebago Counties Regional Office of Education No. 4'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 Boone/Winnebago Counties Regional Office of Education No. 4, 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 June 6, 2008 on our consideration of the Boone/Winnebago Counties Regional Office of Education No. 4'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

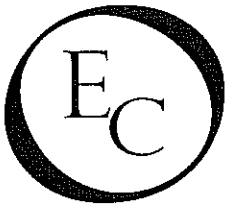
opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 15 through 21 and 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 Boone/Winnebago Counties Regional Office of Education No. 4's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules 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, 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
June 6, 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 Boone/Winnebago Counties Regional Office of Education No. 4, as of and for the year ended June 30, 2007, which collectively comprise the Boone/Winnebago Counties Regional Office of Education No. 4's basic financial statements and have issued our report thereon dated June 6, 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 Boone/Winnebago Counties Regional Office of Education No. 4'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 Boone/Winnebago Counties Regional Office of Education No. 4's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Boone/Winnebago Counties Regional Office of Education No. 4'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.

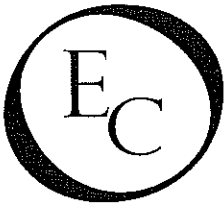
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Boone/Winnebago Counties Regional Office of Education No. 4'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*.

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
June 6, 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 Boone/Winnebago Counties Regional Office of Education No. 4 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 Boone/Winnebago Counties Regional Office of Education No. 4's major federal programs are identified in the Summary of 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 Boone/Winnebago Counties Regional Office of Education No. 4's management. Our responsibility is to express an opinion on the Boone/Winnebago Counties Regional Office of Education No. 4'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 Boone/Winnebago Counties Regional Office of Education No. 4'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 Boone/Winnebago Counties Regional Office of Education No. 4's compliance with those requirements.

In our opinion, the Boone/Winnebago Counties Regional Office of Education No. 4 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 Boone/Winnebago Counties Regional Office of Education No. 4 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 Boone/Winnebago Counties Regional Office of Education No. 4'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 Boone/Winnebago Counties Regional Office of Education No. 4'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. Ortíz & Co. LLP

Chicago, Illinois
June 6, 2008

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2007**

Part I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes ✓ 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

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

Part II: Findings Related to the Basic Financial Statements

None

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NONCOMPLIANCE:

None

SIGNIFICANT DEFICIENCIES:

None

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
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 his 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>Resolved</p> <p>Resolved</p>
06-2	Controls Over Property Records and Transactions	Resolved

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007**

The Boone/Winnebago Counties Regional Office of Education No. 4 (ROE No. 4) 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. 4's basic financial statements.

2007 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$170,513 (23%) from \$739,191 in FY 2006 to \$909,704 in FY 2007. General Fund expenditures increased by \$154,391 (22%) from \$708,422 in FY 2006 to \$862,813 in FY 2007.
- Within the Governmental Funds, the Special Revenue Fund revenues decreased by \$75,338 (1%) from \$5,097,792 in FY 2006 to \$5,022,454 in FY 2007. The Special Revenue Fund expenditures decreased by \$423,166 (9%) from \$4,890,825 in FY 2006 to \$4,467,659 in FY 2007.
- The Enterprise Fund revenues increased by \$107,540 (20%) from \$544,876 in FY 2006 to \$652,416 in FY 2007. The Enterprise Fund expenditures increased by \$58,882 (12%) from \$487,308 in FY 2006 to \$546,190 in FY 2007.
- The ROE No. 4 has no long term debt.

Using This Report

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

- *Management's Discussion and Analysis* introduces financial statements and provides an analytical overview of the Regional Office's financial activities.
- The *Government-wide financial statements* consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the ROE No. 4 as a whole and present an overall view of the Office's finances.
- *Fund financial statements* report the ROE No. 4's operations in more detail than the government-wide statements by providing information about the most significant funds.
- *Notes to the financial statements* provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- *Required supplementary information* further explains and supports the financial statements and other supplementary information provides detailed information about the major and non-major funds.

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007**

Reporting the Boone/Winnebago Counties Regional Office as a Whole

It is important to note, that many grants are a cooperative effort of the ROE No. 4 and the DeKalb County Regional Office of Education and the McHenry County Regional Office of Education No. 44. Therefore, these figures may reflect grants that are intended to serve Boone/Winnebago Counties only and grants that serve DeKalb County and McHenry County.

The Statement of Net Assets and the Statement of Activities

The Government-wide statements report information about the ROE No. 4 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 ROE No. 4's overall financial condition, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the state level need to be considered.

The Government-wide financial statements present the Office's activities as governmental and business-type activities. Local, state, and federal funds finance most of the governmental activities while local workshops finance most of the business-type activities.

Fund Financial Statements

The fund financial statements provide detailed information about the Regional Office's funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The ROE No. 4 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

- (1) Governmental funds account for all of the ROE No. 4's services. 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

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007**

the Office's programs. The Office's Governmental Funds include the General Fund and the Special Revenue Funds.

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

- (2) Proprietary funds account for resources from fees charged directly to those entities or individuals that use its services. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements but with more detail for major and non-major enterprise funds. The proprietary funds required financial statements include a Statement of Net Assets, Statement of Revenues, Expenses and Changes in Fund Net Assets and a Statement of Cash Flows.
- (3) Fiduciary funds are used to account for assets held by the Regional Office of Education No. 4 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. 4. The net assets at the end of FY 2007 and FY 2006 totaled \$4,273,374 and \$3,576,464, respectively. The analysis that follows provides a summary of the ROE No. 4'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>
ASSETS						
Current assets	\$ 4,415,657	\$ 3,696,125	\$ 454,210	\$ 353,194	\$ 4,869,867	\$ 4,049,319
Capital assets, net of depreciation	51,979	67,781	5,210	-	57,189	67,781
TOTAL ASSETS	4,467,636	3,763,906	459,420	353,194	4,927,056	4,117,100
Current liabilities	653,682	540,636	-	-	653,682	540,636
TOTAL LIABILITIES	653,682	540,636	-	-	653,682	540,636
NET ASSETS						
Invested in capital assets, net of related debt	51,979	67,781	5,210	-	57,189	67,781
Restricted for teacher professional development	255,647	260,476	-	-	255,647	260,476
Unrestricted	3,506,328	2,895,013	454,210	353,194	3,960,538	3,248,207
TOTAL NET ASSETS	\$ 3,813,954	\$ 3,223,270	\$ 459,420	\$ 353,194	\$ 4,273,374	\$ 3,576,464

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007**

The ROE No. 4's net assets increased by \$696,910 (19%) from FY 2006. The increase occurred primarily in the Regional Alternative School and Regional Learning Academy - General State Aid programs due to excess of revenues over expenses. 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	\$ 400,004	\$ 454,649	\$ 652,416	\$ 544,876	\$ 1,052,420	\$ 999,525
Operating grants and Contributions	4,845,725	4,564,399	-	-	4,845,725	4,564,399
General revenues:						
State and local sources	141,194	367,856	-	-	141,194	367,856
Interest income	180,609	134,798	-	-	180,609	134,798
On-behalf payments	364,626	315,281	-	-	364,626	315,281
Loss on disposal of assets	(170)	-	-	-	(170)	-
Total revenues	<u>5,931,988</u>	<u>5,836,983</u>	<u>652,416</u>	<u>544,876</u>	<u>6,584,404</u>	<u>6,381,859</u>
Expenses:						
Salaries	2,115,203	2,181,095	-	50,461	2,115,203	2,231,556
Benefits	374,072	355,938	-	2,593	374,072	358,531
Purchased services	1,764,727	1,834,037	525,817	392,687	2,290,544	2,226,724
Supplies and materials	226,432	420,310	14,819	26,643	241,251	446,953
Capital expenditures	50,522	22,700	5,466	14,924	55,988	37,624
Depreciation	26,205	28,121	88	-	26,293	28,121
Payments to other governments	419,517	432,213	-	-	419,517	432,213
On-behalf payments	364,626	315,281	-	-	364,626	315,281
Total expenses	<u>5,341,304</u>	<u>5,589,695</u>	<u>546,190</u>	<u>487,308</u>	<u>5,887,494</u>	<u>6,077,003</u>
Income before other financing sources (uses)	590,684	247,288	106,226	57,568	696,910	304,856
Other financing sources (uses):						
Operating transfers	-	(10,269)	-	10,269	-	-
Change in net assets	590,684	237,019	106,226	67,837	696,910	304,856
Net assets, beginning	<u>3,223,270</u>	<u>2,986,251</u>	<u>353,194</u>	<u>285,357</u>	<u>3,576,464</u>	<u>3,271,608</u>
Net assets, ending	<u>\$ 3,813,954</u>	<u>\$ 3,223,270</u>	<u>\$ 459,420</u>	<u>\$ 353,194</u>	<u>\$ 4,273,374</u>	<u>\$ 3,576,464</u>

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007**

Governmental Activities

Revenues for governmental activities were \$5,931,988 and expenses were \$5,341,304. Governmental revenues increased by \$95,005 (2%) primarily due to the increase in interest income from investments and on-behalf payments. Although grant revenues did not change significantly, the related grant expenses decreased by \$248,391 (4%) due to cost efficiencies. The ROE No. 4 also did not fill some vacant job positions.

Business-Type Activities

Revenues for business-type activities were \$652,416 and expenditures were \$546,190. The increase in revenues and expenditures is due mainly to an increase in local workshops conducted by the ROE.

Financial Analysis of the ROE No. 4 Funds

As previously noted, the Boone/Winnebago Counties Regional Office of Education No. 4 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The ROE's Governmental Funds reported combined fund balances were \$3,761,975.

Governmental Fund Highlights

The General Assembly and the Illinois State Board of Education (ISBE) continue to increase the responsibilities of the Regional Offices of Education (ROE) without providing any additional resources.

Two areas will be cited where this is true:

- Certification requirements and procedures have changed from just certificate registration to certificate renewal with endorsements and highly qualified status requirements for teachers. This has increased the Regional Office's work load tremendously. Teachers and administrators are requiring one-on-one help to learn how to use the Educator Certification System to enter their professional development activities.
- Additional fingerprinting requirements for private and parochial school teachers have increased the work load on ROE staff.

Proprietary Fund Highlights

Total proprietary fund net assets increased by \$106,226 (30%). This year's operations resulted in income due to increase in workshop activities.

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007**

Fiduciary Fund Highlights

There was no significant movement in fiduciary funds for FY 2007. Total fiduciary net assets increased by \$38,657 (4%). Transactions during FY 2007 represent mainly transfers in and out of funds for Payroll Fund and CEANCI (Career Educational Associates of North Central Illinois).

Budgetary Highlights

The Boone/Winnebago Counties Regional Office of Education No. 4 annually adopts budgets for several funds. The General Fund Accounts and, KIDS Accounts are prepared by the Regional Superintendent and serve as a guideline for activities and expenditures. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Board for their approval. The Office Operations Budget covers a fiscal year which runs from October 1 to September 30. All grant budgets are prepared by the ROE No. 4 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency.

Capital Assets

The Boone/Winnebago Counties Regional Office of Education No. 4's capital assets include office equipment, computers, audio-visual equipment, and office furniture. The ROE No. 4 maintains an inventory of capital assets which have been accumulated over time. FY 2007, total additions amounted to \$20,671 and total retirements amounted to \$10,282. Depreciation expense for FY 2007 was \$26,293.

Economic Factors and Next Years' Budget

At the time these financial statements were prepared and audited, the Boone/Winnebago Counties Regional Office of Education No. 4 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.
- The interest rate on investments shows little increase.
- County funds have increased 4.88% for FY 2007 versus 9.2% for FY 2006.
- The Region is experiencing student growth of 2.67%.
- The Regional Office of Education continues to experience double-digit health care cost increases for employees and escalating fuel prices.

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007**

Contacting the Regional Office's Financial Management

This financial report is designed to provide the ROE No. 4's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the ROE No. 4 at 300 Heart Blvd., Loves Park, IL 61111.

BASIC FINANCIAL STATEMENTS

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
STATEMENT OF NET ASSETS
JUNE 30, 2007**

EXHIBIT A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,241,965	\$ 454,210	\$ 4,696,175
Due from other governmental agencies	173,692	-	173,692
Total current assets	<u>4,415,657</u>	<u>454,210</u>	<u>4,869,867</u>
Noncurrent assets:			
Capital assets, net	51,979	5,210	57,189
TOTAL ASSETS	<u>4,467,636</u>	<u>459,420</u>	<u>4,927,056</u>
LIABILITIES			
Accounts payable and accrued expenses	414,887	-	414,887
Deferred revenues	74,247	-	74,247
Due to other governmental agencies	164,548	-	164,548
TOTAL LIABILITIES	<u>653,682</u>	<u>-</u>	<u>653,682</u>
NET ASSETS			
Invested in capital assets	51,979	5,210	57,189
Restricted for teacher professional development	255,647	-	255,647
Unrestricted	3,506,328	454,210	3,960,538
TOTAL NET ASSETS	<u>\$ 3,813,954</u>	<u>\$ 459,420</u>	<u>\$ 4,273,374</u>

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

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 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		Total
Governmental Activities				Business-Type Activities		
FUNCTIONS/PROGRAMS						
Primary government						
Governmental activities:						
Instructional services						
Salaries	\$ 2,115,203	\$ 160,002	\$ 2,148,372	\$ 193,171	\$ -	\$ 193,171
Benefits	374,072	40,000	388,273	54,201	-	54,201
Purchased services	1,764,727	160,002	1,625,246	20,521	-	20,521
Supplies and materials	226,432	-	205,231	(21,201)	-	(21,201)
Capital expenditures	50,522	-	43,156	(7,366)	-	(7,366)
Payments to other governments	419,517	40,000	435,447	55,930	-	55,930
Depreciation	26,205	-	-	(26,205)	-	(26,205)
Administrative						
On-behalf payments	364,626	-	-	(364,626)	-	(364,626)
Total governmental activities	5,341,304	400,004	4,845,725	(95,575)	-	(95,575)
Business-type activities:						
Professional development	546,190	652,416	-	-	106,226	106,226
Total business-type activities	546,190	652,416	-	-	106,226	106,226
Total primary government	\$ 5,887,494	\$ 1,052,420	\$ 4,845,725	(95,575)	106,226	10,651
General revenues:						
Local sources				141,194	-	141,194
Interest income				180,609	-	180,609
On-behalf payments				364,626	-	364,626
Loss on disposal of assets				(170)	-	(170)
Total general revenues and other financing source				686,259	-	686,259
Change in net assets				590,684	106,226	696,910
Net assets - beginning				3,223,270	353,194	3,576,464
Net assets - ending				\$ 3,813,954	\$ 459,420	\$ 4,273,374

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

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 JUNE 30, 2007

EXHIBIT C

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 424,055	\$ 3,351,439	\$ 255,455	\$ 211,016	\$ 4,241,965
Due from other governmental agencies	47,959	122,922	192	2,619	173,692
Due from other funds	-	68,833	-	-	68,833
TOTAL ASSETS	<u>472,014</u>	<u>3,543,194</u>	<u>255,647</u>	<u>213,635</u>	<u>4,484,490</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	-	414,887	-	-	414,887
Deferred revenues	-	74,247	-	-	74,247
Due to other funds	68,833	-	-	-	68,833
Due to other governmental agencies	-	164,548	-	-	164,548
Total liabilities	<u>68,833</u>	<u>653,682</u>	<u>-</u>	<u>-</u>	<u>722,515</u>
FUND BALANCES					
Unreserved, reported in:					
General fund	403,181	-	-	-	403,181
Special revenue funds	-	2,889,512	255,647	213,635	3,358,794
Total fund balances	<u>403,181</u>	<u>2,889,512</u>	<u>255,647</u>	<u>213,635</u>	<u>3,761,975</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 472,014</u>	<u>\$ 3,543,194</u>	<u>\$ 255,647</u>	<u>\$ 213,635</u>	<u>\$ 4,484,490</u>

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

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
GOVERNMENTAL FUNDS**

EXHIBIT D

RECONCILIATION OF THE GOVERNMENTAL FUNDS

**BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007**

Total fund balances - governmental funds	\$ 3,761,975
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	<u>51,979</u>
Net assets of governmental activities	<u><u>\$ 3,813,954</u></u>

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

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007**

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
REVENUES					
Federal sources	\$ -	\$ 1,705,669	\$ -	\$ -	\$ 1,705,669
State sources	358,262	2,778,594	-	3,200	3,140,056
Local sources					
Licenses and permits	-	-	82,295	-	82,295
Interest	45,622	114,065	10,982	9,940	180,609
Fees for services	141,194	247,006	-	70,703	458,903
On-behalf payments	364,626	-	-	-	364,626
Total revenues	909,704	4,845,334	93,277	83,843	5,932,158
EXPENDITURES					
Current:					
Instructional services:					
Salaries	225,800	1,863,823	-	25,580	2,115,203
Benefits	38,876	335,196	-	-	374,072
Purchased services	172,221	1,468,298	89,147	35,061	1,764,727
Supplies and materials	30,964	180,100	8,959	6,409	226,432
Capital expenditures	30,326	31,424	-	4,145	65,895
Payments to other governments	-	419,517	-	-	419,517
On-behalf payments	364,626	-	-	-	364,626
Total expenditures	862,813	4,298,358	98,106	71,195	5,330,472
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	46,891	546,976	(4,829)	12,648	601,686
OTHER FINANCING SOURCE					
Proceeds from sale of capital assets	-	4,800	-	-	4,800
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES	46,891	551,776	(4,829)	12,648	606,486
FUND BALANCES, BEGINNING OF YEAR	356,290	2,337,736	260,476	200,987	3,155,489
FUND BALANCES, END OF YEAR	\$ 403,181	\$ 2,889,512	\$ 255,647	\$ 213,635	\$ 3,761,975

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

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
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 \$ 606,486

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

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

Capital expenditures	\$ 15,373	
Depreciation expense	(26,205)	
Net book value of assets disposed of	(4,970)	(15,802)

Change in net assets of governmental activities \$ 590,684

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

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2007

	Business Type Activities - Enterprise Funds						Total
	Local Workshop	Curriculum 2004	Networking for Information Conference	Raising Student Achievement Conference	Conference Connect		
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 379,584	\$ 15,958	\$ 17,041	\$ 41,627	\$ -	\$ -	\$ 454,210
Noncurrent assets:							
Capital assets, net	5,210	-	-	-	-	-	5,210
TOTAL ASSETS	<u>384,794</u>	<u>15,958</u>	<u>17,041</u>	<u>41,627</u>	<u>-</u>	<u>-</u>	<u>459,420</u>
NET ASSETS							
Invested in capital assets	5,210	-	-	-	-	-	5,210
Unrestricted	379,584	15,958	17,041	41,627	-	-	454,210
TOTAL NET ASSETS	<u>\$ 384,794</u>	<u>\$ 15,958</u>	<u>\$ 17,041</u>	<u>\$ 41,627</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 459,420</u>

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

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	Business Type Activities - Enterprise Funds						Total
	Local Workshop	Curriculum 2004	Networking for Information Conference	Raising Student Achievement Conference	Conference Connect		
OPERATING REVENUES							
Fees for services	\$ 583,344	\$ 6,240	\$ 7,112	\$ 2,920	\$ 2,800	\$	\$ 602,416
Intergovernmental	-	-	-	50,000	-	-	50,000
Total operating revenues	583,344	6,240	7,112	52,920	2,800		652,416
OPERATING EXPENSES							
Purchased services	496,747	6,371	8,887	11,012	2,800		525,817
Supplies and materials	14,200	-	338	281	-		14,819
Capital expenditures	5,466	-	-	-	-		5,466
Depreciation	88	-	-	-	-		88
Total operating expenses	516,501	6,371	9,225	11,293	2,800		546,190
OPERATING INCOME (LOSS)	66,843	(131)	(2,113)	41,627	-		106,226
TOTAL NET ASSETS, BEGINNING OF YEAR	317,951	16,089	19,154	-	-		353,194
TOTAL NET ASSETS, END OF YEAR	\$ 384,794	\$ 15,958	\$ 17,041	\$ 41,627	\$ -	\$	\$ 459,420

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

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2007**

EXHIBIT I

	Business Type Activities - Enterprise Funds						Total
	Local Workshop		Networking for Information Conference		Raising Student Achievement Conference		
	Curriculum 2004	Conference	Conference	Conference	Connect	Conference	
\$ 583,344	\$ 6,240	\$ 7,112	\$ 52,920	\$ 2,800	\$ 652,416		
(516,413)	(6,371)	(9,225)	(11,293)	(2,800)	(546,102)		
66,931	(131)	(2,113)	41,627	-	106,314		
(5,298)	-	-	-	-	(5,298)		
(5,298)	-	-	-	-	(5,298)		
61,633	(131)	(2,113)	41,627	-	101,016		
317,951	16,089	19,154	-	-	353,194		
\$ 379,584	\$ 15,958	\$ 17,041	\$ 41,627	\$ -	\$ 454,210		

CASH FLOWS FROM OPERATING ACTIVITIES:

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

CASH FLOWS FROM CAPITAL FINANCING ACTIVITY:

Purchase of equipment
 Net cash used in capital financing activity

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

CASH AND CASH EQUIVALENTS, END OF YEAR

Reconciliation of operating income (loss) to net cash provided by

(used in) operating activities:

Operating income (loss)
 Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:
 Effects of changes in assets and liabilities:
 Depreciation

Net cash provided by (used in) operating activities

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

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2007**

EXHIBIT J

ASSETS

Cash and cash equivalents	<u>\$ 969,121</u>
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LIABILITIES

Due to other governmental agencies	<u>\$ 969,121</u>
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The notes to the financial statements are an integral part of this statement.

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Boone/Winnebago Counties Regional Office of Education No. 4 (Regional Office; ROE) operates under the School Code (Articles 3 and 3A of Illinois Compiled Statutes, Chapter 105). This encompasses Boone and Winnebago Counties, Illinois. The Regional Superintendent of Schools (Superintendent) serves as chief administrative officer of the Regional Office of Education No. 4 and is elected to the position for a four year term pursuant to Article 3 of Illinois Compiled Statutes, Chapter 105. The principal financial duty of the Regional Superintendent is to receive and distribute monies due to school districts from general state aid, state categorical grants, and various other sources.

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

The basic financial statements include all funds of the Boone/Winnebago Counties Regional Office of Education No. 4.

These are the only activities considered to be part of (controlled by or dependent on) the Boone/Winnebago Counties Regional Office of Education No. 4, as determined by the application of the criteria set forth in Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity. The criteria for inclusion of an entity include, but are not limited to, legal standing, fiscal dependency, imposition of will and potential for financial benefit or burden.

Boone/Winnebago Counties Regional Office of Education No. 4 has determined that no other outside agency meets any of the above criteria and, therefore, no other agency has been included as a component unit in the financial statements. Furthermore, the Boone/Winnebago Counties Regional Office of Education No. 4 does not consider itself to be a component unit of any other 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

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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 Boone/Winnebago Counties Regional Office of Education No. 4'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 - represent the ROE's total investment in capital assets. There is no outstanding debt related to these assets at this time.

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

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

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.

C. New Accounting Pronouncement

Effective July 1, 2006, the Boone/Winnebago Counties Regional Office of Education No. 4 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 Boone/Winnebago Counties Regional Office of Education No. 4's financial statements as a result of adopting the above statements.

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

D. 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 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 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 Boone/Winnebago Counties Regional Office of Education No. 4 considers revenues as available if they are collected within 60 days after year-end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

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

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

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

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

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

E. Fund Accounting

The accounts are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund and account group are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. The resources are allocated to and accounted for in individual funds and account groups based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following summarizes the fund types and account groups used:

Governmental Fund Types

Governmental Funds account for those funds 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:

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

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

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

Special Revenue Funds - to account for the proceeds of specific revenue sources (other than expendable trusts) that are legally restricted to expenditures for specified purposes.

The Boone/Winnebago Counties Regional Office of Education No. 4 reported the following special revenue funds as major governmental funds:

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

Federal Special Education - IDEA Flow-Through - to account for grant monies received for, and payment of, expenditures for a Special Education Program.

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Regional Alternative School - to account for grant monies received for, and payment of, expenditures for an alternative education program.

Regional Learning Center - Workforce Investment Act - to account for grant monies received for, and payment of, expenditures associated with the WIA Program grant designed to provide vocational training services and coordination of activities to the economically disadvantaged.

Regional Learning Academy - to account for grant monies received for, and payment of, expenditures for the Regional Learning Academy. This fund includes the following:

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

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

Title V - Innovative Programs - Formula - to account for monies received for, and payment of expenditures for the Title V program. The purpose of these programs is to provide a continuing source of innovation and educational improvement.

Title II - Teacher Quality - to account for grant monies received for, and payment of, expenditures of the Title II - Teacher Quality Grant.

Title IV - Safe and Drug Free Schools - Formula - to account for federal monies received for, and payment of, expenditures incurred for instructional program/materials in preventing the illegal use of alcohol, tobacco and drugs.

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

KIDS Fund - to account for grant monies received for, and payment of, expenditures for the Kishwaukee Intermediate Delivery System Intergovernmental Agreement. This fund includes the following:

Standards Aligned Classroom Initiative - to account for resources accumulated for, and payment of, expenditures of the Standards Aligned

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Classroom Program. This supports teams that develop curriculum aligned with the Illinois Academic Standards.

Other State Programs - to account for grant monies received, and the payment of, expenditures incurred for the Standard Assessment Program. This program provides services to schools that are on "status" under No Child Left Behind. The grant provides training and technical assistance to the schools and helps them understand the causes for their student academic problems. The grant then helps the schools develop plans to address the problems.

Title II - Teacher Quality Leadership Grant - to account for grant monies received for, and payment of expenditures for the Teacher Quality Leadership Programs. These programs aim to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement.

Title I - School Improvement and Accountability - The Illinois State Board of Education Quality Assurance Process consists of an external visit to audit each school every few years and an internal review that each school must conduct annually. The Boone/Winnebago Counties Regional Office of Education No. 4 is charged with supporting and guiding schools through this complex school improvement process so that teaching and learning are improved every year.

Learning Technology Center - to account 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.

Web Wise Kids - to account for funds received for, and payment of, expenditures of Web Wise Kids Programs. The purpose of these programs is to provide training to middle and high school teachers to spread the on-line safety program. This program will help students recognize on-line predators. The training is through CD simulation or an internet site.

Institute - to account for fees collected for the registration and renewal of teaching certificates. These fees are used to defray administrative expenses incidental to teachers' institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers or for the purpose of defraying the

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expense of any general or special meeting of teachers or school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

Nonmajor Special Revenue Funds - The Boone/Winnebago Counties Regional Office of Education No. 4 reported the following special revenue funds as nonmajor governmental funds.

General Education Development (GED) - to account for the revenues and expenditures associated with the processing of applications for the high school level test of GED and the issuance of diplomas upon successful completion of the examination.

Bus Driver Training - to account for resources accumulated for, and the payment of, expenses from instructional training courses for school bus drivers.

Supervisory - to account for resources accumulated for, and the payment of, expenditures incurred in providing supervisory services.

Educational Service Center No. 1 - to account for resources accumulated for, and the payment of, expenditures of the Educational Service Center No. 1.

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

Local Workshop - to account for contract monies received for, and payment of, expenditures for workshops and other services for the school districts.

Curriculum 2004 - to account for monies received from school districts for seminars/meetings held for the improvement of the schools' curriculum.

Networking for Information Conference - to account for monies received from school districts for seminars/meetings held focusing on technology solutions.

Raising Student Achievement Conference (RSAC) - to account for monies received for, and payment of, expenditures incurred by professional development programs that provide cost-effective, customizable professional development in targeted curricular areas that will focus on improving classroom teaching practices in order to *Raise Student Achievement*.

Conference Connect - to account for monies received for, and payment of, expenditures incurred by seminars/training programs related to improving information technology.

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Fiduciary Fund Type

Fiduciary Funds are used to account for assets held in a trustee capacity or as an agent for individuals or private or governmental organizations. The Fiduciary Funds include the following:

Agency Funds - custodial in nature (assets equal liabilities) and do not involve measurement of operations. The agency funds include the following:

Distributive - to account for funds received and disbursed as a result of the Superintendent's responsibility to receive and distribute to treasurers of other agencies.

Audio Visual Co-op - to account for funds received and disbursed by the Superintendent as administrative agent for the Boone/Winnebago Audio Visual Co-op.

Career Educational Associates of North Central Illinois (CEANCI) - to account for funds received and disbursed by the Superintendent as administrative agent for the CEANCI Joint Agreement.

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

F. 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.

G. 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.

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H. 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.

I. Capital Assets

Capital assets result from expenditures in the governmental and proprietary funds. These assets are reported in the governmental and business-type activities columns 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 forty years) of the respective assets.

J. 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.

K. 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

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revenues and expenses during the reporting period. Actual results could differ from those estimates.

L. Investments and Cash Accounts

State regulations require that the Boone/Winnebago Counties Regional Office of Education No. 4 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 Boone/Winnebago Counties Regional Office of Education No. 4 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.

M. Budgets and Budgetary Accounting

Boone/Winnebago Counties Regional Office of Education No. 4 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:
 - Truants Alternative Program
 - Regional Learning Academy
 - Regional Safe Schools
 - Title V - Innovative Programs - Formula
 - Title II - Teacher Quality
 - Title IV - Safe and Drug Free Schools - Formula
 - Kids Fund
 - Other State Programs
 - Title II - Teacher Quality Leadership Grant
 - Title I - School Improvement and Accountability
 - Learning Technology Center

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NOTE 2 - INTERGOVERNMENTAL AGREEMENT

On August 7, 1992, the Boone/Winnebago Counties Regional Office of Education No. 4 entered into an Intergovernmental Agreement executed pursuant to the provisions of the Intergovernmental Cooperation Clause of the Illinois Constitution as well as the provisions of the Intergovernmental Cooperation Act of 1973 and the Illinois Admin. Code 525.110.

The name of the 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 ROE was designated as Administrative Agent.

NOTE 3 - CASH AND INVESTMENTS

The Boone/Winnebago Counties Regional Office of Education No. 4 utilizes several different bank accounts for its various activities. The book balance of such accounts is \$5,665,296 at June 30, 2007, while the bank balance was \$5,879,416. 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 Boone/Winnebago Counties Regional Office of Education No. 4 in its name.

Category 2 includes deposits covered by collateral held by the financial institutions in a pledged safekeeping account in the name of Boone/Winnebago Counties Regional Office of Education No. 4.

Category 3 includes deposits which are uncollateralized or the collateral is held by the financial institution trust department but not in the name of Boone/Winnebago Counties Regional Office of Education No. 4.

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 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

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“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:

	Bank Balance
Category 1	\$ 100,000
Category 2	5,002,826
Category 3	—
Exempt	776,590
Total	\$ 5,879,416

The exempt funds are those deposited into 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.

NOTE 4 - DUE FROM (TO) OTHER GOVERNMENTAL AGENCIES

The Boone/Winnebago Counties Regional Office of Education No. 4’s General Fund, Special Revenue Fund and various grant programs have funds due to and due from various governmental units which consists of the following:

Due from Other Governments:	
Illinois State Board of Education	\$ 157,786
Rock River Training Corporation	8,063
Local School Districts	7,843
	\$ 173,692
Due to Other Governments:	
Local School Districts	\$ 1,133,669

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 5 - INTERFUND TRANSACTIONS

(a) Due From (To) Other Funds

The following is a summary of amounts due from (to) other funds as of June 30, 2007:

Fund	Due From Other Funds	Due To Other Funds
Education Fund - Truants Alternative Program	\$ 68,833	\$ -
General Fund	-	68,833
Total	<u>\$ 68,833</u>	<u>\$ 68,833</u>

(b) Transfers From (To) Other Funds

The composition of interfund transfers for the year ended June 30, 2007 is as follows:

Fund	Transfer-out	Transfer-in
Education Fund - Federal Special Education - IDEA Flow-Through	\$ 845	\$ -
Education Fund - Regional Alternative School	-	1,922
Education Fund - Web Wise Kids	1,077	-
Total	<u>\$ 1,922</u>	<u>\$ 1,922</u>

NOTE 6 - 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
GOVERNMENTAL FUNDS				
Equipment	\$ 207,860	\$ 15,373	\$ 10,282	\$ 212,951
Less: accumulated depreciation	(140,079)	(26,205)	(5,312)	(160,972)
Capital assets, net	<u>\$ 67,781</u>	<u>\$ (10,832)</u>	<u>\$ 4,970</u>	<u>\$ 51,979</u>
PROPRIETARY FUNDS				
Equipment	\$ -	\$ 5,298	\$ -	\$ 5,298
Less: accumulated depreciation	-	(88)	-	(88)
Capital assets, net	<u>\$ -</u>	<u>\$ 5,210</u>	<u>\$ -</u>	<u>\$ 5,210</u>

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NOTE 7 - INTEREST ON DISTRIBUTIVE FUND

Interest earned on distributive fund receipts is recorded in the General Fund by the consent of all affected school boards and other entities. The funds are utilized by the Superintendent to purchase computer equipment, develop in-service activities and other innovative programs, as well as, assist with the necessary operating expenses of the Boone/Winnebago Counties Regional Office of Education No. 4's office.

NOTE 8 - SALARIES AND PENSION PLAN CONTRIBUTIONS

The salaries of the Regional Superintendent and the Assistant Superintendent are paid by the State of Illinois. The Regional Office personnel are paid by the Boone/Winnebago Counties, Illinois, in accordance with statutes. Employees of programs funded by federal and state grants are paid through the Payroll Fund or by the County of Winnebago and then reimbursed by the grants. The breakdown of the State on-behalf payments for the year ended June 30, 2007 is as follows:

Regional Superintendent Salary	\$ 88,540
Regional Superintendent Fringe Benefits (includes State paid insurance)	18,033
Assistant Regional Superintendent Salary	79,686
Assistant Regional Superintendent Fringe Benefits (includes State paid insurance)	16,018
TRS Contributions	162,349
Total	\$ 364,626

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

NOTE 9 - RETIREMENT FUND COMMITMENTS

Teachers' Retirement System of the State of Illinois

The Boone/Winnebago Counties Regional Office of Education No. 4 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

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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 Boone/Winnebago Counties Regional Office of Education No. 4's TRS-covered employees.

- **On-behalf Contributions.** The State of Illinois makes employer pension contributions on behalf of the Boone/Winnebago Counties Regional Office of Education No. 4. For the year ended June 30, 2007, State of Illinois contributions were based on 9.78 percent of creditable earnings, and the Boone/Winnebago Counties Regional Office of Education No. 4, recognized revenue and expenditures of \$162,349 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 (\$112,195) and 11.76 percent (\$208,717), 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 Boone/Winnebago Counties Regional Office of Education No. 4 makes other types of employer contributions directly to TRS.

- **2.2 Formula Contributions.** Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2007 were \$9,621. Contributions for the years ended June 30, 2006, and June 30, 2005, were \$9,012 and \$10,294, respectively.
- **Federal and Trust Fund Contributions.** When TRS members are paid from federal and trust funds administered by the Boone/Winnebago Counties Regional Office of Education No. 4, there is a statutory requirement for the Boone/Winnebago Counties Regional Office of Education No. 4 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

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NOTES TO FINANCIAL STATEMENTS
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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 \$9,043 were paid from federal and trust funds that required employer contributions of \$884. For the years ended June 30, 2006 and June 30, 2005, required Boone/Winnebago Counties Regional Office of Education No. 4 contributions were \$7,304 and \$27,906, respectively.

- **Early Retirement Option.** The Boone/Winnebago Counties Regional Office of Education No. 4 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 Boone/Winnebago Counties Regional Office of Education No. 4 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 Boone/Winnebago Counties Regional Office of Education No. 4 paid \$0 in employer ERO contributions.
- **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 Boone/Winnebago Counties Regional Office of Education No. 4 did not have any payments to TRS for employer contributions due on salary increases in excess of 6 percent.

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
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- 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 Boone/Winnebago Counties Regional Office of Education No. 4 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.

Illinois Municipal Retirement Fund

The Boone/Winnebago Counties Regional Office of Education No. 4's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

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

Employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by state statute. The Boone/Winnebago Counties Regional Office of Education No. 4 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2006 was 12.84% 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 Boone/Winnebago Counties Regional Office of Education No. 4's annual pension cost of \$55,853 was equal to the Boone/Winnebago Counties Regional

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
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Office of Education No. 4'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	\$ 55,853	100%	\$ —
12/31/05	61,923	100%	—
12/31/04	55,550	100%	—
12/31/03	53,601	100%	—
12/31/02	28,673	100%	—
12/31/01	6,402	100%	—
12/31/00	73,473	100%	—
12/31/99	84,315	100%	—
12/31/98	85,213	100%	—
12/31/97	52,846	100%	—

NOTE 10 - RELATED PARTY TRANSACTIONS

Fixed assets used solely by the Regional Office are purchased by the Boone/Winnebago Counties. Ownership of some fixed assets remains with the County of Winnebago and, accordingly, the cost of these assets is not included in any fund or in the Capital Assets in the financial statements. Other expenditures of the Regional Office are paid by the Boone/Winnebago Counties.

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

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
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	\$1,223,847	\$1,152,779	(\$71,068)	106.16%	\$ 434,990	0.00%
12/31/05	1,283,473	1,374,267	90,794	93.39%	629,941	14.41%
12/31/04	1,357,713	1,485,644	127,931	91.39%	671,706	19.05%
12/31/03	1,342,560	1,374,905	32,345	97.65%	662,554	4.88%
12/31/02	1,254,009	1,240,010	(13,999)	101.13%	679,452	0.00%
12/31/01	1,217,062	1,171,148	(45,914)	103.92%	621,559	0.00%
12/31/00	1,288,380	1,130,113	(158,267)	114.00%	566,052	0.00%
12/31/99	1,112,519	1,066,269	(46,250)	104.34%	614,994	0.00%
12/31/98	937,049	1,033,359	96,310	90.68%	702,496	13.71%
12/31/97	743,841	852,334	108,493	87.27%	674,850	16.08%

On a market value basis, the actuarial value of assets as of December 31, 2006 is \$1,349,955.
On a market basis, the fund ratio would be 117.10%.

***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

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
GENERAL FUND
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2007**

SCHEDULE 1

	<u>General Operations</u>	<u>ROE/ISC Operations</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 339,198	\$ 84,857	\$ 424,055
Due from other governmental agencies	5,032	42,927	47,959
TOTAL ASSETS	<u>344,230</u>	<u>127,784</u>	<u>472,014</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to other funds	<u>68,833</u>	<u>-</u>	<u>68,833</u>
FUND BALANCES			
Unreserved	<u>275,397</u>	<u>127,784</u>	<u>403,181</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 344,230</u>	<u>\$ 127,784</u>	<u>\$ 472,014</u>

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4

SCHEDULE 2

GENERAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2007

	<u>General Operations</u>	<u>ROE/ISC Operations</u>	<u>Total</u>
REVENUES			
State sources	\$ -	\$ 358,262	\$ 358,262
Local sources			
Fees for services	141,194	-	141,194
Interest	4,853	40,769	45,622
On-behalf payments	364,626	-	364,626
	<u>510,673</u>	<u>399,031</u>	<u>909,704</u>
Total revenues			
EXPENDITURES			
Salaries	19,838	205,962	225,800
Benefits	-	38,876	38,876
Purchased services	83,673	88,548	172,221
Supplies and materials	16,241	14,723	30,964
Capital expenditures	20,173	10,153	30,326
On-behalf payments	364,626	-	364,626
	<u>504,551</u>	<u>358,262</u>	<u>862,813</u>
Total expenditures			
EXCESS OF REVENUES OVER EXPENDITURES	6,122	40,769	46,891
FUND BALANCES, BEGINNING OF YEAR	<u>269,275</u>	<u>87,015</u>	<u>356,290</u>
FUND BALANCES, END OF YEAR	<u>\$ 275,397</u>	<u>\$ 127,784</u>	<u>\$ 403,181</u>

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2007**

SCHEDULE 3

	ROE/ISC Operations		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
State sources	\$ 358,262	\$ 358,262	\$ -
Interest	-	40,769	40,769
Total revenues	<u>358,262</u>	<u>399,031</u>	<u>40,769</u>
EXPENDITURES			
Salaries	219,857	205,962	13,895
Benefits	43,180	38,876	4,304
Purchased services	72,270	88,548	(16,278)
Supplies and materials	14,500	14,723	(223)
Capital expenditures	8,455	10,153	(1,698)
Total expenditures	<u>358,262</u>	<u>358,262</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	40,769	<u>\$ 40,769</u>
FUND BALANCE, BEGINNING OF YEAR		<u>87,015</u>	
FUND BALANCE, END OF YEAR		<u>\$ 127,784</u>	

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2007

SCHEDULE 4

	Federal Special Education - IDEA Flow-Through	Regional Alternative School	Regional Learning Center - WIA	Regional Learning Academy	Truants Alternative Program	KIDS	Web Wise Kids	Total
Cash and cash equivalents	\$ -	\$ 367,869	\$ 1,556	\$ 1,841,733	\$ 578,033	\$ 562,248	\$ -	\$ 3,351,439
Due from other funds	-	-	-	-	68,833	-	-	68,833
Due from other governmental agencies	-	-	8,063	73	50,000	64,786	-	122,922
TOTAL ASSETS	-	367,869	9,619	1,841,806	696,866	627,034	-	3,543,194

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable and accrued expenses	-	17,645	8,063	940	-	388,239	-	414,887
Due to other governmental agencies	-	-	-	-	-	164,548	-	164,548
Deferred revenues	-	-	-	-	-	74,247	-	74,247
Total liabilities	-	17,645	8,063	940	-	627,034	-	653,682

FUND BALANCES

Unreserved	-	350,224	1,556	1,840,866	696,866	-	-	2,889,512
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 367,869	\$ 9,619	\$ 1,841,806	\$ 696,866	\$ 627,034	\$ -	\$ 3,543,194

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
EDUCATION FUND

SCHEDULE 5

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

	Federal Special Education - IDEA Flow - Through	Regional Alternative School	Regional Learning Center - WIA	Regional Learning Academy	Truants Alternative Program	KIDS	Web Wise Kids	Total
REVENUES								
Federal sources	\$ -	\$ -	\$ 62,462	\$ 24,568	\$ -	\$ 1,552,244	\$ 66,395	\$ 1,705,669
State sources	-	614,850	-	765,458	1,018,703	379,583	-	2,778,594
Local sources	-	-	-	246,579	427	-	-	247,006
Fees for services	-	10,719	-	80,616	22,730	-	-	114,065
Interest	-	625,569	62,462	1,117,221	1,041,860	1,931,827	66,395	4,845,334
Total revenues	-	-	-	-	-	-	-	-
EXPENDITURES								
Salaries	-	397,515	37,160	524,393	550,129	328,121	26,505	1,863,823
Benefits	-	30,603	4,271	108,726	121,288	67,812	2,496	335,196
Purchased services	-	31,629	17,552	113,380	210,988	1,086,855	7,894	1,468,298
Supplies and materials	-	7,909	1,955	65,078	7,785	70,873	26,500	180,100
Capital expenditures	-	4,347	400	16,330	-	10,347	-	31,424
Payments to other governments	-	273	-	38,465	8,534	369,745	2,500	419,517
Total expenditures	-	472,276	61,338	866,372	898,724	1,933,753	65,895	4,298,358
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	153,293	1,124	250,849	143,136	(1,926)	500	546,976
OTHER FINANCING SOURCES (USES)								
Proceeds from sale of capital assets	-	-	-	4,800	-	-	-	4,800
Transfers in (out)	(845)	1,922	-	-	-	-	(1,077)	-
Total other financing sources (uses)	(845)	1,922	-	4,800	-	-	(1,077)	4,800
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES	(845)	155,215	1,124	255,649	143,136	(1,926)	(577)	551,776
FUND BALANCES, BEGINNING OF YEAR	845	195,009	432	1,585,217	553,730	1,926	577	2,337,736
FUND BALANCES, END OF YEAR	\$ -	\$ 350,224	\$ 1,556	\$ 1,840,866	\$ 696,866	\$ -	\$ -	\$ 2,889,512

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 EDUCATION FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2007**

SCHEDULE 6

Truants Alternative Program

	<u>Budget</u>	<u>* Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
State sources	\$ 432,325	\$ 1,018,703	\$ 586,378
Local sources			
Fees for services	-	427	427
Interest	-	22,730	22,730
Total revenues	<u>432,325</u>	<u>1,041,860</u>	<u>609,535</u>
EXPENDITURES			
Salaries	285,203	550,129	(264,926)
Benefits	79,084	121,288	(42,204)
Purchased services	61,688	210,988	(149,300)
Supplies and materials	6,350	7,785	(1,435)
Payments to other governments	-	8,534	(8,534)
Total expenditures	<u>432,325</u>	<u>898,724</u>	<u>(466,399)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	143,136	<u>\$ 143,136</u>
FUND BALANCE, BEGINNING OF YEAR		<u>553,730</u>	
FUND BALANCE, END OF YEAR		<u>\$ 696,866</u>	

* includes \$340,736 General State Aid Grant for which there is no budgeted expenditures.

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 REGIONAL LEARNING ACADEMY
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2007**

SCHEDULE 7

	Regional Safe Schools	General State Aid and Lunch	Title V - Innovative Programs - Formula	Title II - Teacher Quality	Title IV - Safe and Drug Free Schools - Formula	Total
Cash and cash equivalents	\$ 4,800	\$ 1,835,993	\$ -	\$ 940	\$ -	\$ 1,841,733
Due from other governmental agencies	-	73	-	-	-	73
TOTAL ASSETS	4,800	1,836,066	-	940	-	1,841,806

LIABILITIES AND FUND BALANCES

LIABILITIES						
Accounts payable and accrued expenses	-	-	-	940	-	940
FUND BALANCES						
Unreserved	4,800	1,836,066	-	-	-	1,840,866
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,800	\$ 1,836,066	\$ -	\$ 940	\$ -	\$ 1,841,806

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4

SCHEDULE 8

REGIONAL LEARNING ACADEMY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2007

	Regional Safe Schools	General State Aid and Lunch	Title V - Innovative Programs - Formula	Title II Teacher Quality	Title IV - Safe and Drug Free Schools - Formula	Total
REVENUES						
Federal sources	\$ -	\$ 21,905	\$ 338	\$ 1,840	\$ 485	\$ 24,568
State sources	471,699	293,759	-	-	-	765,458
Local sources						
Interest	-	80,616	-	-	-	80,616
Fees for services	-	246,579	-	-	-	246,579
Total revenues	471,699	642,859	338	1,840	485	1,117,221

EXPENDITURES

Salaries	315,441	208,952	-	-	-	524,393
Benefits	93,055	15,671	-	-	-	108,726
Purchased services	63,203	48,337	-	1,840	-	113,380
Supplies and materials	-	64,255	338	-	485	65,078
Capital expenditures	-	16,330	-	-	-	16,330
Payments to other governments	-	38,465	-	-	-	38,465
Total expenditures	471,699	392,010	338	1,840	485	866,372

EXCESS OF REVENUES OVER EXPENDITURES

	-	250,849	-	-	-	250,849
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OTHER FINANCING SOURCE

Proceeds from sale of capital assets	4,800	-	-	-	-	4,800
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EXCESS OF REVENUES AND OTHER FINANCING

SOURCE OVER EXPENDITURES	4,800	250,849	-	-	-	255,649
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FUND BALANCES, BEGINNING OF YEAR

	-	1,585,217	-	-	-	1,585,217
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FUND BALANCES, END OF YEAR

	\$ 4,800	\$ 1,836,066	\$ -	\$ -	\$ -	\$ 1,840,866
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BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 REGIONAL LEARNING ACADEMY
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2007

	Regional Safe Schools		Title V - Innovative Programs - Formula			Title II - Teacher Quality			
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES									
Federal sources	\$ -	\$ -	\$ -	\$ 338	\$ 338	\$ -	\$ 1,840	\$ 1,840	\$ -
State sources	471,699	471,699	-	-	-	-	-	-	-
Total revenues	471,699	471,699	-	338	338	-	1,840	1,840	-
EXPENDITURES									
Salaries	313,701	315,441	(1,740)	-	-	-	-	-	-
Benefits	100,112	93,055	7,057	-	-	-	-	-	-
Purchased services	57,886	63,203	(5,317)	-	-	-	1,840	1,840	-
Supplies and materials	-	-	-	338	338	-	-	-	-
Total expenditures	471,699	471,699	-	338	338	-	1,840	1,840	-
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OTHER FINANCING SOURCE									
Proceeds from sale of capital assets		4,800							
EXCESS OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES		4,800							
FUND BALANCES, BEGINNING OF YEAR									
FUND BALANCES, END OF YEAR	\$ 4,800	\$ 4,800							\$ -

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 REGIONAL LEARNING ACADEMY
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 9
 (CONTINUED)

Title IV - Safe and Drug Free Schools - Formula		TOTAL			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES					
\$ 485	\$ 485	\$ -	\$ 2,663	\$ 2,663	\$ -
-	-	-	471,699	471,699	-
485	485	-	474,362	474,362	-
EXPENDITURES					
-	-	-	313,701	315,441	(1,740)
-	-	-	100,112	93,055	7,057
-	-	-	59,726	65,043	(5,317)
485	485	-	823	823	-
485	485	-	474,362	474,362	-
EXCESS OF REVENUES OVER EXPENDITURES					
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OTHER FINANCING SOURCE					
				4,800	
EXCESS OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES					
				4,800	
FUND BALANCES, BEGINNING OF YEAR					
				\$ 4,800	

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 KIDS FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2007

SCHEDULE 10

	Standards Aligned Classroom Initiative	Other State Programs	Title II - Teacher Quality Leadership Grant	Title I - School Improvement and Accountability	Learning Technology Center	Total
ASSETS						
Cash and cash equivalents	\$ 58,570	\$ 68,221	\$ 13,102	\$ 422,355	\$ -	\$ 562,248
Due from other governmental agencies	-	45,797	18,989	-	-	64,786
TOTAL ASSETS	58,570	114,018	32,091	422,355	-	627,034
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued expenses	-	68,747	32,091	287,401	-	388,239
Due to other governmental agencies	-	45,271	-	119,277	-	164,548
Deferred revenues	58,570	-	-	15,677	-	74,247
Total liabilities	58,570	114,018	32,091	422,355	-	627,034
FUND BALANCES						
Unreserved	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 58,570	\$ 114,018	\$ 32,091	\$ 422,355	\$ -	\$ 627,034

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
KIDS FUND

SCHEDULE 11

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

	Standards Aligned Classroom Initiative	Other State Programs	Title II - Teacher Quality Leadership Grant	Title I - School Improvement and Accountability	Learning Technology Center	Total
REVENUES						
Federal sources	\$ 177,921	-	\$ 80,000	\$ 1,294,323	\$ -	\$ 1,552,244
State sources	-	250,000	-	-	129,583	379,583
Total revenues	177,921	250,000	80,000	1,294,323	129,583	1,931,827
EXPENDITURES						
Salaries	2,700	32,251	-	188,132	105,038	328,121
Benefits	-	8,350	-	36,746	22,716	67,812
Purchased services	92,338	127,852	65,890	798,946	1,829	1,086,855
Supplies and materials	6,383	9,000	5,000	50,490	-	70,873
Capital expenditures	-	-	-	10,347	-	10,347
Payments to other governments	76,500	73,487	10,096	209,662	-	369,745
Total expenditures	177,921	250,940	80,986	1,294,323	129,583	1,933,753
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(940)	(986)	-	-	(1,926)
FUND BALANCES, BEGINNING OF YEAR	-	940	986	-	-	1,926
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 KIDS FUND
 BUDGETARY COMPARISON SCHEDULES
 YEAR ENDED JUNE 30, 2007

	Other State Programs			Title II - Teacher Quality Leadership Grant			Title I - School Improvement and Accountability		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES									
Federal sources	\$ -	\$ -	\$ -	\$ 80,000	\$ 80,000	\$ -	\$ 1,500,192	\$ 1,294,323	\$ (205,869)
State sources	250,000	250,000	-	-	-	-	-	-	-
Local sources	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Fees for services	-	-	-	-	-	-	-	-	-
Total revenues	250,000	250,000	-	80,000	80,000	-	1,500,192	1,294,323	(205,869)
EXPENDITURES									
Salaries	32,250	32,251	(1)	-	-	-	172,900	188,132	(15,232)
Benefits	8,350	8,350	-	-	-	-	37,500	36,746	754
Purchased services	140,400	127,852	12,548	65,000	65,890	(890)	982,992	798,946	184,046
Supplies and materials	9,000	9,000	-	5,000	5,000	-	50,800	50,490	310
Miscellaneous	-	-	-	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-	11,000	10,347	653
Payments to other governments	60,000	73,487	(13,487)	10,000	10,096	(96)	245,000	209,662	35,338
Total expenditures	250,000	250,940	(940)	80,000	80,986	(986)	1,500,192	1,294,323	205,869
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	(940)	(940)	\$ -	(986)	(986)	\$ -	\$ -	\$ -
FUND BALANCES, BEGINNING OF YEAR		940			986				
FUND BALANCES, END OF YEAR	\$ -	-		\$ -	-		\$ -	\$ -	\$ -

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 KIDS FUND
 BUDGETARY COMPARISON SCHEDULES
 YEAR ENDED JUNE 30, 2007

SCHEDULE 12
 (CONTINUED)

	Learning Technology Center			Total	Variance Favorable (Unfavorable)	
	Budget	Actual	Variance Favorable (Unfavorable)			Budget
REVENUES						
Federal sources	\$ -	\$ -	\$ -	\$ 1,580,192	\$ 1,374,323	\$ (205,869)
State sources	129,583	129,583	-	379,583	379,583	-
Local sources	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Fees for services	-	-	-	-	-	-
Total revenues	129,583	129,583	-	1,959,775	1,753,906	(205,869)
EXPENDITURES						
Salaries	105,038	105,038	-	310,188	325,421	(15,233)
Benefits	22,872	22,716	156	68,722	67,812	910
Purchased services	1,673	1,829	(156)	1,190,065	994,517	195,548
Supplies and materials	-	-	-	64,800	64,490	310
Miscellaneous	-	-	-	-	-	-
Capital expenditures	-	-	-	11,000	10,347	653
Payments to other governments	-	-	-	315,000	293,245	21,755
Total expenditures	129,583	129,583	-	1,959,775	1,755,832	203,943
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -	\$ -	(1,926)	\$ (1,926)
FUND BALANCES, BEGINNING OF YEAR					1,926	
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2007

SCHEDULE 13

	General Education Development	Bus Driver Training	Supervisory	Educational Service Center No. 1	Total
ASSETS					
Cash and cash equivalents	\$ 65,615	\$ 9,838	\$ 1,741	\$ 133,822	\$ 211,016
Due from other governmental agencies	2,275	344	-	-	2,619
TOTAL ASSETS	67,890	10,182	1,741	133,822	213,635
FUND BALANCES					
Unreserved	67,890	10,182	1,741	133,822	213,635
TOTAL FUND BALANCES	\$ 67,890	\$ 10,182	\$ 1,741	\$ 133,822	\$ 213,635

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4

NONMAJOR SPECIAL REVENUE FUNDS

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

	General Education Development	Bus Driver Training	Supervisory	Educational Service Center No. 1	Total
REVENUES					
State sources	\$ -	\$ 1,200	\$ 2,000	\$ -	\$ 3,200
Local sources					
Interest	2,875	378	96	6,591	9,940
Fees for services	60,731	9,972	-	-	70,703
Total revenues	63,606	11,550	2,096	6,591	83,843
EXPENDITURES					
Salaries	25,580	-	-	-	25,580
Purchased services	26,109	6,968	1,984	-	35,061
Supplies and materials	3,508	2,901	-	-	6,409
Capital expenditures	4,145	-	-	-	4,145
Total expenditures	59,342	9,869	1,984	-	71,195
EXCESS OF REVENUES OVER EXPENDITURES	4,264	1,681	112	6,591	12,648
FUND BALANCES, BEGINNING OF YEAR	63,626	8,501	1,629	127,231	200,987
FUND BALANCES, END OF YEAR	\$ 67,890	\$ 10,182	\$ 1,741	\$ 133,822	\$ 213,635

BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2007

SCHEDULE 15

	Distributive	Audio Visual Co-op	Career Educational Associates of North Central Illinois	Payroll	Total
Cash and cash equivalents	\$ 70	\$ 6,065	\$ 954,774	\$ 8,212	\$ 969,121

ASSETS

LIABILITIES

Due to other governmental agencies	\$ 70	\$ 6,065	\$ 954,774	\$ 8,212	\$ 969,121
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BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS
JUNE 30, 2007

SCHEDULE 16

	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
DISTRIBUTIVE				
ASSETS				
Cash and cash equivalents	\$ 70	\$ 6,113,221	\$ 6,113,221	\$ 70
LIABILITIES				
Due to other governmental agencies	\$ 70	\$ 6,113,221	\$ 6,113,221	\$ 70
AUDIO VISUAL CO-OP				
ASSETS				
Cash and cash equivalents	\$ 2,766	\$ 12,184	\$ 8,885	\$ 6,065
LIABILITIES				
Due to other governmental agencies	\$ 2,766	\$ 12,184	\$ 8,885	\$ 6,065
CAREER EDUCATIONAL ASSOCIATES OF NORTH CENTRAL ILLINOIS				
ASSETS				
Cash and cash equivalents	\$ 906,636	\$ 1,644,777	\$ 1,596,639	\$ 954,774
LIABILITIES				
Due to other governmental agencies	\$ 906,636	\$ 1,644,777	\$ 1,596,639	\$ 954,774
PAYROLL				
ASSETS				
Cash and cash equivalents	\$ 20,992	\$ 2,878,858	\$ 2,891,638	\$ 8,212
LIABILITIES				
Due to other governmental agencies	\$ 20,992	\$ 2,878,858	\$ 2,891,638	\$ 8,212
TOTAL				
ASSETS				
Cash and cash equivalents	\$ 930,464	\$ 10,649,040	\$ 10,610,383	\$ 969,121
LIABILITIES				
Due to other governmental agencies	\$ 930,464	\$ 10,649,040	\$ 10,610,383	\$ 969,121

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2007**

SCHEDULE 17

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through / Contract Number	FY 2007 Expenditures
<u>DEPARTMENT OF EDUCATION</u>			
Fund for the Improvement of Education <i>Web Wise Kids</i>	84.215K	U215K050095	\$ 65,895
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	2007-4331-SS	1,294,323
Passed-Through Clark, Coles, Cumberland, Douglas, Edgar, Moultrie and Shelby Counties Regional Office of Education No. 11 <i>Standards Aligned Classroom Initiative</i>	(M) 84.010A	2007-4331-SS	177,921
			<u>1,472,244</u>
Safe and Drug-Free Schools and Communities _State Grants Passed-Through Illinois State Board of Education <i>Title IV - Safe and Drug Free Schools - Formula</i>	84.186A	2007-4400-00	485
State Grants for Innovative Programs Passed-Through Illinois State Board of Education <i>Title V - Innovative Programs - Formula</i>	84.298A	2007-4100-00	338
Improving Teacher Quality State Grants Passed-Through Illinois State Board of Education <i>Title II - Teacher Quality</i>	84.367A	2007-4932-00	1,840
<i>Title II - Teacher Quality Leadership Grant</i>	84.367A	2007-4935-SS	80,000
			<u>81,840</u>
TOTAL DEPARTMENT OF EDUCATION			\$ 1,620,802
<u>DEPARTMENT OF AGRICULTURE</u>			
School Breakfast Program Passed-Through Illinois State Board of Education <i>School Breakfast Program</i>	10.553	2007-4220-00	\$ 7,283
National School Lunch Program Passed-Through Illinois State Board of Education <i>National School Lunch Program</i>	10.555	2007-4210-00	14,622
TOTAL DEPARTMENT OF AGRICULTURE			\$ 21,905
<u>DEPARTMENT OF LABOR</u>			
Workforce Investment Act (WIA) Youth Activities Passed-Through Rock River Training Corporation <i>Workforce Investment Act (WIA)</i>	17.259	2007-206	\$ 61,338
TOTAL DEPARTMENT OF LABOR			\$ 61,338
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,704,045

(M) Program was audited as major program.

The accompanying notes are an integral part of this schedule.

**BOONE/WINNEBAGO COUNTIES REGIONAL OFFICE OF EDUCATION NO. 4
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 Boone/Winnebago Counties Regional Office of Education No. 4 and is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2. Subrecipients

Not Applicable.

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

Title I - School Improvement and Accountability provides support and guidance to school districts through this complex school improvement process so that teaching and learning are improved every year. The Illinois State Board of Education Quality Assurance Process consists of an external visit to audit each school every few years and an internal review that each school must conduct annually.

Standards Aligned Classroom Initiative supports teams that develop curriculum aligned with the Illinois Academic Standards.

Note 4. Non-Cash Assistance

Not Applicable.

Note 5. Amount of Insurance

Not Applicable.

Note 6. Loans or Loan Guarantees Outstanding

Not Applicable.