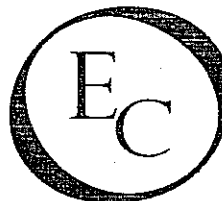


**STATE OF ILLINOIS
IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32**

FINANCIAL AUDIT
(In Accordance with the Single Audit Act and OMB Circular A-133)
FOR THE YEAR ENDED JUNE 30, 2006

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



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

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32**

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**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32**

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**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32**

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**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
OFFICIALS**

Regional Superintendent
(current and during the audit period)

Dr. Kay M. Pangle

Assistant Regional Superintendent
(current and during the audit period)

Ms. Vicky Hensley

Office is located at:

189 East Court Street, Suite 600
Kankakee, Illinois 60901

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
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	2
Repeated audit findings	1	-
Prior recommendations implemented or not repeated	1	1

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Prior Finding Code</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
06-1	12	Controls Over Compliance with Laws and Regulations	05-1
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)			
06-2	15	Delay in Submission of Reimbursement Requests	N/A
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)			
05-2	19	Untimely Deposit of Receipts	
PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)			
None			

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
JUNE 30, 2006**

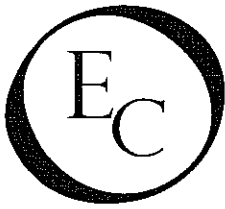
EXIT CONFERENCE

The Iroquois-Kankakee Regional Office of Education No. 32 opted not to have an exit conference during the financial audit for the year ended June 30, 2006. Responses to the recommendations were provided by Dr. Kay Pangle in a letter dated July 9, 2007.

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Iroquois-Kankakee Regional Office No. 32 was performed by E. C. Ortiz & Co., LLP.

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



INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Iroquois-Kankakee Regional Office of Education No. 32, as of and for the year ended June 30, 2006, which collectively comprise the Iroquois-Kankakee Regional Office of Education No. 32's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Iroquois-Kankakee Regional Office of Education No. 32'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 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 Iroquois-Kankakee Regional Office of Education No. 32, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 13, 2007 on our consideration of the Iroquois-Kankakee Regional Office of Education No. 32's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an

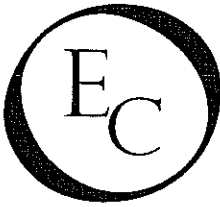
opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 20 through 27 and page 61 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 Iroquois-Kankakee Regional Office of Education No. 32's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurers and Others are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Others, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

E. C. Ortiz & Co. LLP

Chicago, Illinois
April 13, 2007



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

**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 Iroquois-Kankakee Regional Office of Education No. 32, as of and for the year ended June 30, 2006, which collectively comprise the Iroquois-Kankakee Regional Office of Education No. 32's basic financial statements and have issued our report thereon dated April 13, 2007. 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 Iroquois-Kankakee Regional Office of Education No. 32's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

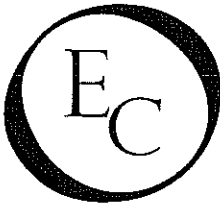
As part of obtaining reasonable assurance about whether the Iroquois-Kankakee Regional Office of Education No. 32's financial statements are free of material misstatement, we

performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance which we reported on the accompanying Schedule of Findings and Questioned Costs as item 06-1.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, others within the organization, the 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. Ostig & Co. LLP

Chicago, Illinois
April 13, 2007



**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 Iroquois-Kankakee Regional Office of Education No. 32 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The Iroquois-Kankakee Regional Office of Education No. 32'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 Iroquois-Kankakee Regional Office of Education No. 32's management. Our responsibility is to express an opinion on the Iroquois-Kankakee Regional Office of Education No. 32'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 Iroquois-Kankakee Regional Office of Education No. 32'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 Iroquois-Kankakee Regional Office of Education No. 32's compliance with those requirements.

In our opinion, the Iroquois-Kankakee Regional Office of Education No. 32 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the Iroquois-Kankakee Regional Office of Education No. 32 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 Iroquois-Kankakee Regional Office of Education No. 32's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over compliance with major program requirements which we reported on the accompanying Schedule of Findings and Questioned Costs as item 06-2.

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. Butz & Co. LLP

Chicago, Illinois
April 13, 2007

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

Part I: Summary of the Auditor's Results:

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I - School Improvement & Accountability
84.184A	Title IV - Safe and Drug Free Schools (Reduce Alcohol Abuse)
84.287C	Title IV - 21st Century Community Learning Center

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

Auditee qualified as low-risk auditee? X Yes _____ No

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

Part II: Findings Related to the Financial Statements

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

Criteria/specific Requirements:

- A. The Illinois School Code 105 ILCS 5/3-14.11 states that the Regional Superintendent shall examine at least once each year all books, accounts, and vouchers of every school treasurer in her educational service region, and if she finds any irregularities in them, to report them at once, in writing, to the trustees in Class II county school units, to the respective school boards of those school districts which form a part of a Class II county school unit but which are not subject to the jurisdiction of the trustees of schools of any township in which any such district is located, or to the respective school boards of the district in Class I county school units whose duty it shall be to take immediately such action as the case demands. (This mandate has existed in its current form since at least 1953.)
- B. The Illinois School Code 105 ILCS 5/3-14.5 requires the Regional Superintendent to visit each public school in the county at least once a year, noting the methods of instruction, the branches taught, the text-books used, and the discipline, government and general condition of the schools. (This mandate has existed in its current form since at least 1953.)

Conditions:

- A. The Regional Office of Education No. 32 is not examining all books, accounts, and vouchers of every school treasurer in her educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent has been examining school district financial statements on an annual basis.
- B. The Regional Office of Education No. 32 performs compliance inspections for each public school in her region on a rotational basis every five years instead of annually. While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

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

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

Effect:

The Regional Office of Education No. 32 did not comply with statutory requirements.

Causes:

- A. The Regional Office of Education No. 32's management stated that the procedures currently being performed are deemed sufficient to comply with this mandate and that this mandate is outdated.
- B. The Regional Superintendent stated that the periodic compliance visits on a cycle basis completed at the public schools were sufficient to satisfy the statutory requirement. In addition, due to the magnitude of the task and the limited budget, the visit could not be performed for each public school in the district on an annual basis.

Recommendations:

- A. The Regional Office of Education No. 32 should comply with the requirements of 105 ILCS 5/3-14.11.
- B. The Regional Superintendent should visit each public school annually to review all items required by 105 ILCS 5/3-14.5.

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

Management's Responses:

- A. The Illinois Association of Regional Superintendents of Schools and the Illinois State Board of Education have agreed to seek legislation to remove duplicative and/or obsolete sections of the Illinois School Code. Both parties agree that section 5/3-7 of the Illinois School Code is a more current, thorough, and comprehensive requirement concerning a public school district's financial transactions. As a result, the two parties working together will seek legislation to repeal section 5/3-14.11 of the Illinois School Code.

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

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

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

Management's Responses (Continued):

- B. The Illinois Association of Regional Superintendents of Schools and the Illinois State Board of Education have agreed to seek legislation to remove duplicative and/or obsolete sections of the Illinois School Code. Both parties agree that section 1.20 of the 23rd Illinois Administrative Code is a more current, thorough, and comprehensive requirement concerning visitation of public schools by the Regional Superintendent. As a result, the two parties working together will seek legislation to repeal section 5/3-14.5 of the Illinois School Code.

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

Part III. Federal Award Findings

Federal Program Name: Safe and Drug-Free Schools and Communities National Programs
Project Name: Grants to Reduce Alcohol Abuse
CFDA No. 84.184A
Federal Agency: U. S. Department of Education

FINDING NO. 06-2 - Delay in Submission of Reimbursement Requests

Criteria/Specific Requirements:

The Grants to Reduce Alcohol Abuse grant agreement states that payments to the grantee will be made upon submission of the request for payment form. Funds are drawn through the Department of Education's Grant Administration and Payment System (GAPS) based on the reimbursement request filed by the grantee. The request for payment form indicates that the current request should be for expenditures paid or to be paid within the month or quarter.

Sound business practice suggests that a reimbursement request be submitted timely to minimize the time between the disbursement and collection of funds, as well as to properly and timely account for the program costs.

Condition:

In our test of payment requests for fiscal year 2006, we noted that reimbursement requests for the quarter ended December 31, 2005 and the quarter ended June 30, 2006 were submitted in February 2006 and upon grant closeout in September 2006, respectively. Expenditures from October through December 2005 totaled \$101,467 and expenditures from March through June 2006 totaled \$185,554.

Questioned Costs:

None.

Context:

The total expenditures for fiscal year 2006 for Grants to Reduce Alcohol Abuse Program is \$482,294.

Effect:

Failure to submit reimbursement requests on a monthly or quarterly basis resulted in opportunity loss for the use of the available funds and possible loss of interest earned.

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

Part III. Federal Award Findings (Continued)

FINDING NO. 06-2 - Delay in Submission of Reimbursement Requests (Continued)

Cause:

The Iroquois-Kankakee Regional Office of Education No. 32 staff was involved in the conversion to a new accounting system in those months when reimbursement requests were not filed. Also, the staff in-charge of the drawdown was waiting for all the expenses to be recorded in the books to prevent excess payment by the grantor prior to grant closeout.

Recommendations:

The Iroquois-Kankakee Regional Office of Education No. 32 should develop a reimbursement calendar for grants that allows for submission of payment requests on a regular basis to ensure that reimbursement requests are prepared and submitted timely. The calendar would also serve as a tool to help anticipate extra hours or extra help needed to assure timely submission.

Management's Response:

The Iroquois-Kankakee Regional Office of Education No. 32 does not expect that these conditions will occur again, as there is no anticipated plan to purchase a new accounting system. A reimbursement calendar will be developed to assure timely submission of reimbursement requests.

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
JUNE 30, 2006**

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

Conditions:

- A. The Regional Office of Education No. 32 is not examining all books, accounts, and vouchers of every school treasurer in her educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent has been examining school district financial statements on an annual basis.
- B. The Regional Office of Education No. 32 performs compliance inspections for each public school in her region on a rotational basis every five years instead of annually. While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.

Plans:

- A. Legislation has been introduced and passed in both chambers and awaits the Governor's signature. We already approved and filed the Treasurer's Bonds and certified such to the State along with reviewing all Annual Financial Reports approving the claim for General State Aid.
- B. This requirement is being addressed through the legislative process as part of the comprehensive bill to remove obsolete, outdated requirements from the Illinois School Code.

Anticipated Completion Dates:

- A. August 30, 2007
- B. August 30, 2007

Name of Contact Person:

Dr. Kay Pangle, Iroquois-Kankakee Regional Office of Education No. 32 Regional Superintendent of Schools

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
JUNE 30, 2006**

FINDING NO. 06-2 - Delay in Submission of Reimbursement Requests

Condition:

In our test of payment requests for fiscal year 2006, we noted that reimbursement requests for the quarter ended December 31, 2005 and the quarter ended June 30, 2006 were submitted in February 2006 and upon grant closeout in September 2006, respectively. Expenditures from October through December 2005 totaled \$101,467 and expenditures from March through June 2006 totaled \$185,554.

Plan:

The Iroquois-Kankakee Regional Office of Education No. 32 will develop a reimbursement calendar to assure timely submission of reimbursement requests.

Anticipated Completion Date:

Upon completion of this response; July, 2007.

Name of Contact Person:

Sherry Johnson, Bookkeeper, Iroquois-Kankakee Regional Office of Education No. 32

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2006**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
05-1	Controls Over Compliance with Laws and Regulations	Repeated
05-2	Untimely Deposit of Receipts	Resolved

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006**

The Iroquois-Kankakee Regional Office of Education No. 32 (ROE No. 32) 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, 2006 with comparative information for the year ended June 30, 2005. Readers are encouraged to consider the information in conjunction with the ROE No. 32's basic financial statements.

2006 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$45,235 (6%) from \$750,230 in FY 2005 to \$795,465 in FY 2006. General Fund expenditures increased by \$22,277 (3%) from \$836,229 in FY 2005 to \$858,506 in FY 2006.
- Within the Governmental Funds, the Special Revenue Funds revenues decreased by \$124,370 (2%) from \$6,132,951 in FY 2005 to \$6,008,581 in FY 2006. The Special Revenue Funds expenditures decreased by \$105,006 (2%) from \$6,094,108 in FY 2005 to \$5,989,102 in FY 2006.
- Proprietary Funds revenues increased by \$1,053 (less than 1%) from \$672,633 in FY 2005 to \$673,686 in FY 2006. The Proprietary Funds expenditures increased by \$226,551 (60%) from \$380,708 in FY 2005 to \$607,259 in FY 2006.
- The ROE No. 32 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 ROE No. 32'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. 32 as a whole and present an overall view of the Office's finances.
- *Fund financial statements* report the ROE No. 32'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 detail information about the major and non-major funds.

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006**

Reporting the Iroquois-Kankakee Regional Office as a Whole

It is important to note, that many grants (RESPRO, Homeless, etc.) are cooperative efforts of ROE No. 32 and the other ROEs in Area IV. Therefore, these figures may reflect grants that are intended to serve Iroquois-Kankakee Counties only and also grants that serve ROE Nos. 9, 11, 17, 39 and 54.

The Statement of Net Assets and the Statement of Activities

The Government-wide statements report information about the ROE No. 32 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 condition.

- 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. 32'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.

We divide the ROE No. 32's activities into three broad types:

Regulatory Activities - Supported primarily by the funds of Kankakee County government and Iroquois County government through a ratified Joint Agreement effectuated in 1995. The activities include but are not limited to Teacher/Administrator Certification, Health/Life Safety Inspections of school facilities, General Educational Development Administration, Bus Driver Training, etc. as prescribed in the Illinois School Code, Articles 3 and 3A.

Service Activities - Supported primarily through funds appropriated by the Illinois General Assembly and distributed to the Office through the Illinois State Board of Education and through locally generated fees for service. The activities include assisting schools in all areas of school improvement including staff development opportunities for teachers and administrators, etc. as prescribed in 105 ILCS 5/2-3.62.

Ombudsman Activities - Supported through various competitive grants and/or entitlements from various state and federal government agencies and including private trusts/contributions. The activities supported include but are not limited to truancy

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006**

prevention efforts, drug prevention efforts, attention to homeless children and families, out-of-school time programming, provision of education for multi-suspended or potentially expelled students, etc.

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. 32 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. 32'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 the Office's programs. 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 Statement of Cash Flows.
- (3) Fiduciary Funds are used to account for assets held by the ROE No. 32 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. 32. The net assets at the end of FY 2006 and FY 2005 totaled \$1,520,389 and \$1,498,046, respectively. The analysis that follows provides a summary of the ROE No. 32's net assets as of June 30.

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006**

CONDENSED STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
ASSETS						
Current assets	\$ 1,760,988	\$ 1,454,121	\$ 1,181,151	\$ 1,141,085	\$ 2,942,139	\$ 2,595,206
Capital assets, net of depreciation	-	522	-	1,624	-	2,146
TOTAL ASSETS	<u>1,760,988</u>	<u>1,454,643</u>	<u>1,181,151</u>	<u>1,142,709</u>	<u>2,942,139</u>	<u>2,597,352</u>
Current liabilities	<u>1,449,735</u>	<u>1,099,306</u>	<u>(27,985)</u>	-	<u>1,421,750</u>	<u>1,099,306</u>
TOTAL LIABILITIES	<u>1,449,735</u>	<u>1,099,306</u>	<u>(27,985)</u>	-	<u>1,421,750</u>	<u>1,099,306</u>
NET ASSETS						
Invested in capital assets, net of related debt	-	522	-	1,624	-	2,146
Restricted	104,357	106,193	-	-	104,357	106,193
Unrestricted	<u>206,896</u>	<u>248,622</u>	<u>1,209,136</u>	<u>1,141,085</u>	<u>1,416,032</u>	<u>1,389,707</u>
TOTAL NET ASSETS	<u>\$ 311,253</u>	<u>\$ 355,337</u>	<u>\$ 1,209,136</u>	<u>\$ 1,142,709</u>	<u>\$ 1,520,389</u>	<u>\$ 1,498,046</u>

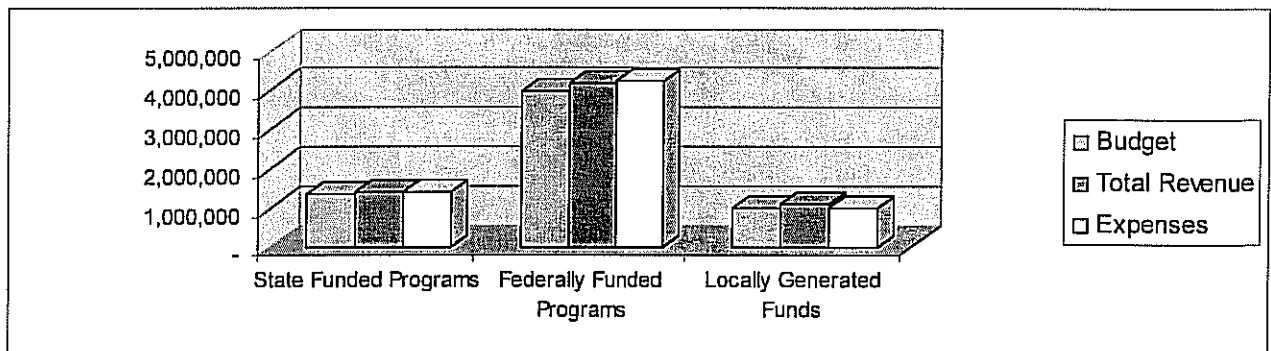
The ROE No. 32's net assets increased by \$22,343 (1%) from FY 2005. The increase occurred primarily in the Proprietary Fund due to increased services rendered through workshops in FY 2006. In addition, net assets related to the Teacher Institute Fund are considered restricted for teacher professional development.

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006**

CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 39,798	\$ 75,026	\$ 652,462	\$ 666,599	\$ 692,260	\$ 741,625
Operating grants and contributions	5,947,236	6,049,350	-	-	5,947,236	6,049,350
General revenues:						
State and local sources	475,923	338,157	-	-	475,923	338,157
Interest income	30,601	11,588	21,224	6,034	51,825	17,622
On-behalf payments	310,488	409,060	-	-	310,488	409,060
Total revenues	6,804,046	6,883,181	673,686	672,633	7,477,732	7,555,814
Expenses:						
Salaries	2,524,618	2,689,002	292,331	177,268	2,816,949	2,866,270
Benefits	325,429	354,162	43,073	24,320	368,502	378,482
Purchased services	2,329,256	2,009,252	175,372	126,611	2,504,628	2,135,863
Supplies and materials	301,676	575,111	82,650	28,834	384,326	603,945
Capital expenditures	43,621	45,689	7,174	19,587	50,795	65,276
Depreciation	522	1,524	1,624	1,163	2,146	2,687
Payments to other governmental units	1,009,638	826,061	-	-	1,009,638	826,061
Miscellaneous	2,882	22,000	5,035	2,925	7,917	24,925
On-behalf payments	310,488	409,060	-	-	310,488	409,060
Total expenses	6,848,130	6,931,861	607,259	380,708	7,455,389	7,312,569
Income (loss) before operating transfers	(44,084)	(48,680)	66,427	291,925	22,343	243,245
Operating transfers	-	(8,874)	-	8,874	-	-
Change in net assets	(44,084)	(57,554)	66,427	300,799	22,343	243,245
Net assets, beginning	355,337	412,891	1,142,709	841,910	1,498,046	1,254,801
Net assets, ending	\$ 311,253	\$ 355,337	\$ 1,209,136	\$ 1,142,709	\$ 1,520,389	\$ 1,498,046

Governmental Fund Activities



**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006**

Revenues for governmental fund activities were \$6,804,046 and expenses were \$6,848,130. Some grants increased while others decreased or were not funded in FY 2006. Revenues for RESPRO grants (Title V - Innovative Programs - SEA Projects, Title I - School Improvement & Accountability, and Title II - Teacher Quality - Leadership Grant) increased by a net total of \$219,819 due to the change in grant end date. The FY 2005 grant end date was August 31 which caused the final payments for FY 2005 to be during FY 2006, there inflating the net total. Title IV - Safe and Drug Free Schools (Reduce Alcohol Abuse) revenue increased by \$134,793. Title I - Reading First Part B SEA Funds grants was closed out contributing to the decrease in revenue by \$27,586. Revenue of Title IV - 21st Century Community Learning Center decreased by \$353,101 due to the end of the Department of Education direct grant and the 10% reduction in the FY 2003 cohort. The Regional Safe Schools and General State Aid increased by \$217,553 due to the increase in the state funding level per student. Other State Programs and Federal Special Education Discretionary (PBIS) contributed to the decrease in revenues by \$201,142 and \$90,601, respectively. Expenses were proportionally increased or decreased to meet the funding level.

Business-Type Activities

Revenues for business-type activities were \$673,686 and expenditures were \$607,259. The increase in revenues and expenditures is attributed to increase in workshops conducted in FY 2006 as well as the increase in local revenues.

Financial Analysis of the ROE No. 32 Funds

As previously noted, the ROE No. 32 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The ROE No. 32's governmental funds reported combined fund balances of \$311,253.

Governmental Fund Highlights

- The state financial support for school services was further reduced in FY 2006. This represented approximately a 4% reduction in dollars received when compared to FY 2005. Increased enterprise revenues and staff reductions helped to blunt the impact of the reduced state revenue.
- The dollar return on investments (certificate of deposit, short-term investments and interest earned on a float), were reduced because of the low interest rates. In order to provide services budgeted for the Direct Service Budget, certain reserves had to be used.
- There was an increase in the state aid foundation level from \$4,964 to \$5,164 per student. This helped to off-set the reduction in the grant dollars provided for the Safe Schools Program.

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006**

Proprietary Fund Highlights

Total proprietary fund net assets increased by \$66,427 (6%). The net increase in the proprietary funds revenues and expenses is due to increase in local revenues for nonmajor proprietary funds by \$82,149 for the planning, evaluation and data processing services for the 21st Century Community Learning Centers and the increase number of students served by the Regional Alternative Attendance Center.

Fiduciary Fund Highlights

There was a decrease of \$126,729 (89%) in total fiduciary funds for FY 2006. Transactions represent mainly transfers in and out of funds for Distributive and Payroll Funds.

Budgetary Highlights

The ROE No. 32 annually adopts budgets for several funds. Budgets for the General Fund and Special Revenue Fund Accounts are prepared by the Regional Superintendent and serve as a guideline for activities and expenditures. The typical fiscal year for the state budget is July 1 to June 30. The Regional Superintendent annually prepares a County Support Budget and submits it to the County Board for their approval. The County Support Budget covers a fiscal year which runs from December 1 to November 30. All grant budgets are prepared by the ROE No. 32 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. These fiscal years vary by design of the grants. Federal Grants are typically October 1 to September 30.

Capital Assets

ROE No. 32's capital assets include office equipment, computers, audio-visual equipment, and office furniture. The ROE No. 32 maintains an inventory of capital assets which have been accumulated over time. There were no items purchased or retired in 2006 that exceeded the threshold of \$5,000. Depreciation expense for FY 2006 was \$2,146.

Economic Factors and Next Years' Budget

At the time these financial statements were prepared and audited, the ROE No. 32 was aware of several existing circumstances that could affect its financial condition in the future:

- The state aid foundation level has increased to \$5,334 per student.
- The interest rate on investments remains low and will impact interest earned.

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006**

- Most grants have remained near or at previous levels. The School Services was increased by \$14,507. It is important to understand that this increase in School Services dollars does not match the increased cost of required initiatives.
- County Boards support for ROE No. 32 will be increased by 5%.

Contacting the Regional Office's Financial Management

The financial report is designed to provide a general overview of the Office's finances and accountability for the money it receives. If you have questions about the report or desire additional information, please contact the Regional Superintendent or the Chief Bookkeeper of the Iroquois-Kankakee Regional Office of Education No. 32, 189 E. Court Street, Suite 600, Kankakee, IL 60901

BASIC FINANCIAL STATEMENTS

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
STATEMENT OF NET ASSETS
JUNE 30, 2006

EXHIBIT A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 988,055	\$ 1,111,567	\$ 2,099,622
Accounts receivable	420	69,086	69,506
Due from other governmental agencies	772,513	498	773,011
TOTAL ASSETS	1,760,988	1,181,151	2,942,139
LIABILITIES			
Current liabilities			
Accounts payable	1,390,598	-	1,390,598
Due to (from) other funds	27,985	(27,985)	-
Deferred revenues	31,152	-	31,152
TOTAL LIABILITIES	1,449,735	(27,985)	1,421,750
NET ASSETS			
Restricted	104,357	-	104,357
Unrestricted	206,896	1,209,136	1,416,032
TOTAL NET ASSETS	\$ 311,253	\$ 1,209,136	\$ 1,520,389

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

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT B

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Assets		
		Charges for Services	Operating Grants and Contribution	Governmental Activities	Primary Government Business-Type Activities	Total
Primary government						
Governmental activities:						
Instructional services						
Salaries	\$ 2,524,618	\$ -	\$ 2,182,163	\$ (342,455)	\$ -	\$ (342,455)
Benefits	325,429	-	251,076	(74,353)	-	(74,353)
Purchased services	2,329,256	33,635	2,201,705	(93,916)	-	(93,916)
Supplies and materials	301,676	4,109	273,838	(23,729)	-	(23,729)
Capital expenditures	43,621	-	32,849	(10,772)	-	(10,772)
Depreciation	522	-	522	-	-	-
Miscellaneous	2,882	2,054	-	(828)	-	(828)
Payments to other governments	1,009,638	-	1,005,083	(4,555)	-	(4,555)
Administrative						
On-behalf payments	310,488	-	-	(310,488)	-	(310,488)
Total governmental activities	<u>6,848,130</u>	<u>39,798</u>	<u>5,947,236</u>	<u>(861,096)</u>	<u>-</u>	<u>(861,096)</u>
Business-type activities:						
Professional development	607,259	652,462	-	-	45,203	45,203
Total business-type activities	<u>607,259</u>	<u>652,462</u>	<u>-</u>	<u>-</u>	<u>45,203</u>	<u>45,203</u>
Total primary government	<u>\$ 7,455,389</u>	<u>\$ 692,260</u>	<u>\$ 5,947,236</u>	<u>(861,096)</u>	<u>45,203</u>	<u>(815,893)</u>
General revenues:						
State sources				76,991	-	76,991
On-behalf payments				310,488	-	310,488
Local sources:						
Intergovernmental				398,932	-	398,932
Interest income				30,601	21,224	51,825
Total general revenues and transfers				<u>817,012</u>	<u>21,224</u>	<u>838,236</u>
Change in net assets				(44,084)	66,427	22,343
Net assets - beginning				355,337	1,142,709	1,498,046
Net assets - ending				<u>\$ 311,253</u>	<u>\$ 1,209,136</u>	<u>\$ 1,520,389</u>

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

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2006

EXHIBIT C

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 154,784	\$ 633,991	\$ 104,357	\$ 94,923	\$ 988,055
Accounts receivable	420	-	-	-	420
Due from other governmental agencies	-	772,508	-	5	772,513
TOTAL ASSETS	155,204	1,406,499	104,357	94,928	1,760,988
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	52,711	1,337,887	-	-	1,390,598
Due to other funds	-	27,985	-	-	27,985
Deferred revenues	-	31,152	-	-	31,152
Total liabilities	52,711	1,397,024	-	-	1,449,735
FUND BALANCES					
Restricted	-	-	104,357	-	104,357
Unrestricted	102,493	9,475	-	94,928	206,896
Total fund balances	102,493	9,475	104,357	94,928	311,253
TOTAL LIABILITIES AND FUND BALANCES	\$ 155,204	\$ 1,406,499	\$ 104,357	\$ 94,928	\$ 1,760,988

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

**IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2006**

EXHIBIT D

Total fund balances - governmental funds	\$ 311,253
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>-</u>
Net assets of governmental activities	<u>\$ 311,253</u>

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

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT E

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
REVENUES					
Federal sources	\$ -	\$ 4,006,501	\$ -	\$ 11,491	\$ 4,017,992
State sources	76,991	1,925,463	-	3,781	2,006,235
Local sources					
Intergovernmental	398,932	-	-	-	398,932
Interest income	9,054	18,028	1,668	1,851	30,601
Fees for services	-	-	26,943	12,595	39,538
Other	-	-	-	260	260
On-behalf payments	310,488	-	-	-	310,488
Total revenues	<u>795,465</u>	<u>5,949,992</u>	<u>28,611</u>	<u>29,978</u>	<u>6,804,046</u>

EXPENDITURES					
Current:					
Instructional Services:					
Salaries	340,788	2,183,830	-	-	2,524,618
Benefits	74,161	251,268	-	-	325,429
Purchased services	96,618	2,185,446	25,701	21,491	2,329,256
Supplies and materials	21,917	273,994	2,364	3,401	301,676
Capital expenditures	10,747	32,874	-	-	43,621
Miscellaneous	-	-	2,382	500	2,882
Payments to other governments	3,787	1,005,851	-	-	1,009,638
On-behalf payments	310,488	-	-	-	310,488
Total expenditures	<u>858,506</u>	<u>5,933,263</u>	<u>30,447</u>	<u>25,392</u>	<u>6,847,608</u>

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(63,041)	16,729	(1,836)	4,586	(43,562)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	165,534	(7,254)	106,193	90,342	354,815
FUND BALANCES END OF YEAR	<u>\$ 102,493</u>	<u>\$ 9,475</u>	<u>\$ 104,357</u>	<u>\$ 94,928</u>	<u>\$ 311,253</u>

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

**IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
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, 2006**

EXHIBIT F

Net change in fund balances \$ (43,562)

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

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

Depreciation expense (522)

Change in net assets of governmental activities \$ (44,084)

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

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2006

EXHIBIT G

	Business Type Activities - Enterprise Funds							Total	
	Scientific	ROE		Life Education		Safe Schools			Nonmajor
	Literacy Workshops	Workshops	Local Revenue	Local Revenue	Local Revenue	Local Revenue	Truant Local Revenue		Proprietary Funds
ASSETS									
Current assets									
Cash and cash equivalents	\$ 5,277	\$ 65,023	\$ 115,860	\$ 548,970	\$ 212,235	\$ 164,202	\$ 1,111,567		
Accounts receivable	-	140	62,909	-	-	6,037	69,086		
Due from other funds	-	-	-	-	-	27,985	27,985		
Due from other governmental agencies	-	-	-	-	-	498	498		
TOTAL ASSETS	5,277	65,163	178,769	548,970	212,235	198,722	1,209,136		
NET ASSETS									
Unrestricted	\$ 5,277	\$ 65,163	\$ 178,769	\$ 548,970	\$ 212,235	\$ 198,722	\$ 1,209,136		

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

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2006

	Business Type Activities - Enterprise Funds							Total
	Scientific Literacy Workshops	ROE Workshops	Life Education Local Revenue	Safe Schools Local Revenue	Truant Local Revenue	Nonmajor Proprietary Funds		
Local sources	\$ 400	\$ 34,656	\$ 119,411	\$ 176,505	\$ 104,706	\$ 216,784	\$ 652,462	
OPERATING EXPENSES								
Salaries	51,791	-	92,783	47,395	25,725	74,637	292,331	
Benefits	15,076	-	14,182	4,638	2,296	6,881	43,073	
Purchased services	5,466	33,589	9,496	64,788	13,357	48,676	175,372	
Supplies and materials	9,990	8,337	1,209	32,754	5,863	24,497	82,650	
Miscellaneous	2,800	180	-	-	-	2,055	5,035	
Capital outlay	-	3,132	1,166	-	835	2,041	7,174	
Depreciation	-	-	-	-	-	1,624	1,624	
Total operating expenses	85,123	45,238	118,836	149,575	48,076	160,411	607,259	
OPERATING INCOME (LOSS)	(84,723)	(10,582)	575	26,930	56,630	56,373	45,203	
NONOPERATING REVENUES								
Interest income	1,350	1,716	1,787	9,372	3,172	3,827	21,224	
CHANGE IN NET ASSETS	(83,373)	(8,866)	2,362	36,302	59,802	60,200	66,427	
TOTAL NET ASSETS, BEGINNING OF YEAR	88,650	74,029	176,407	512,668	152,433	138,522	1,142,709	
TOTAL NET ASSETS, END OF YEAR	\$ 5,277	\$ 65,163	\$ 178,769	\$ 548,970	\$ 212,235	\$ 198,722	\$ 1,209,136	

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

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT I

	Business Type Activities - Enterprise Funds							Total
	Scientific Literacy Workshops	ROE Workshops	Life Education Local Revenue	Safe Schools Local Revenue	Truant Local Revenue	Nonmajor Proprietary Funds		
CASH FLOWS FROM OPERATING ACTIVITIES:								
Receipts for workshops/services	\$ 400	\$ 34,615	\$ 56,502	\$ 176,505	\$ 104,706	\$ 182,330	\$ 555,058	
Payment to suppliers and providers of goods and services	(18,256)	(45,238)	(11,871)	(97,542)	(20,055)	(77,269)	(270,231)	
Payment to employees	(66,867)	-	(106,965)	(52,033)	(28,021)	(81,518)	(335,404)	
Net cash provided by (used in) operating activities	(84,723)	(10,623)	(62,334)	26,930	56,630	23,543	(50,577)	
CASH FLOWS FROM INVESTING ACTIVITY:								
Interest	1,350	1,716	1,787	9,372	3,172	3,827	21,224	
Net cash provided by investing activity	1,350	1,716	1,787	9,372	3,172	3,827	21,224	
NET INCREASE (DECREASE) IN CASH	(83,373)	(8,907)	(60,547)	36,302	59,802	27,370	(29,353)	
CASH, BEGINNING OF YEAR	88,650	73,930	176,407	512,668	152,433	136,832	1,140,920	
CASH, END OF YEAR	\$ 5,277	\$ 65,023	\$ 115,860	\$ 548,970	\$ 212,235	\$ 164,202	\$ 1,111,567	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:								
Operating income (loss)	\$ (84,723)	\$ (10,582)	\$ 575	\$ 26,930	\$ 56,630	\$ 56,373	\$ 45,203	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation	-	-	-	-	-	1,624	1,624	
Effects of changes in assets and liabilities:								
Accounts receivable	(140)		(62,909)			(37)	(63,086)	
Due from (to) other funds	-	-	-	-	-	(27,985)	(27,985)	
Due from (to) other governmental agencies	-	99	-	-	-	(6,432)	(6,333)	
Net cash provided by (used in) operating activities	\$ (84,723)	\$ (10,623)	\$ (62,334)	\$ 26,930	\$ 56,630	\$ 23,543	\$ (50,577)	

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

**IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2006**

EXHIBIT J

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u>16,105</u>
LIABILITIES	
Due to other governmental agencies	\$ <u>16,105</u>

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

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Iroquois-Kankakee Regional Office of Education No. 32's (ROE) accounting policies conform to the generally accepted accounting principles which are appropriate to local government units of this type.

A. Reporting Entity

Iroquois-Kankakee Regional Office of Education No. 32 operates under the School Code (Articles 3 and 3A of Illinois Compiled Statutes, Chapter 105). The Iroquois-Kankakee Regional Office of Education No. 32 contains twenty-two (22) school districts within Kankakee and Iroquois Counties. The Regional Superintendent of Schools serves as chief administrative officer of the Regional Office of Education No. 32 and is elected to the position for a four-year term, pursuant to Article 3 of Illinois Compiled Statutes, Chapter 105. The Regional Superintendent is responsible for the supervision and control of the school districts. This responsibility includes, but is not limited to, providing directions to teachers and school officers on science, art and teaching methods; implementing the Illinois State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notices of unfilled teaching positions within Iroquois-Kankakee Regional Office of Education No. 32; insuring the safety, health and welfare of the students in Iroquois-Kankakee Regional Office of Education No. 32 by periodically inspecting the school buildings and ensuring that bus drivers have licenses and are properly trained to operate the school buses. Further, the Regional Superintendent receives an allocation of school funds from the State Board of Education and apportions these funds to the school districts in accordance with the State Board of Education's formula.

B. Principles Used to Determine the Scope of the Reporting Entity

The Office of the Regional Superintendent of Schools, in its capacity as administrator agent, is the reporting entity of all organizations and projects in which the Office of the Regional Superintendent exercises oversight responsibility.

The Office of the Regional Superintendent of Schools has developed criteria to determine whether outside agencies with activities which benefit the citizens of Iroquois-Kankakee Regional Office of Education No. 32 should be included within its financial reporting entity. The criteria used in determining manifestation of oversight responsibility are:

- a) Financial Interdependency
- b) Selection of Governing Authority
- c) Designation of Management

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

- d) Ability to Significantly Influence Operations
- e) Accountability for Fiscal Matters
- f) Scope of Public Service, and
- g) Special Financial Relationships

The Office of the Regional Superintendent of Schools is supported by Kankakee and Iroquois Counties, Illinois, in the form of secretarial service and other expenses incurred in the operations of the office. In addition, the Illinois State Board of Education provides support in the form of salaries to the Regional Superintendent and the Assistant Regional Superintendent.

The Iroquois-Kankakee Regional Office of Education No. 32 does not consider itself to be a component unit of any other entity.

Included within the reporting entity is the Iroquois-Kankakee Film Library which was formed by an Intergovernmental Agreement among twenty-eight member districts. Its board of control consists of the superintendent of each member district. The Office of the Regional Superintendent of Schools for Iroquois-Kankakee Regional Office of Education No. 32 is the administrative agent for the Film Library and, as such, is able to designate management and to significantly influence its operations. Funds of the Film Library are combined with funds that are under the control of the Regional Superintendent of Schools for Iroquois-Kankakee Regional Office of Education No. 32.

C. New Accounting Pronouncements

Effective July 1, 2005, the Iroquois-Kankakee Regional Office of Education No. 32 adopted the following accounting pronouncements:

- GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, which establishes standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries.
- GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section, an amendment of NCGA Statement 1*, which amends the portions of NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles*, that guide the preparation of the statistical section.
- GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation (an amendment of GASB Statement No. 34)*, which clarifies the definition of legal enforceability as it relates to net assets restricted by enabling legislation and requires disclosure of the amount of net assets restricted by enabling legislation.

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
NOTES TO FINANCIAL STATEMENTS
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- GASB Statement No. 47, *Accounting for Termination Benefits*, which establishes accounting and financial reporting standards for termination benefits.

There was no significant impact on the Iroquois-Kankakee Regional Office of Education No. 32's financial statements as a result of adopting the above statements.

D. Government-wide and Fund Financial Statements

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

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

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

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

Governmental fund and fiduciary financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

current period. The Iroquois-Kankakee Regional Office of Education No. 32 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 the 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.

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.

F. 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:

Government Fund Types

Governmental Funds are those through which most governmental functions of the Iroquois-Kankakee Regional Office of Education No. 32 are financed. The acquisition, use and balances of the Iroquois-Kankakee Regional Office of Education No. 32's expendable financial resources and the related liabilities are accounted for through governmental funds.

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General Fund - to account for all financial resources except those required to be accounted for in another fund. The following are the general funds:

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

General Operations - to account for the general operating fund of the Iroquois-Kankakee Regional Office of Education No. 32. It has been used to record expenditures in connection with general administration activities.

Special Revenue Funds - to account for the proceeds of special revenue sources that are legally restricted to expenditures for specific purposes. The following are the special revenue funds of the Iroquois-Kankakee Regional Office of Education No. 32:

Education - to account for State and federal grant monies received for, and payment of, expenditures incurred in administering numerous grant awards which include:

Truants' Alternative Program - to account for grant monies received for, and payment of, expenses of the Truants Alternative Program.

Summer Bridges - to account for the administration of monies to be used for the summer bridges fund by Illinois State Board of Education.

FY 06 Title II - Teacher Quality - to account for federal grant monies received for, and payment of, expenditures incurred for improvement of instruction in the classroom.

FY 05/06 Title II - Teacher Quality Leadership Grant - to account for grant monies received for, and payment of, expenditures incurred in providing workshops to teachers for improvement of instruction in the classroom.

Title IV - Safe & Drug Free Schools (Reduce Alcohol Abuse) - to account for federal grant monies received, and the payment of, expenditures incurred for the prevention of alcohol abuse among secondary students.

Standards Aligned Classroom - to account for revenues received and expenditures incurred in the improvement of teaching and learning.

Regional Safe Schools - this fund is an alternative schooling program for disruptive youth, creating alternative placement for those students who are suspended and/or are deemed ineligible.

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

K-6 Reading Improvement - to account for State funds received and expended to provide professional development for local reading recovery teachers.

FY 05/06 Illinois Violence Prevention Authority (IVPA) Family Violence Coordinating Council - to account for funds received from IVPA to provide community awareness, coordination and training to impede family violence.

FY 05/06 Title I - School Improvement & Accountability - to account for federal monies received for, and payment of, expenditures of the Title I - Accountability grant. This grant provides school districts with funds to carry out their school improvement and corrective action responsibilities under Section 1116(c) of Title I while offering students in schools identified for improvement and corrective action the opportunity to transfer to another higher performing public school, including a public charter within the district.

Title I - Reading First Part B SEA Funds - to account for funds received from Illinois State Board of Education to provide professional development to the area schools' Reading First coaches.

Title IV - 21st Century Community Learning Center - to account for funds received from Department of Education to set up and maintain after school program for area No Child Left Behind (NCLB) targeted students and their families. Programs will provide both enrichment and academic assistance.

Federal Special Education Discretionary - to account for federal grant monies received and expended in providing special education and related services to children with disabilities.

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

Addiction Prevention Comprehensive - to account for the federal, State, and local revenue received and expended under the drug prevention program developed and funded by the State Board of Education and the Illinois

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Department of Human Services. The program, developed in cooperation with the Lt. Governor's Office, is a school-based program concentrating on comprehensive prevention and coordination of school policies, curriculum, family support, and community activities to provide comprehensive prevention efforts. The program operates in Kankakee and Iroquois Counties.

Addiction Prevention In-Touch - to account for the federal, State and local revenue received and expended under the drug prevention program developed and funded by the State Board of Education and the Illinois Department of Human Services. The program, developed in cooperation with the Lt. Governor's Office, is a school-based program concentrating on developing regional prevention groups (RPG's) and coordination of school policies, curriculum, family support, and community activities to improve the effectiveness of prevention efforts. The program operates in Kankakee, Vermilion, Iroquois, Livingston, Champaign, Ford, Douglas, and Piatt counties.

Teen Reach - to account for the federal grants and local support received and expended under the drug prevention program developed and funded by the State Board of Education and the Illinois Department of Human Services. The program, developed in cooperation with the Lt. Governor's office, is a school based program concentrating on developing regional prevention groups (RPG's) and coordination of school policies, curriculum, family support, and community activities to improve the effectiveness of prevention efforts. The program operates in Kankakee and Iroquois Counties.

Other State Programs - to account for grant monies received, and the payment of, expenditures incurred for various support service programs funded by the State.

Illinois Reading First - Coaches Academy - to account for federal grant money received through ROE #39 to provide assistance to school districts in establishing reading programs that are based on scientifically based reading research.

Title II - Professional Development (Para-Professional Test Preparatory Course) - to account for grant monies received for, and payment of, expenditures for the Para-Professional Test Preparatory Course Program.

Title V - Innovative Programs SEA - SOS - to account for grant monies received for, and payment of, expenditures of the Title V - Innovative Programs - SEA Projects Grant.

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Learn and Serve America - to account for grant monies received for, and payment of, expenditures of the Learn and Serve America Grant. Funds are used to encourage teachers to create, develop and offer service-learning opportunities; to introduce young people to a broad range of education, training, and careers; and to develop local service-learning partnerships.

AmeriCorps Learn and Serve Program - to account for grant monies received for, and payment of, expenditures of the Learn and Serve America Grant from the U. S. Department of Health and Human Services. Funds are used to engage youth in learning about their community, determining areas of need and working cooperatively with others in the community to meet those needs. The service learning activities are designed to increase the number of youth who volunteer and are involved in their community.

HUD Supportive Housing Program - to account for grant monies received for, and payment of, expenditures of the HUD Supportive Housing Program. Funds are used to provide case management, information and referral, and transportation services for homeless families with children, helping the families to meet their basic needs and obtain permanent housing.

United States Department of Justice (USDOJ) Project Hope - to account for grant monies received for, and payment of expenditures for the Elder Abuse & Neglect Awareness Campaign. Funds are used to pay for public service announcements related to the program objectives.

Reduce School Crime - to account for grant monies received for, and payment of expenditures related to programs aimed at combating school violence. Funds are used to demonstrate a cooperative approach in solving school violence through a collaborative venture with Kankakee Police Department, Kankakee District No. 111 and Pledge for Life.

Institute - to account for the proceeds earned from teacher registration, certificate renewals, and examinations. The Regional Superintendent uses these proceeds to pay administration expenses incurred on behalf of the teachers' institute certificates, workshops, and general meetings. All funds generated remain restricted until expended only on the aforementioned activities.

Nonmajor Special Revenue Funds - The ROE reported the following special revenue funds as non-major governmental funds:

General Education Development (GED) - to account for proceeds earned from students who participate in the high school equivalency program. These

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proceeds are used to pay the administrative expenses incurred to administer the GED program.

Bus Driver Training - to account for the proceeds from federal and State grants, registration, and other fees. These proceeds pay administrative expenses incurred to insure compliance with 105 ILCS 5/3-14.23.

Supervisory - to account for the proceeds provided to the Regional Superintendent by the State Board of Education to be used for travel and related expenses.

State Free Lunch and Breakfast - to account for the proceeds received and expended in the operations of the free lunch and breakfast program.

National School Lunch Program - to account for the proceeds received and expenses of the program for the national school lunch fund.

Project Care Healthy Decision - to account for the revenue received and the expenses incurred in providing a suicide hotline for students.

Life Education Center (LEC) USA - to account for the proceeds received and expenses of the program for the LEC USA Fund.

IDOT Safety Reimbursement - to account for funds received for, and payment of, expenditures for the IDOT project.

Proprietary Fund Types

Enterprise Funds are used to account for resources from fees charged directly to those entities or individuals that use its services.

Major Proprietary Funds - The Iroquois-Kankakee Regional Office of Education No. 32 reported the following proprietary funds as major funds:

Scientific Literacy Workshops - to account for local revenues and disbursements related to the Scientific Literacy workshops.

ROE Workshops - to account for local revenues and disbursements related to various workshops conducted by the Iroquois-Kankakee Regional Office of Education No. 32 which are not accounted for in a separate fund.

Life Education Local Revenue - to account for local revenues received and related disbursements for the Life Education program.

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Safe Schools Local Revenue - to account for local revenues and disbursements related to the Safe School program.

Truant Local Revenue - to account for local revenues and disbursements related to the Truant programs.

Nonmajor Proprietary Funds - The Iroquois-Kankakee Regional Office of Education No. 32 reported the following proprietary funds as non-major funds:

Fluoride Fund - to account for revenues and expenses of the Fluoride Program. The objective of this program is to prevent tooth decay among students.

Technology Hub Fees - to account for local revenues and disbursements for the Technology Hub.

Internal Review Workshops - to account for local revenues and disbursements related to conducting Internal Review workshops.

Internet Connectivity - to account for local revenues and disbursements for the Internet Connectivity Program.

Administrator's Academy Local Revenue - to account for local revenues and disbursements related to the Administrators Academy Program.

Career Awareness and Development Workshop - to account for local revenues and disbursements related to the Career Awareness and Development workshop.

School Lunch Student Payments - to account for local revenues and disbursements for the Students School Lunch program.

Regional Alternative Attendance Center (RAAC) Activity Fund - to account for local revenues and disbursements related to the RAAC Activity Fund.

Service Provided - Standards - to account for local revenues and disbursements related to the Service Provided Standards program.

RAAC Renaissance Program - to account for local revenues and disbursements related to the Regional Alternative Attendance Center Renaissance program.

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Service Provided - Positive Behavioral Interventions and Support - to account for local revenues and disbursements related to the Service Provided Positive Behavioral Intervention and Support program.

School Crises Assistance Team (SCAT) Donations - to account for donations and related disbursements for the School Crisis Assistance Team.

21st Century Learning Center Activity - to account for local revenues and disbursements related to the 21st Century Learning Center Activity.

Reading Recovery Fees - to account for local revenues and disbursements related to the Reading Recovery workshops.

Children and Adolescent Local Area Network System (C & A LANS) - #26 Funds - to account for the funds received by the Regional Office of Education upon the closure of the local organization, C & A LANS. This fund is used to service at-risk youth.

Film Library - to account for local revenues and disbursements related to the Film Library of the Regional Office of Education.

In-Touch Revenue - to account for local revenues and disbursements related to the In-Touch program.

Title I Workshops - to account for local revenues and disbursements for workshops related to the Title I - School Improvement & Accountability.

Service Provided - Homeless - to account for local revenues and disbursements related to the McKinney Education for Homeless Children.

Service Provided - Goals 2000 - to account for local revenues and disbursements related to the Service Provided Goals 2000 program.

Teen Reach Local Program - to account for local revenues and disbursements related to the Teen Reach program.

Para-Professional Workshop Fees - to account for local revenues and disbursements related to the Paraprofessional Test Preparatory Course program.

Reading First Academy Workshops - to account for local revenues and disbursements related to the Illinois Reading First Academy.

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Local Induction / Mentoring Training Fees - to account for local revenues and disbursements for Induction/Mentoring Training programs.

Positive Behavioral Interventions and Support Workshop - to account for local revenues and disbursements related to the Behavioral Interventions and Support program.

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

Service Provided - Alcohol Reduction - to account for local revenues and disbursements related to the Alcohol Reduction program.

Service Provided - HUD - to account for local revenues and disbursements related to the HUD Supplemental Housing program.

Supplemental Educational Services - to account for local revenues and disbursements in providing supplemental education for students from low-income families.

Fiduciary Fund Types

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:

Agency Funds - to account for assets held by the Regional Superintendent in a trustee capacity. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to outside organizations are equal to the assets held. The agency funds are as follows:

Distributive - to account for federal and State funds appropriated to school districts under the oversight of the Regional Superintendent. These proceeds are received and disbursed to the local school districts that are part of the Iroquois-Kankakee Regional Office of Education No. 32. Interest revenue earned on the custodial funds collected is part of the overall revenues of the General Fund. This treatment is in accordance with an agreement between the Regional Superintendent and all the school boards within the Iroquois-Kankakee Regional Office of Education No. 32.

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School District Expansion Fees - to account for receipts and expenses incurred for fees levied by the County on incorporated new developments in the area/city limits.

Scholarship Fund - to account for the receipts and disbursement of scholarship awards to selected individuals.

Payroll - to account for monies received for various funds and subsequent payments of payroll expenditures.

G. Interest Revenue

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

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

H. License and Permits

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

I. Revenues - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the ROE receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the ROE must provide local resources to be

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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.

J. Capital Assets

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

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

K. Deferred Revenues

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

L. Net Assets

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

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.

M. Management Estimates

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

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N. Investments and Cash Accounts

State regulations require that the Iroquois-Kankakee Regional Office of Education No. 32 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 Iroquois-Kankakee Regional Office of Education No. 32 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.

O. Revenue from Federal and State Grants

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

P. Budgetary Data

The Iroquois-Kankakee Regional Office of Education No. 32 did not adopt annual budgets for all funds under its control and annual budgets prepared were not based upon the same operating period. Certain programs administered by the Iroquois-Kankakee Regional Office of Education No. 32 are subject to budget approval by the State of Illinois:

General Fund:

- ROE/ISC Operations

Special Revenue Funds:

- Education Fund:
 - Truants' Alternative Program
 - Summer Bridges
 - FY 06 Title II - Teacher Quality
 - FY 05/06 Title II - Teacher Quality Leadership Grant
 - Title IV - Safe & Drug Free Schools (Reduce Alcohol Abuse)
 - Regional Safe Schools
 - K-6 Reading Improvement
 - FY 05/06 Title I - School Improvement & Accountability
 - Title I - Reading First Part B SEA Funds

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- Title IV - 21st Century Community Learning Center
- Federal Special Education Discretionary
- McKinney Education for Homeless Children
- Addiction Prevention Comprehensive
- Addiction Prevention In-Touch
- Teen Reach
- Other State Programs
- Learn and Serve America

The budget for the office operations is submitted to the County Schools committee and the Kankakee and Iroquois County boards. The county boards are obligated to pay certain office operating expenses and approve the Regional Office of Education No. 32's operating budget. The county funds the approved budget based upon the county's November 30 year end. These expenditures are not included in this report.

Q. Compensated Absences

The Iroquois-Kankakee Regional Office of Education No. 32 provides paid vacation time for its full-time employees who work all twelve months of the year. Unused vacation time does not accumulate and carryover to future calendar years. Sick pay may accumulate for full-time employees of the In-Touch Program up to a maximum of 180 days. Unused sick pay for those employees may be certified in writing to the next employer at the request of the employee at the time of re-employment elsewhere. Unused sick pay for those employees may be used as service credits toward the employee's retirement fund when the employee retires. Employees of all other programs may not accumulate and carryover unused sick pay to future years. There are no material accumulations of sick pay or vacation pay at June 30, 2006.

NOTE 2 - CASH AND INVESTMENTS

The Iroquois-Kankakee Regional Office of Education No. 32 utilizes several different bank accounts for its various activities. The book balance of such accounts is \$2,115,727 at June 30, 2006, while the bank balance was \$2,724,869. Included in the cash account book balance are the governmental and proprietary funds of \$2,099,622 and fiduciary funds of \$16,105. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2006.

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 addressed custodial credit risk. Originally, GASB Statement No. 3 discussed three categories of custodial credit risk as follows:

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Category 1 includes deposits covered by depository insurance or collateral held by Iroquois-Kankakee Regional Office of Education No. 32 in its name.

Category 2 includes deposits covered by collateral held by the financial institutions in a pledged safekeeping account in the name of Iroquois-Kankakee Regional Office of Education No. 32.

Category 3 includes deposits which are uncollateralized or the collateral is held by the financial institution trust department but not in the name of Iroquois-Kankakee Regional Office of Education No. 32.

The ROE's deposits are covered by the Federal Deposit Insurance Corporation (FDIC) and by collateral held by the financial institution in the ROE's name. Although deposit balances classified under the traditional risk categories of 1 and 2 have been determined under GASB Statement No. 40 to be exposed to only minimal risk, and, based on this conclusion, the GASB chose to limit disclosure of custodial credit risk to deposits that meet the definition of "Category 3", the ROE has decided to include categories 1 and 2 in the discussion. The following table reflects the ROE's level of risk as of June 30, 2006:

	Bank Balance
Category 1	\$ 163,232
Category 2	2,560,017
Category 3	-
Exempt	1,620
Total	\$ 2,724,869

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, 2006 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, 2006, the

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ROE's investment in the State investment pool (Illinois Funds) was rated AAAM by Standard & Poor's.

NOTE 3 - RETIREMENT FUND COMMITMENTS

Teachers' Retirement System of the State of Illinois

The Iroquois-Kankakee Regional Office of Education No. 32 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 Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2006, was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS Fund contribution was 0.6 percent during the year ended June 30, 2006, and the member THIS Fund health insurance contribution was 0.80 percent.

The State of Illinois makes contributions directly to TRS on behalf of the Iroquois-Kankakee Regional Office of Education No. 32's TRS-covered employees.

- **On-behalf Contributions.** The State of Illinois makes employer pension contributions on behalf of Iroquois-Kankakee Regional Office of Education No. 32. For the year ended June 30, 2006, the State of Illinois contributions were based on 7.06 percent of creditable earnings, and Iroquois-Kankakee Regional Office of Education No. 32, recognized revenue and expenditures of \$106,156 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2005 and June 30, 2004, the State of Illinois contribution rate as a percentage of creditable earnings were 11.76 percent (\$206,709) and 13.98 percent (\$170,263), respectively.

The Iroquois-Kankakee Regional Office of Education No. 32 makes three other types of employer contributions directly to TRS.

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- **2.2 Formula Contributions.** Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ended June 30, 2006 were \$8,721. Contributions for the years ended June 30, 2005, and June 30, 2004, were \$10,195 and \$7,064 respectively.
- **Federal and Trust Fund Contributions.** When TRS members are paid from federal and trust funds administered by the Iroquois-Kankakee Regional Office of Education No. 32, there is a statutory requirement for Iroquois-Kankakee Regional Office of Education No. 32 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to TRS. For the year ended June 30, 2006, the employer pension contribution was 7.06 percent of salaries paid from federal and trust funds. For the two years ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2006, salaries totaling \$712,500 were paid from federal and trust funds that required employer contributions of \$50,303. For the years ended June 30, 2005 and June 30, 2004, required Iroquois-Kankakee Regional Office of Education No. 32 contributions were \$91,412 and \$57,555, respectively.
- **Early Retirement Option (ERO).** The Iroquois-Kankakee Regional Office of Education No. 32 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, 2006, the Iroquois-Kankakee Regional Office of Education No. 32 paid \$0 to TRS for employer contributions under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2005 and June 30, 2004, the Iroquois-Kankakee Regional Office of Education No. 32 paid \$0 and \$0, respectively in employer ERO contributions.

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

Illinois Municipal Retirement Fund

The Iroquois-Kankakee Regional Office of Education No. 32'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 Iroquois-Kankakee Regional Office of Education No. 32 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2005 was 10.32 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2005 was 5 years.

For December 31, 2005, the Iroquois-Kankakee Regional Office of Education No. 32's annual pension cost of \$81,516 was equal to the Iroquois-Kankakee Regional Office of Education No. 32's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50 percent 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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor.

The assumptions used for the 2005 actuarial valuation were based on the 2002-2004 experience study.

TREND INFORMATION

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/05	\$ 81,516	100%	\$ --
12/31/04	100,134	100%	--
12/31/03	103,727	100%	--
12/31/02	109,587	100%	--
12/31/01	108,437	100%	--
12/31/00	85,233	100%	--
12/31/99	65,196	100%	--
12/31/98	50,330	100%	--
12/31/97	34,540	100%	--
12/31/96	25,753	100%	--

NOTE 4 - CAPITAL ASSETS

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

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2006</u>
GOVERNMENTAL FUNDS				
Equipment	\$ 40,929	\$ --	\$ --	\$ 40,929
Less: accumulated depreciation	40,407	522	--	(40,929)
Capital assets, net	<u>\$ 522</u>	<u>\$ (522)</u>	<u>\$ --</u>	<u>\$ --</u>
PROPRIETARY FUNDS				
Equipment	\$ 22,670	\$ --	\$ --	\$ 22,670
Less: accumulated depreciation	21,046	1,624	--	(22,670)
Capital assets, net	<u>\$ 1,624</u>	<u>\$ (1,624)</u>	<u>\$ --</u>	<u>\$ --</u>

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 5 - RELATED PARTY TRANSACTIONS

Salaries of the Regional Superintendent and Assistant Regional Superintendent are paid by the State of Illinois. A significant portion of the operational expenditures of the Iroquois-Kankakee Regional Office No. 32 are paid by Kankakee County, Illinois, in accordance with the statutes and the basic financial statements do not include amounts for these expenditures.

NOTE 6 - DEFICIT FUND BALANCES

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

General Fund:	
ROE/ISC	\$ 1,184
Special Revenue Funds:	
Education Funds:	
Truants' Alternative Program	163
K-6 Reading Improvement	41
Title I - Reading First Part B SEA Funds	3,785
Title IV - 21st Century Community Learning Center	339
Addiction Prevention In-Touch	459
Illinois Reading First - Coaches Academy	12
Title II - Professional Development (Para-Professional Test Preparatory Course)	3,318
Learn and Serve America	81
Proprietary Funds:	
Nonmajor Proprietary Funds:	
Fluoride Fund	450
Internal Review Workshops	16
Criminal Background Investigation	7,649

NOTE 7 - ON-BEHALF PAYMENTS

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

**IROQUOIS-KANKAKEE
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JUNE 30, 2006**

Regional Superintendent Salary	\$ 88,540
Regional Superintendent Benefits (includes State paid insurance)	18,343
Assistant Regional Superintendent Salary	79,686
Assistant Regional Superintendent Benefits (includes State paid insurance)	17,763
TRS Pension Contributions	<u>106,156</u>
Total on-behalf payments	<u>\$ 310,488</u>

NOTE 8 - DUE FROM OTHER GOVERNMENTAL AGENCIES

The Iroquois-Kankakee Regional Office of Education No. 32's General Funds, Special Revenue Funds, Enterprise Funds, Agency Funds and various grant programs have funds due from various governmental units which consist of the following:

U. S. Department of Education	\$ 432,047
U. S. Department of Housing and Urban Development	11,988
Illinois State Board of Education	228,698
Illinois Department of Human Services	44,305
Northern Suburban Special Education District	23,628
Clark, Coles, Cumberland, Douglas, Edgar, Moultrie and Shelby Counties Regional Office of Education No. 11	17,000
Macon-Piatt Counties Regional Office of Education No. 39	5,504
Iroquois County	498
Local School Districts	<u>9,343</u>
Total	<u>\$ 773,011</u>

NOTE 9 - DUE FROM (TO) OTHER FUNDS

The following is a summary of amounts due from (to) other funds as of June 30, 2006:

Fund	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Nonmajor Proprietary Fund - Service Provided - Standards	\$ 27,985	\$ -
Education Fund - Standards Aligned Classroom	-	27,985
Total	<u>\$ 27,985</u>	<u>\$ 27,985</u>

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

**IROQUOIS-KANKAKEE
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REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2006**

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/05	\$ 1,231,732	\$ 1,297,281	\$ 65,549	94.95%	789,881	8.30%
12/31/04	1,045,304	1,118,072	72,768	93.49%	812,121	8.96%
12/31/03	884,874	982,292	97,418	90.08%	834,493	11.67%
12/31/02	740,948	835,061	94,113	88.73%	921,671	10.21%
12/31/01	601,905	741,400	139,495	81.18%	945,399	14.76%
12/31/00	433,141	561,589	128,448	77.13%	763,057	16.83%
12/31/99	284,996	400,951	115,955	71.08%	613,900	18.89%
12/31/98	175,188	277,492	102,304	63.13%	466,014	21.95%
12/31/97	99,266	156,771	57,505	63.32%	358,526	16.04%
12/31/96	48,475	94,811	46,336	51.13%	314,443	14.74%

On a market value basis, the actuarial value of assets as of December 31, 2005 is \$1,242,008.
On a market basis, the funded ratio would be 95.74%.

***Digest of Changes**

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

The principal changes were:

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

OTHER SUPPLEMENTARY INFORMATION

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
GENERAL FUND
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2006

SCHEDULE 1

	<u>ROE/ISC Operations</u>	<u>General Operations</u>	<u>Total</u>
ASSETS			
Cash (overdraft)	\$ (1,184)	\$ 155,968	\$ 154,784
Accounts receivable	-	420	420
TOTAL ASSETS	<u>(1,184)</u>	<u>156,388</u>	<u>155,204</u>
 LIABILITIES AND FUND BALANCES (DEFICIT)			
LIABILITIES			
Accounts payable	-	52,711	52,711
 FUND BALANCES (DEFICIT)			
Unrestricted	(1,184)	103,677	102,493
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ (1,184)</u>	<u>\$ 156,388</u>	<u>\$ 155,204</u>

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
GENERAL FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 2

	<u>ROE/ISC</u> <u>Operations</u>	<u>General</u> <u>Operations</u>	<u>Total</u>
REVENUES			
State sources	\$ 76,991	\$ -	\$ 76,991
Local sources			
Intergovernmental	-	398,932	398,932
Interest	76	8,978	9,054
On-behalf payments	-	310,488	310,488
	<u>77,067</u>	<u>718,398</u>	<u>795,465</u>
EXPENDITURES			
Salaries	49,210	291,578	340,788
Benefits	9,184	64,977	74,161
Purchased services	13,311	83,307	96,618
Supplies and materials	5,352	16,565	21,917
Capital expenditures	-	10,747	10,747
Payments to other governments	1,194	2,593	3,787
On-behalf payments	-	310,488	310,488
	<u>78,251</u>	<u>780,255</u>	<u>858,506</u>
DEFICIENCY OF REVENUES			
OVER EXPENDITURES	(1,184)	(61,857)	(63,041)
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>165,534</u>	<u>165,534</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ (1,184)</u>	<u>\$ 103,677</u>	<u>\$ 102,493</u>

**IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
GENERAL FUND ACCOUNTS
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2006**

SCHEDULE 3

	ROE/ISC Operations		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
State sources	\$ 76,991	\$ 76,991	\$ -
Interest	-	76	76
Total revenues	<u>76,991</u>	<u>77,067</u>	<u>76</u>
EXPENDITURES			
Salaries	47,914	49,210	(1,296)
Benefits	8,694	9,184	(490)
Purchased services	13,831	13,311	520
Supplies and materials	5,552	5,352	200
Capital expenditures	1,000	-	1,000
Payments to other governments	-	1,194	(1,194)
Total expenditures	<u>76,991</u>	<u>78,251</u>	<u>(1,260)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>(1,184)</u>	<u>\$ (1,184)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>-</u>	
DEFICIT, END OF YEAR		<u>\$ (1,184)</u>	

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2006

Truants' Alternative Program	Summer Bridges	FY 06 Title II - Teacher Quality	FY 05/06 Title II - Teacher Quality Leadership Grant	Title IV - Safe and Drug Free Schools (Reduce Alcohol Abuse)	Standards Aligned Classroom	Regional Safe Schools
\$ (163) \$	(175,867) \$	- \$	99,354 \$	(308,964) \$	54,164 \$	644
-	175,869	-	-	432,047	17,000	-
(163)	2	-	99,354	123,083	71,164	644

ASSETS

Cash and cash equivalents (overdrafts)
 Due from other governmental agencies

TOTAL ASSETS

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable
 Due to other funds
 Deferred revenues
 Total liabilities

FUND BALANCES

Fund balances (deficit), unrestricted

TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2006

SCHEDULE 4
 (CONTINUED)

	General State Aid	K-6 Reading Improvement	FY 05 Illinois Violence Prevention Authority (IVPA) Family Violence Coordinating Council	FY 06 Illinois Violence Prevention Authority (IVPA) Family Violence Coordinating Council	FY 05/06 Title 1 - School Improvement & Accountability	Title 1 - Reading First Part B SEA Funds	Title IV - 21st Century Community Learning Center
ASSETS							
Cash and cash equivalents (overdrafts)	\$ 139,318	\$ (5,041)	\$ 1,488	\$ -	\$ 648,124	\$ (3,785)	\$ 122,876
Due from other governmental agencies	45,495	5,000	1,447	-	-	-	-
TOTAL ASSETS	184,813	(41)	2,935	-	648,124	(3,785)	122,876
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	183,003	-	2,914	-	610,094	-	123,215
Due to other funds	-	-	-	-	-	-	-
Deferred revenues	-	-	-	-	31,152	-	-
Total liabilities	183,003	-	2,914	-	641,246	-	123,215
FUND BALANCES							
Fund balances (deficit), unrestricted	1,810	(41)	21	-	6,878	(3,785)	(339)
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 184,813	\$ (41)	\$ 2,935	\$ -	\$ 648,124	\$ (3,785)	\$ 122,876

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2006

SCHEDULE 4
 (CONTINUED)

	Federal Special Education Discretionary	McKinney Education for Homeless Children	Addiction Prevention Comprehensive	Addiction Prevention In-Touch	Teen Reach	Other State Programs	Illinois Reading First - Coaches Academy
Cash and cash equivalents (overdrafts)	\$ (23,589)	\$ 563	\$ (10,940)	\$ (15,033)	\$ (16,103)	\$ 152,601	\$ (5,516)
Due from other governmental agencies	23,622	-	10,984	14,574	16,300	-	5,504
TOTAL ASSETS	33	563	44	(459)	197	152,601	(12)
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	-	-	-	-	168	150,581	-
Due to other funds	-	-	-	-	-	-	-
Deferred revenues	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	168	150,581	-
FUND BALANCES							
Fund balances (deficit), unrestricted	33	563	44	(459)	29	2,020	(12)
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 33	\$ 563	\$ 44	\$ (459)	\$ 197	\$ 152,601	\$ (12)

IRROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2006

SCHEDULE 4
 (CONTINUED)

Title II - Professional Development (Para- Professional Test Preparatory Course)	Title V - Innovative Programs SEA - SOS		Learn and Serve America	Americorps Learn and Serve Program	HUD Supportive Housing Program	USDOJ Project Hope	Reduce School Crime	Total
	2	2						

\$	(3,318)	\$	3,492	\$	(985)	\$	(10,004)	\$	17	\$	(9,344)	\$	633,991
	-		2,334		1,000		11,988		-		9,344		772,508
	<u>(3,318)</u>		<u>5,826</u>		<u>15</u>		<u>1,984</u>		<u>17</u>		<u>-</u>		<u>1,406,499</u>

ASSETS
 Cash and cash equivalents (overdrafts)
 Due from other governmental agencies
TOTAL ASSETS

	-		5,907		-		-		-		-		1,337,887
	-		-		-		-		-		-		27,985
	-		-		-		-		-		-		31,152
	-		<u>5,907</u>		-		-		-		-		<u>1,397,024</u>

LIABILITIES AND FUND BALANCES
LIABILITIES
 Accounts payable
 Due to other funds
 Deferred revenues
 Total liabilities
FUND BALANCES

	(3,318)		(81)		15		1,984		17		-		9,475
--	---------	--	------	--	----	--	-------	--	----	--	---	--	-------

Fund balances (deficit), unrestricted
**TOTAL LIABILITIES AND
 FUND BALANCES (DEFICIT)**

\$	(3,318)	\$	5,826	\$	15	\$	1,984	\$	17	\$	-	\$	1,406,499
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IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 EDUCATION FUND ACCOUNTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2006

Truants' Alternative Program	Summer Bridges	FY 06 Title II - Teacher Quality	FY 05/06 Title II - Teacher Quality Leadership Grant	Title IV - Safe and Drug Free Schools (Reduce Alcohol Abuse)	Standards Aligned		Regional Safe Schools
					Classroom	Schools	
\$ 204,196	\$ 237,001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 215,654
-	-	292	331,601	603,788	131,000	-	-
10	-	-	1,040	-	1,022	406	406
204,206	237,001	292	332,641	603,788	132,022	216,060	216,060
91,369	186,766	-	43,400	351,996	14,301	166,971	166,971
8,854	5,533	-	2,123	54,006	1,646	13,147	13,147
104,150	25,241	292	204,401	141,875	113,271	22,200	22,200
-	19,461	-	5,494	51,568	617	11,134	11,134
-	-	-	75,000	-	-	-	-
-	-	-	1,183	3,943	-	2,202	2,202
-	-	-	-	-	-	-	-
204,373	237,001	292	331,601	603,388	129,835	215,654	215,654

(167)	-	-	1,040	400	2,187	406	406
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4	2	-	384	(400)	-	238	238
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\$ (163)	\$ 2	\$ -	\$ 1,424	\$ -	\$ 2,187	\$ 644	\$ 644
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REVENUES

State sources	Federal sources	Local sources	Interest	Total revenues
91,369	8,854	104,150	-	204,206

EXPENDITURES

Salaries	Benefits	Purchased services	Supplies and materials	Payments to other governments	Capital expenditures	Miscellaneous	Total expenditures
91,369	8,854	104,150	-	-	-	-	204,373

EXCESS (DEFICIENCY) OF REVENUES

OVER EXPENDITURES	(167)
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FUND BALANCES (DEFICIT),

BEGINNING OF YEAR	4
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FUND BALANCES (DEFICIT),

END OF YEAR	2
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IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 EDUCATION FUND ACCOUNTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 5
 (CONTINUED)

	FY 05 Illinois		FY 06 Illinois		FY 05/06	Title I - School	Title I -	Title IV - 21st
	Violence Prevention Authority (IVPA) Family Violence Coordinating Council	K-6 Reading Improvement	Violence Prevention Authority (IVPA) Family Violence Coordinating Council	Violence Prevention Authority (IVPA) Family Violence Coordinating Council				
REVENUES								
State sources	\$ 616,090	\$ 33,450	\$ 2,914	\$ 19,100	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	-	-	1,293,567	24,200	-	932,000
Local sources	-	-	-	-	-	-	-	-
Interest	1,765	29	-	79	6,878	107	-	2,543
Total revenues	617,855	33,479	2,914	19,179	1,300,445	24,307	-	934,543
EXPENDITURES								
Salaries	89,142	17,143	2,685	16,182	114,790	17,114	-	493,039
Benefits	10,898	249	205	1,236	7,770	2,606	-	49,815
Purchased services	499,999	8,597	24	1,761	316,314	2,480	-	313,624
Supplies and materials	7,123	7,531	-	-	15,029	2,000	-	75,522
Payments to other governments	-	-	-	-	828,343	-	-	-
Capital expenditures	8,928	-	-	-	11,321	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total expenditures	616,090	33,520	2,914	19,179	1,293,567	24,200	-	932,000

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES

1,765 (41) - - 6,878 107 2,543

FUND BALANCES (DEFICIT), BEGINNING OF YEAR

45 - - - - - (3,892) (2,882)

FUND BALANCES (DEFICIT), END OF YEAR

\$ 1,810 \$ (41) \$ 21 \$ - \$ 6,878 \$ (3,785) \$ (339)

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
EDUCATION FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 5
(CONTINUED)

	Federal Special Education Discretionary	McKinney Education for Homeless Children	Addiction Prevention Comprehensive	Addiction Prevention In- Touch	Teen Reach	Other State Programs	Illinois Reading First - Coaches Academy		
REVENUES									
State sources	-	-	\$ 96,084	\$ 121,974	\$ 4,000	\$ 375,000	\$ -		
Federal sources	100,869	187,716	30,400	46,600	196,000	-	14,480		
Local sources									
Interest	16	636	800	156	17	1,798	674		
Total revenues	<u>100,885</u>	<u>188,352</u>	<u>127,284</u>	<u>168,730</u>	<u>200,017</u>	<u>376,798</u>	<u>15,154</u>		
EXPENDITURES									
Salaries	66,038	54,711	83,548	122,086	55,876	127,308	13,023		
Benefits	16,966	8,718	7,047	23,896	12,692	13,401	1,981		
Purchased services	18,032	5,729	8,129	16,665	128,537	223,130	154		
Supplies and materials	-	16,259	27,798	6,675	2,895	6,908	-		
Payments to other governments	-	102,508	-	-	-	-	-		
Capital expenditures	-	-	-	-	-	4,253	-		
Miscellaneous	-	-	-	-	-	-	-		
Total expenditures	<u>101,036</u>	<u>187,925</u>	<u>126,322</u>	<u>169,322</u>	<u>200,000</u>	<u>375,000</u>	<u>15,158</u>		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(151)	427	762	(592)	17	1,798	(4)		
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	184	136	(718)	133	12	222	(8)		
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 33</u>	<u>\$ 563</u>	<u>\$ 44</u>	<u>\$ (459)</u>	<u>\$ 29</u>	<u>\$ 2,020</u>	<u>\$ (12)</u>		

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
EDUCATION FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006

	Title II - Professional Development (Para- Professional	Title V - Innovative Programs SEA - SOS	Learn and Serve America	Americorps Learn and Serve Program	HUD Supportive Housing Program	USDOJ Project Hope	Reduce School Crime	Total
REVENUES								
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,925,463
Federal sources	10,560	-	23,376	5,000	60,608	5,100	9,344	4,006,501
Local sources								
Interest	1	15	16	15	-	5	-	18,028
Total revenues	10,561	15	23,392	5,015	60,608	5,105	9,344	5,949,992
EXPENDITURES								
Salaries	5,327	-	-	-	45,595	-	5,420	2,183,830
Benefits	564	-	-	-	7,508	-	407	251,268
Purchased services	4,235	-	15,391	1,350	4,352	4,782	731	2,185,446
Supplies and materials	2,886	-	7,183	3,650	1,169	306	2,786	273,994
Payments to other governments	-	-	-	-	-	-	-	1,005,851
Capital expenditures	-	141	903	-	-	-	-	32,874
Miscellaneous	-	-	-	-	-	-	-	-
Total expenditures	13,012	141	23,477	5,000	58,624	5,088	9,344	5,933,263
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,451)	(126)	(85)	15	1,984	17	-	16,729
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	(867)	128	4	-	-	-	-	(7,254)
FUND BALANCES (DEFICIT), END OF YEAR	\$ (3,318)	\$ 2	\$ (81)	\$ 15	\$ 1,984	\$ 17	\$ -	\$ 9,475

EDUCATION FUND ACCOUNTS
BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2006

	Truants' Alternative Program			Summer Bridges			FY 06 Title II - Teacher Quality		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES									
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	204,196	204,196	-	203,388	237,001	33,613	292	292	-
Local sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Interest	-	10	10	-	-	-	-	-	-
Total revenues	204,196	204,206	10	203,388	237,001	33,613	292	292	-
EXPENDITURES									
Salaries	90,980	91,369	(389)	148,445	186,766	(38,321)	-	-	-
Benefits	10,007	8,854	1,153	5,386	5,533	(147)	-	-	-
Purchased services	1,111	104,150	(103,039)	22,708	25,241	(2,533)	292	292	-
Supplies and materials	-	-	-	26,849	19,461	7,388	-	-	-
Payments to other governments	102,098	-	102,098	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Total expenditures	204,196	204,373	(177)	203,388	237,001	(33,613)	292	292	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	(167)	(167)	\$ -	-	\$ -	\$ -	-	\$ -
FUND BALANCES (DEFICIT), BEGINNING OF YEAR		4			2				
FUND BALANCES (DEFICIT), END OF YEAR	\$ -	(163)		\$ -	2		\$ -		

ILLINOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 6
 (CONTINUED)

	FY 05/06 Title II - Teacher Quality Leadership Grant			Title IV - Safe and Drug Free Schools (Reduces Alcohol Abuse)			Regional Safe Schools		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES									
Federal sources	\$ 210,000	\$ 331,601	\$ 121,601	\$ 439,700	\$ 603,788	\$ 164,088	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	215,654	215,654	-
Local sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Interest	-	1,040	1,040	-	-	-	-	-	-
Total revenues	210,000	332,641	122,641	439,700	603,788	164,088	215,654	216,060	406
EXPENDITURES									
Salaries	38,500	43,400	(4,900)	100,000	351,996	(251,996)	165,372	166,971	(1,599)
Benefits	2,482	2,123	359	22,800	54,006	(31,206)	13,352	13,147	205
Purchased services	82,518	204,401	(121,883)	255,000	141,875	113,125	18,995	22,200	(3,205)
Supplies and materials	9,500	5,494	4,006	52,000	51,568	432	15,935	11,134	4,801
Payments to other governments	75,000	75,000	-	-	-	-	-	-	-
Capital expenditures	2,000	1,183	817	-	3,943	(3,943)	2,000	2,202	(202)
Miscellaneous	-	-	-	9,900	-	9,900	-	-	-
Total expenditures	210,000	331,601	(121,601)	439,700	603,388	(163,688)	215,654	215,654	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ 1,040	\$ 1,040	\$ -	\$ 400	\$ 400	\$ -	\$ 406	\$ 406
FUND BALANCES (DEFICIT), BEGINNING OF YEAR		384	(400)					238	
FUND BALANCES (DEFICIT), END OF YEAR		\$ 1,424	\$ -		\$ -			\$ 644	

IRROUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 6
 (CONTINUED)

	K-6 Reading Improvement		FY 05/06 Title I - School Improvement & Accountability		Title I - Reading First Part B SEA Funds		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	Budget	Actual	
REVENUES							
Federal sources	\$ -	\$ -	\$ -	\$ 1,202,000	\$ 91,567	\$ 24,200	\$ -
State sources	33,450	33,450	-	-	-	-	-
Local sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Interest	-	29	-	6,878	6,878	107	107
Total revenues	<u>33,450</u>	<u>33,479</u>	<u>1,202,000</u>	<u>1,300,445</u>	<u>98,445</u>	<u>24,200</u>	<u>24,307</u>
EXPENDITURES							
Salaries	14,500	17,143	113,482	114,790	(1,308)	17,400	17,114
Benefits	196	249	7,643	7,770	(127)	3,958	2,606
Purchased services	7,450	8,597	156,522	316,314	(159,792)	1,842	2,480
Supplies and materials	11,304	7,531	21,208	15,029	6,179	1,000	2,000
Payments to other governments	-	-	903,145	828,343	74,802	-	-
Capital expenditures	-	-	-	11,321	(11,321)	-	-
Miscellaneous	-	-	-	-	-	-	-
Total expenditures	<u>33,450</u>	<u>33,520</u>	<u>1,202,000</u>	<u>1,293,567</u>	<u>(91,567)</u>	<u>24,200</u>	<u>24,200</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ (41)	\$ -	\$ 6,878	\$ 6,878	\$ -	\$ 107
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	-	-	-	-	-	(3,892)	-
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ (41)</u>	<u>\$ (41)</u>	<u>\$ 6,878</u>	<u>\$ 6,878</u>	<u>\$ (3,892)</u>	<u>\$ (3,785)</u>	<u>\$ 107</u>

IRROUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 6
 (CONTINUED)

	Title IV - 21st Century Community Learning Center			Federal Special Education Discretionary			McKinney Education for Homeless Children		
	Budget	Actual	Variance (Unfavorable)	Budget	Actual	Variance (Unfavorable)	Budget	Actual	Variance (Unfavorable)
REVENUES									
Federal sources	\$ 932,000	\$ 932,000	\$ -	\$ 93,588	\$ 100,869	\$ 7,281	\$ 187,716	\$ 187,716	\$ -
State sources	-	-	-	-	-	-	-	-	-
Local sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Interest	-	2,543	2,543	-	16	16	-	636	636
Total revenues	932,000	934,543	2,543	93,588	100,885	7,297	187,716	188,352	636
EXPENDITURES									
Salaries	484,556	493,039	(8,483)	66,038	66,038	-	54,280	54,711	(431)
Benefits	53,079	49,815	3,264	19,550	16,966	2,584	8,993	8,718	275
Purchased services	328,872	313,624	15,248	8,000	18,032	(10,032)	16,737	5,729	11,008
Supplies and materials	65,493	75,522	(10,029)	-	-	-	9,037	16,259	(7,222)
Payments to other governments	-	-	-	-	-	-	98,669	102,508	(3,839)
Capital expenditures	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Total expenditures	932,000	932,000	-	93,588	101,036	(7,448)	187,716	187,925	(209)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ 2,543	\$ 2,543	\$ -	\$ (151)	\$ (151)	\$ -	\$ 427	\$ 427
FUND BALANCES (DEFICIT), BEGINNING OF YEAR		(2,882)			184			136	
FUND BALANCES (DEFICIT), END OF YEAR	\$ -	\$ (339)		\$ 33			\$ -	\$ 563	

IRROUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 6
 (CONTINUED)

	Addiction Prevention Comprehensive			Addiction Prevention In-Touch			Teen Reach		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES									
Federal sources	\$ 30,400	\$ 30,400	\$ -	\$ 46,600	\$ 46,600	\$ -	\$ 196,000	\$ 196,000	\$ -
State sources	96,084	96,084	-	121,974	121,974	-	4,000	4,000	-
Local sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Interest	-	800	800	-	156	156	-	17	17
Total revenues	<u>126,484</u>	<u>127,284</u>	<u>800</u>	<u>168,574</u>	<u>168,730</u>	<u>156</u>	<u>200,000</u>	<u>200,017</u>	<u>17</u>
EXPENDITURES									
Salaries	83,548	83,548	-	122,082	122,086	(4)	56,531	55,876	655
Benefits	7,048	7,047	1	25,367	23,896	1,471	11,641	12,692	(1,051)
Purchased services	8,098	8,129	(31)	18,077	16,665	1,412	7,476	128,537	(121,061)
Supplies and materials	27,790	27,798	(8)	3,048	6,675	(3,627)	4,652	2,895	1,757
Payments to other governments	-	-	-	-	-	-	119,700	-	119,700
Capital expenditures	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Total expenditures	<u>126,484</u>	<u>126,522</u>	<u>(38)</u>	<u>168,574</u>	<u>169,322</u>	<u>(748)</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ 762	\$ 762	\$ -	\$ (592)	\$ (592)	\$ -	\$ 17	\$ 17
FUND BALANCES (DEFICIT), BEGINNING OF YEAR		(718)			133			12	
FUND BALANCES (DEFICIT), END OF YEAR	\$ -	\$ 44	\$ 44	\$ -	\$ (459)	\$ (459)	\$ -	\$ 29	\$ 29

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 6
 (CONTINUED)

	Other State Programs			Learn and Serve America			Total		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES									
Federal sources	\$ -	\$ -	\$ -	\$ 23,376	\$ 23,376	\$ -	\$ 3,385,872	\$ 3,770,409	\$ 384,537
State sources	375,000	375,000	-	-	-	-	1,253,746	1,287,359	33,613
Local sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Interest	-	1,798	1,798	-	16	16	-	14,452	14,452
Total revenues	375,000	376,798	1,798	23,376	23,392	16	4,639,618	5,072,220	432,602
EXPENDITURES									
Salaries	126,993	127,308	(315)	-	-	-	1,682,707	1,992,155	(309,448)
Benefits	19,667	13,401	6,266	-	-	-	211,169	226,823	(15,654)
Purchased services	24,447	223,130	(198,683)	14,795	15,391	(596)	972,940	1,554,787	(581,847)
Supplies and materials	5,100	6,908	(1,808)	7,581	7,183	398	260,497	255,457	5,040
Payments to other governments	193,793	-	193,793	-	-	-	1,492,405	1,005,851	486,554
Capital expenditures	5,000	4,253	747	1,000	903	97	10,000	23,805	(13,805)
Miscellaneous	-	-	-	-	-	-	9,900	-	9,900
Total expenditures	375,000	375,000	-	23,376	23,477	(101)	4,639,618	5,058,878	(419,260)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ 1,798	\$ 1,798	\$ -	\$ (85)	\$ (85)	\$ -	\$ 13,342	\$ 13,342
FUND BALANCES (DEFICIT), BEGINNING OF YEAR		222			4			(6,573)	
FUND BALANCES (DEFICIT), END OF YEAR	\$ -	\$ 2,020	\$ (81)	\$ -	\$ (81)	\$ (81)	\$ -	\$ 6,769	\$ 6,769

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2006

	General Education Development (GED)	Bus Driver Training	Supervisory	State Free Lunch and Breakfast	National School Lunch Program	Project Care Healthy Decision	Life Education Center (LEC) USA	IDOT Safety Reimbursement	Total
Cash	\$ 38,938	\$ 12,276	\$ -	\$ 535	\$ 2,413	\$ 3,890	\$ 36,869	\$ 2	\$ 94,923
Due from other governmental agencies	-	-	-	5	-	-	-	-	5
TOTAL ASSETS	38,938	12,276	-	540	2,413	3,890	36,869	2	94,928
FUND BALANCES									
Fund balances, unrestricted	\$ 38,938	\$ 12,276	\$ -	\$ 540	\$ 2,413	\$ 3,890	\$ 36,869	\$ 2	\$ 94,928

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2006

	General Education Development (GED)	Bus Driver Training	Supervisory	State Free Lunch and Breakfast	National School Lunch Program	Project Care Healthy Decision	Life Education Center (LEC) USA	IDOT Safety Reimbursement	Total
REVENUES									
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 11,491	\$ -	\$ -	\$ -	\$ 11,491
State sources	-	1,200	2,000	581	-	-	-	-	3,781
Local sources									
Fees for services	9,722	2,700	-	101	-	62	-	10	12,595
Other	260	-	-	-	-	-	-	-	260
Interest	896	298	-	9	51	-	596	1	1,851
Total revenues	10,878	4,198	2,000	691	11,542	62	596	11	29,978
EXPENDITURES									
Purchased services	3,551	3,833	2,000	647	11,460	-	-	-	21,491
Supplies and materials	3,339	53	-	-	-	-	-	9	3,401
Miscellaneous	500	-	-	-	-	-	-	-	500
Total expenditures	7,390	3,886	2,000	647	11,460	-	-	9	25,392
EXCESS OF REVENUES OVER EXPENDITURES	3,488	312	-	44	82	62	596	2	4,586
FUND BALANCES, BEGINNING OF YEAR	35,450	11,964	-	496	2,331	3,828	36,273	-	90,342
FUND BALANCES, END OF YEAR	\$ 38,938	\$ 12,276	\$ -	\$ 540	\$ 2,413	\$ 3,890	\$ 36,869	\$ 2	\$ 94,928

IRQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 NONMAJOR PROPRIETARY FUNDS
 COMBINING STATEMENT OF NET ASSETS
 JUNE 30, 2006

	Fluoride Fund	Technology Hub Fees	Internal Review Workshops	Internet Connectivity	Administrator's Academy Local Revenue	Career Awareness and Development Workshop
Cash (overdraft)	\$ (450)	\$ 4,374	\$ (16)	\$ 1,441	\$ 28,436	\$ 8,542
Accounts receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governmental agencies	-	-	-	498	-	-
TOTAL ASSETS	(450)	4,374	(16)	1,939	28,436	8,542
NET ASSETS						
Unrestricted	\$ (450)	\$ 4,374	\$ (16)	\$ 1,939	\$ 28,436	\$ 8,542

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 NONMAJOR PROPRIETARY FUNDS
 COMBINING STATEMENT OF NET ASSETS
 JUNE 30, 2006

SCHEDULE 9
 (CONTINUED)

	School Lunch	Regional Alternative Attendance Center (RAAC) Activity Fund	Service Provided - Standards	RAAC Renaissance Program	Service Provided - Behavioral Interventions and Support	School Crises Assistance Team (SCAT) Donations
ASSETS						
Cash (overdraft)	\$ 3,511	\$ 517	\$ 10,667	\$ 55	\$ 11,394	\$ 2,468
Accounts receivable	-	-	-	-	-	-
Due from other funds	-	-	27,985	-	-	-
Due from other governmental agencies	-	-	-	-	-	-
TOTAL ASSETS	3,511	517	38,652	55	11,394	2,468
NET ASSETS						
Unrestricted	\$ 3,511	\$ 517	\$ 38,652	\$ 55	\$ 11,394	\$ 2,468

IRQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 NONMAJOR PROPRIETARY FUNDS
 COMBINING STATEMENT OF NET ASSETS
 JUNE 30, 2006

SCHEDULE 9
 (CONTINUED)

	21st Century Learning Center Activity	Reading Recovery Fees	Children and Adolescent Local Area Network System (C & A LANS)	Film Library	In-Touch Revenue	Title I Workshops
ASSETS						
Cash (overdraft)	\$ 4,675	\$ 19,196	\$ 793	\$ (20)	\$ -	\$ 2,621
Accounts receivable	-	-	-	37	-	-
Due from other funds	-	-	-	-	-	-
Due from other governmental agencies	-	-	-	-	-	-
TOTAL ASSETS	4,675	19,196	793	17	-	2,621
NET ASSETS						
Unrestricted	\$ 4,675	\$ 19,196	\$ 793	\$ 17	\$ -	\$ 2,621

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 NONMAJOR PROPRIETARY FUNDS
 COMBINING STATEMENT OF NET ASSETS
 JUNE 30, 2006

SCHEDULE 9
 (CONTINUED)

	Service Provided - Homeless	Service Provided - Goals 2000	Teen Reach Local Program	Para- Professional Workshop Fees	Reading First Academy Workshops	Local Induction / Mentoring Training Fees
ASSETS						
Cash (overdraft)	\$ -	\$ 14,402	\$ 247	\$ 19,459	\$ 11,630	\$ 12,601
Accounts receivable	-	6,000	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governmental agencies	-	-	-	-	-	-
TOTAL ASSETS	-	20,402	247	19,459	11,630	12,601
NET ASSETS						
Unrestricted	\$ -	\$ 20,402	\$ 247	\$ 19,459	\$ 11,630	\$ 12,601

IRROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 NONMAJOR PROPRIETARY FUNDS
 COMBINING STATEMENT OF NET ASSETS
 JUNE 30, 2006

SCHEDULE 9
 (CONTINUED)

	Positive Behavioral Interventions and Support Workshop	Criminal Background Investigation	Service Provided - Alcohol Reduction	Service Provided - HUD	Supplemental Educational Services	Total
Cash (overdraft)	\$ 325	\$ (7,649)	\$ 5,987	\$ 686	\$ 8,310	\$ 164,202
Accounts receivable	-	-	-	-	-	6,037
Due from other funds	-	-	-	-	-	27,985
Due from other governmental agencies	-	-	-	-	-	498
TOTAL ASSETS	325	(7,649)	5,987	686	8,310	198,722
NET ASSETS						
Unrestricted	\$ 325	\$ (7,649)	\$ 5,987	\$ 686	\$ 8,310	\$ 198,722

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 NONMAJOR PROPRIETARY FUNDS

SCHEDULE 10

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2006

	Fluoride Fund	Technology Hub Fees	Internal Review Workshops	Internet Connectivity	Administrator's Academy Local Revenue	Career Awareness and Development Workshop
OPERATING REVENUES						
Local sources	\$ 4,806	\$ 15,000	\$ -	\$ 498	\$ 5,915	\$ 198
OPERATING EXPENSES						
Salaries	-	-	-	-	1,325	-
Benefits	-	-	-	-	27	-
Purchased services	122	8,796	16	2,505	12,417	20
Supplies and materials	5,836	2,021	-	-	1,453	40
Miscellaneous	55	-	-	-	-	-
Depreciation	-	1,624	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total operating expenses	6,013	12,441	16	2,505	15,222	60
OPERATING INCOME (LOSS)	(1,207)	2,559	(16)	(2,007)	(9,307)	138
NONOPERATING REVENUES						
Interest income	16	191	-	52	802	-
TOTAL NET ASSETS, BEGINNING OF YEAR	741	1,624	-	3,894	36,941	8,404
TOTAL NET ASSETS, END OF YEAR	\$ (450)	\$ 4,374	\$ (16)	\$ 1,939	\$ 28,436	\$ 8,542

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 10
(CONTINUED)

	School Lunch Student Payments	Regional Alternative Attendance Center (RAAC) Activity Fund	Service Provided - Standards	RAAC Renaissance Program	Service Provided - Behavioral Interventions and Support	School Crises Assistance Team (SCAT) Donations		
OPERATING REVENUES								
Local sources	\$ 1,730	\$ 660	\$ 27,985	\$ -	\$ -	\$ -		
OPERATING EXPENSES								
Salaries	-	-	-	-	-	-		
Benefits	-	-	-	-	-	-		
Purchased services	401	239	-	-	-	-		
Supplies and materials	-	-	-	25	-	-		
Miscellaneous	-	-	-	-	-	-		
Depreciation	-	-	-	-	-	-		
Capital outlay	-	-	-	-	-	-		
Total operating expenses	401	239	-	25	-	-		
OPERATING INCOME (LOSS)	1,329	421	27,985	(25)	-	-		
NONOPERATING REVENUES								
Interest income	48	5	224	1	218	40		
TOTAL NET ASSETS, BEGINNING OF YEAR	2,134	91	10,443	79	11,176	2,428		
TOTAL NET ASSETS, END OF YEAR	\$ 3,511	\$ 517	\$ 38,652	\$ 55	\$ 11,394	\$ 2,468		

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32

NONMAJOR PROPRIETARY FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 10
(CONTINUED)

	21st Century Learning Center Activity	Reading Recovery Fees	Children and Adolescent Local Area Network System (C & A LANS)	Film Library	In-Touch Revenue	Title I Workshops
OPERATING REVENUES						
Local sources	\$ 1,455	\$ 53,750	\$ -	\$ 11,997	\$ 1,000	\$ 2,350
OPERATING EXPENSES						
Salaries	-	12,857	-	9,729	-	-
Benefits	-	-	-	2,692	-	-
Purchased services	22	11,420	-	196	1,000	-
Supplies and materials	150	12,746	-	-	-	-
Miscellaneous	-	2,000	-	-	-	-
Depreciation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total operating expenses	172	39,023	-	12,617	1,000	-
OPERATING INCOME (LOSS)	1,283	14,727	-	(620)	-	2,350
NONOPERATING REVENUES						
Interest income	395	312	13	22	-	39
TOTAL NET ASSETS, BEGINNING OF YEAR	2,997	4,157	780	615	-	232
TOTAL NET ASSETS, END OF YEAR	\$ 4,675	\$ 19,196	\$ 793	\$ 17	\$ -	\$ 2,621

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 10
(CONTINUED)

	Service Provided - Homeless	Service Provided - Goals 2000	Teen Reach Local Program	Para- Professional Workshop Fees	Reading First Academy Workshops	Local Induction / Mentoring Training Fees
OPERATING REVENUES						
Local sources	\$ 260	\$ 6,000	-	\$ 5,525	\$ 3,990	\$ 5,200
OPERATING EXPENSES						
Salaries	-	12,781	-	-	-	-
Benefits	-	525	-	-	-	-
Purchased services	-	(7,391)	-	-	-	1,520
Supplies and materials	260	(1,489)	-	-	432	548
Miscellaneous	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Capital outlay	-	209	-	-	587	-
Total operating expenses	260	4,635	-	-	1,019	2,068
OPERATING INCOME (LOSS)	-	1,365	-	5,525	2,971	3,132
NONOPERATING REVENUES						
Interest income	-	480	4	285	292	273
TOTAL NET ASSETS, BEGINNING OF YEAR	-	18,557	243	13,649	8,367	9,196
TOTAL NET ASSETS, END OF YEAR	\$ -	\$ 20,402	\$ 247	\$ 19,459	\$ 11,630	\$ 12,601

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 10
(CONTINUED)

	Positive Behavioral Interventions and Support Workshop	Criminal Background Investigation	Service Provided - Alcohol Reduction	Service Provided - HUD	Supplemental Educational Services	Total
OPERATING REVENUES						
Local sources	\$ 95	\$ 6,553	\$ 5,956	\$ 791	\$ 55,070	\$ 216,784
OPERATING EXPENSES						
Salaries	-	-	-	-	37,945	74,637
Benefits	-	-	-	-	3,637	6,881
Purchased services	144	14,202	-	-	3,047	48,676
Supplies and materials	301	-	6	-	2,168	24,497
Miscellaneous	-	-	-	-	-	2,055
Depreciation	-	-	-	-	-	1,624
Capital outlay	-	-	-	1,245	-	2,041
Total operating expenses	445	14,202	6	1,245	46,797	160,411
OPERATING INCOME (LOSS)	(350)	(7,649)	5,950	(454)	8,273	56,373
NONOPERATING REVENUES						
Interest income	27	-	36	15	37	3,827
TOTAL NET ASSETS, BEGINNING OF YEAR	648	-	1	1,125	-	138,522
TOTAL NET ASSETS, END OF YEAR	\$ 325	\$ (7,649)	\$ 5,987	\$ 686	\$ 8,310	\$ 198,722

IRQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 NONMAJOR PROPRIETARY FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2006

Fluoride Fund	Technology Hub Fees	Internal Review Workshops	Internet Connectivity	Administrator's Academy Local Revenue	Career Awareness and Development Workshop
\$ 4,806	\$ 15,000	\$ -	\$ -	\$ 5,915	\$ 198
(6,013)	(10,817)	(16)	(2,505)	(13,870)	(60)
-	-	-	-	(1,352)	-
<u>(1,207)</u>	<u>4,183</u>	<u>(16)</u>	<u>(2,505)</u>	<u>(9,307)</u>	<u>138</u>
16	191	-	52	802	-
<u>16</u>	<u>191</u>	<u>-</u>	<u>52</u>	<u>802</u>	<u>-</u>
(1,191)	4,374	(16)	(2,453)	(8,505)	138
741	-	-	3,894	36,941	8,404
<u>\$ (450)</u>	<u>\$ 4,374</u>	<u>\$ (16)</u>	<u>\$ 1,441</u>	<u>\$ 28,436</u>	<u>\$ 8,542</u>

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:

Depreciation

Effects of changes in assets and liabilities:

Accounts receivable

Due to/from other funds

Due to other governmental agencies

Net cash provided by (used in) operating activities

\$ (1,207)	\$ 2,559	(16)	(2,007)	(9,307)	138
-	1,624	-	-	-	-
-	-	-	-	-	-
-	-	-	(498)	-	-
<u>\$ (1,207)</u>	<u>\$ 4,183</u>	<u>(16)</u>	<u>(2,505)</u>	<u>(9,307)</u>	<u>\$ 138</u>

IRROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

	School Lunch Student Payments	Regional Alternative Attendance Center (RAAC) Activity Fund		Service Provided - Standards	RAAC Renaissance Program		Service Provided - Positive Behavioral Interventions and Support		School Crises Assistance Team (SCAT) Donations
\$	1,730	\$	660	\$	-	\$	-	\$	-
	(401)		(239)		-		(25)		-
	-		-		-		-		-
	1,329		421		-		(25)		-
	48		5	224	1		218		40
	48		5	224	1		218		40
	1,377		426	224	(24)		218		40
	2,134		91	10,443	79		11,176		2,428
\$	3,511	\$	517	\$	10,667	\$	55	\$	11,394
\$	1,329	\$	421	\$	27,985	\$	(25)	\$	-

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:

Operating income (loss)	\$	1,329
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	-	-
Effects of changes in assets and liabilities:		
Accounts receivable	-	-
Due to/from other funds	-	(27,985)
Due to other governmental agencies	-	-
Net cash provided by (used in) operating activities	\$	1,329

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts for workshops/services	\$	1,730
Payment to suppliers		(401)
Payment to employees		-
Net cash provided by (used in) operating activities	\$	1,329

CASH FLOWS FROM INVESTING ACTIVITY:

Interest		48
Net cash provided by investing activity		48

NET INCREASE (DECREASE) IN CASH

	40
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CASH, BEGINNING OF YEAR

	2,134
--	-------

CASH, END OF YEAR

	3,511
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IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

	21st Century Learning Center Activity	Reading Recovery Fees	Children and Adolescent Local Area Network System (C & A LANS)			In-Touch Revenue	Title I Workshops
			Film Library	Revenue	Workshops		
\$	1,455	\$ 53,750	\$ -	\$ 12,026	\$ 1,000	\$ 2,350	
	(172)	(26,166)	-	(196)	(1,000)	-	
	-	(12,857)	-	(12,421)	-	-	
	1,283	14,727	-	(591)	-	2,350	
	395	312	13	22	-	39	
	395	312	13	22	-	39	
	1,678	15,039	13	(569)	-	2,389	
	2,997	4,157	780	549	-	232	
\$	4,675	19,196	793	(20)	\$ -	\$ 2,621	

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

(used in) operating activities:

Operating income (loss)	\$ 1,283	\$ 14,727	\$ -	\$ (620)	\$ -	\$ 2,350
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	-	-	-	-	-	-
Effects of changes in assets and liabilities:						
Accounts receivable	-	-	-	(37)	-	-
Due to/from other funds	-	-	-	-	-	-
Due to other governmental agencies	-	-	-	66	-	-
Net cash provided by (used in) operating activities	\$ 1,283	\$ 14,727	\$ -	\$ (591)	\$ -	\$ 2,350

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts for workshops/services	
Payment to suppliers	
Payment to employees	
Net cash provided by (used in) operating activities	

CASH FLOWS FROM INVESTING ACTIVITY:

Interest	
Net cash provided by investing activity	

NET INCREASE (DECREASE) IN CASH

CASH, BEGINNING OF YEAR

CASH, END OF YEAR

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

Service Provided - Homeless	Service Provided - Goals 2000	Teen Reach Local Program	Para-		Reading First Academy Workshops	Local Induction / Mentoring Training Fees
			Professional Workshop Fees			
\$ 260	\$ -	\$ -	\$ 5,525	\$ 3,990	\$ 5,200	\$ 5,200
(260)	8,671	-	-	(1,019)	(2,068)	(2,068)
-	(13,306)	-	-	-	-	-
-	(4,635)	-	5,525	2,971	3,132	3,132

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts for workshops/services
Payment to suppliers
Payment to employees
Net cash provided by (used in) operating activities

CASH FLOWS FROM INVESTING ACTIVITY:

Interest
Net cash provided by investing activity

NET INCREASE (DECREASE) IN CASH

CASH, BEGINNING OF YEAR

CASH, 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:
Depreciation
Effects of changes in assets and liabilities:
Accounts receivable
Due to/from other funds
Due to other governmental agencies
Net cash provided by (used in) operating activities

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

	Positive Behavioral Interventions and Support Workshop	Criminal Background Investigation	Service Provided - Alcohol Reduction	Service Provided - HUD	Supplemental Educational Services	Total
\$	95	6,553	5,956	791	55,070	\$ 182,330
	(445)	(14,202)	(6)	(1,245)	(5,215)	(77,269)
	-	-	-	-	(41,582)	(81,518)
	(350)	(7,649)	5,950	(454)	8,273	23,543
CASH FLOWS FROM OPERATING ACTIVITIES:						
	Receipts for workshops/services					
	Payment to suppliers					
	Payment to employees					
	Net cash provided by (used in) operating activities					
CASH FLOWS FROM INVESTING ACTIVITY:						
	Interest					
	Net cash provided by investing activity					
	27	-	36	15	37	3,827
	27	-	36	15	37	3,827
	(323)	(7,649)	5,986	(439)	8,310	27,370
	648	-	1	1,125	-	136,832
	325	(7,649)	5,987	686	8,310	164,202
NET INCREASE (DECREASE) IN CASH						
CASH, BEGINNING OF YEAR						
CASH, END OF YEAR						
	325	(7,649)	5,987	686	8,310	164,202
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
	(350)	(7,649)	5,950	(454)	8,273	\$ 56,373
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
	Depreciation					
	Effects of changes in assets and liabilities:					
	Accounts receivable					
	Due to/from other funds					
	Due to other governmental agencies					
	Net cash provided by (used in) operating activities					
	-	-	-	-	-	1,624
	-	-	-	-	-	(37)
	-	-	-	-	-	(27,985)
	-	-	-	-	-	(6,432)
	(350)	(7,649)	5,950	(454)	8,273	\$ 23,543

IRROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32

AGENCY FUNDS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2006

	<u>Distributive</u>	<u>School District Expansion Fees</u>	<u>Scholarship Fund</u>	<u>Payroll</u>	<u>Total</u>
ASSETS					
Cash	\$ 853	\$ 4,926	\$ 2,754	\$ 7,572	\$ 16,105
LIABILITIES					
Due to other governmental agencies	\$ 853	\$ 4,926	\$ 2,754	\$ 7,572	\$ 16,105

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
DISTRIBUTIVE				
ASSETS				
Cash	\$ 3,383	\$ 5,317,972	\$ 5,320,502	\$ 853
LIABILITIES				
Due to other governmental agencies	\$ 3,383	\$ 5,317,972	\$ 5,320,502	\$ 853
SCHOOL DISTRICT EXPANSION FEES				
ASSETS				
Cash	\$ -	\$ 4,926	\$ -	\$ 4,926
LIABILITIES				
Due to other governmental agencies	\$ -	\$ 4,926	\$ -	\$ 4,926
SCHOLARSHIP FUND				
ASSETS				
Cash	\$ 3,686	\$ -	\$ 932	\$ 2,754
LIABILITIES				
Due to other governmental agencies	\$ 3,686	\$ -	\$ 932	\$ 2,754
PAYROLL				
ASSETS				
Cash	\$ 135,765	\$ -	\$ 128,193	\$ 7,572
LIABILITIES				
Due to other governmental agencies	\$ 135,765	\$ -	\$ 128,193	\$ 7,572
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 142,834	\$ 5,322,898	\$ 5,449,627	\$ 16,105
LIABILITIES				
Due to other governmental agencies	\$ 142,834	\$ 5,322,898	\$ 5,449,627	\$ 16,105

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32

SCHEDULE 14

DISTRIBUTIVE FUND

SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHERS

FOR THE YEAR ENDED JUNE 30, 2006

Program	I-KAN ROE #32	Iroquois Area Del #370	Kankakee Career Center	Kankakee Reg. System #120	Totals
General State Aid	\$ 545,938	\$ -	\$ -	\$ -	\$ 545,938
Vocational Education - Sec. Program Imp.	-	132,826	-	675,277	808,103
Vocational Education - Agriculture Ed. Incentive	-	15,544	-	14,363	29,907
State Free Lunch and Breakfast	601	-	-	-	601
Transportation - Regular	-	-	13,400	-	13,400
ROE School Bus Driver Training	1,200	-	-	-	1,200
Truants Alternative Optional Education	204,196	-	-	-	204,196
Regional Safe School Program	215,654	-	-	-	215,654
K - 6 Reading Improvement - Reading Recovery	28,450	-	-	-	28,450
ROE / ISC Operations	76,991	-	-	-	76,991
Supervisory Fund	2,000	-	-	-	2,000
Bridges Extended Learning Opportunities	203,388	-	-	-	203,388
Other Restricted Grant - In - Aid from State Sources	375,000	-	-	-	375,000
IASA Title VI - Formula	-	-	-	-	-
IASA Title VI - SEA	-	-	-	-	-
Title V - Innovative Programs (SOS)	19,461	-	-	-	19,461
National School Lunch	11,491	-	-	-	11,491
Title I - School Improvement & Accountability	1,139,509	-	-	-	1,139,509
Title I - Reading First Part B SEA Funds	348	-	-	-	348
IL Reading First Acad. Statewide Delivery	-	-	-	-	-
Safe & Drug Free Schools Title VI	-	-	-	-	-
NCLB Title IV - IL Comm. Learn & Serve	-	-	-	-	-
NCLB 21st Century CLC	932,000	-	-	-	932,000
V. E. Perkins Title II Secondary	-	41,160	-	240,684	281,844
Learn and Serve America	23,542	-	-	-	23,542
McKinney Ed. For Homeless Children	187,716	-	-	-	187,716
Title II - Teacher Quality	292	-	-	-	292
Title II - Professional Development	120,000	-	-	-	120,000
Title II - Math & Science Competitive	-	-	-	-	-
Title II - Teacher Quality SEA (SOS)	99,471	-	-	-	99,471
Total	\$ 4,187,248	\$ 189,530	\$ 13,400	\$ 930,324	\$ 5,320,502

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 15

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Number	FY 2006 Expenditures
<u>DEPARTMENT OF EDUCATION</u>			
Safe and Drug-Free Schools and Communities National Programs <i>Title IV - Safe and Drug Free Schools (Reduce Alcohol Abuse)</i>	(M) 84.184A	2006-4400-01	<u>\$ 603,388</u>
Title I Grants to Local Educational Agencies Passed-Through Illinois State Board of Education <i>Title I - School Improvement & Accountability</i>	(M) 84.010A	2005-4331-SS	122,719
<i>Title I - School Improvement & Accountability</i>	(M) 84.010A	2006-4331-SS	<u>1,170,848</u>
			<u>1,293,567</u>
Education for Homeless Children and Youth Passed-Through Illinois State Board of Education <i>McKinney Education for Homeless Children</i>	84.196A	2006-4920-00	<u>187,716</u>
State Grants for Innovative Programs Passed-Through Clark, Coles, Cumberland, Douglas, Edgar, Moultrie and Shelby Counties Regional Office of Education No. 11 <i>Standards Aligned Classroom</i>	84.298A	2006-4999-00	<u>129,835</u>
Reading First State Grants Passed-Through Illinois State Board of Education <i>Title I - Reading First Part B SEA Funds</i>	84.357A	2006-4337-00	7,500
<i>Title I - Reading First Part B SEA Funds</i>	84.357A	2006-4337-02	16,700
Passed-Through Macon-Piatt Counties Regional Office of Education No. 39 <i>Illinois Reading First</i>	84.357A	2006-4337-00	<u>14,480</u>
			<u>38,680</u>
Twenty-First Century Community Learning Centers Passed-Through Illinois State Board of Education <i>Title IV - 21st Century Community Learning Centers</i>	(M) 84.287C	2006-4421-00	450,000
<i>Title IV - 21st Century Community Learning Centers</i>	(M) 84.287C	2006-4421-04	324,500
<i>Title IV - 21st Century Community Learning Centers</i>	(M) 84.287C	2006-4421-05	<u>157,500</u>
			<u>932,000</u>
Special Education Grants to States Passed-Through Northern Suburban Special Education District <i>Federal Special Education - I.D.E.A. - Discretionary</i>	84.027A	2006-4630-02	<u>100,869</u>
Improving Teacher Quality State Grants Passed-Through Illinois State Board of Education <i>Title II - Teacher Quality</i>	84.367A	2006-4932-00	292
<i>Title II - Teacher Quality - Leadership Grant</i>	84.367A	2005-4935-SS	121,601
<i>Title II - Teacher Quality - Leadership Grant</i>	84.367A	2006-4935-SS	90,000
<i>Title II - Teacher Quality - Leadership Grant</i>	84.367A	2006-4935-00	120,000
Passed-Through Illinois Community College Board <i>Title II - Professional Development</i> <i>(Para-Professional Test Preparatory Course)</i>	84.367A	2006-4999-30	<u>10,560</u>
			<u>342,453</u>
TOTAL DEPARTMENT OF EDUCATION			<u>\$ 3,628,508</u>

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 15
(CONTINUED)

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Number	FY 2006 Expenditures
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Temporary Assistance for Needy Families Passed-Through Illinois Department of Human Services <i>Teen Reach</i>	93.558	11G6269000	\$ 196,000
Block Grants for Prevention and Treatment of Substance Abuse Passed-Through Illinois Department of Human Services <i>Addiction Prevention Comprehensive</i>	93.959	11G6269000	30,400
<i>Addiction Prevention In-Touch</i>	93.959	11G6269000	46,600
			<u>77,000</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 273,000
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>			
Learn and Serve America_School and Community Based Programs Passed-Through Illinois State Board of Education <i>Learn and Serve America</i>	94.004	2006-4910-00	\$ 23,376
Passed-Through Illinois Department of Human Services <i>Americorps Learn and Serve America</i>	94.004	11G6269000	5,000
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			\$ 28,376
<u>DEPARTMENT OF AGRICULTURE</u>			
National School Lunch Program Passed-Through Illinois State Board of Education <i>National School Lunch</i>	10.555	2005-4210-00	\$ 2,130
<i>National School Lunch</i>	10.555	2006-4210-00	9,330
TOTAL DEPARTMENT OF AGRICULTURE			\$ 11,460
<u>DEPARTMENT OF JUSTICE</u>			
Crime Victim Assistance/Discretionary Grants Passed -Through Parents of Murdered Children, Inc. <i>USDOJ - Project Hope</i>	16.582	2006-499933	\$ 5,088
Anti-Gang Initiative Passed -Through IL Sheriffs' Association <i>Reduce School Crime</i>	16.744	2006-499934	9,344
TOTAL DEPARTMENT OF JUSTICE			\$ 14,432

**IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2006**

**SCHEDULE 15
 (CONTINUED)**

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Number	FY 2006 Expenditures
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Supportive Housing Program <i>HUD Supportive Housing Program</i>	14.235	2006-499932	<u>\$ 58,624</u>
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>\$ 58,624</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 4,014,400</u>

(M) Program was audited as major program.

The accompanying notes are an integral part of this schedule.

**IROQUOIS/KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

Note 1. Reporting Entity Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Iroquois-Kankakee Regional Office of Education No. 32 and is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2. Subrecipients

The Iroquois-Kankakee Regional Office of Education No. 32 provided federal awards totaling \$1,005,851 to the following:

<u>Subrecipient</u>	<u>Title I - School Improvement & Accountability (CFDA #84.010A)</u>	<u>Title II - Teacher Quality - Leadership Grant (CFDA #84.367A)</u>	<u>McKinney Education for Homeless Children (CFDA #84.196A)</u>	<u>Total</u>
Champaign-Ford Counties Regional Office of Education No. 9 Clark, Coles, Cumberland, Douglas, Edgar, Moultrie and Shelby Counties Regional Office of Education No. 11	\$ 449,477	\$ 30,000	\$ 102,508	\$ 581,985
Macon/Piatt Counties Regional Office of Education No. 39	188,880	15,000	-	203,880
DeWitt, Livingston and McLean Counties Regional Office of Education No. 17	189,986	15,000	-	204,986
	-	15,000	-	15,000
Total	<u>\$ 828,343</u>	<u>\$ 75,000</u>	<u>\$ 102,508</u>	<u>\$ 1,005,851</u>

Note 3. Description of Major Federal Programs

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

**IROQUOIS/KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

Title IV - Safe & Drug Free Schools (Reduce Alcohol Abuse) is a grant used to implement curriculum to delay or prevent the onset of alcohol use and to reduce the overall amount of alcohol use among adolescents in grades 6-12.

Title IV - 21st Century Community Learning Center is a federal grant given by the Department of Education to set up and maintain after school program for area No Child Left Behind targeted students and their families. Programs will provide both enrichment and academic assistance.

Note 4. Non-Cash Assistance

Not Applicable.

Note 5. Amount of Insurance

Not Applicable.

Note 6. Loans or Loan Guarantees Outstanding

Not Applicable.