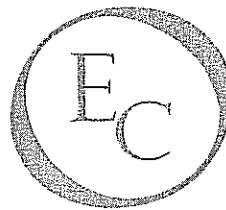


**STATE OF ILLINOIS
IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32**

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

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
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

Assistant Regional Superintendent
(July 1, 2007 to present)

Mr. Gregg Murphy

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

| <u>Number of</u> | <u>This Audit</u> | <u>Prior Audit</u> |
|---|-------------------|--------------------|
| Audit findings | 1 | 2 |
| Repeated audit findings | – | 1 |
| Prior recommendations implemented or not repeated | 2 | 1 |

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

| <u>Item No.</u> | <u>Page</u> | <u>Description</u> | <u>Prior Finding Code</u> |
|---|-------------|--|---------------------------|
| FINDING (GOVERNMENT AUDITING STANDARDS) | | | |
| 07-1 | 12 | Inadequate Controls Over Bank Reconciliation Process | N/A |
| FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE) | | | |
| | 15 | None | N/A |
| PRIOR FINDING NOT REPEATED (GOVERNMENT AUDITING STANDARDS) | | | |
| 18 | | Controls Over Compliance with Laws and Regulations | 06-1 |
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| 18 | | Delay in Submission of Reimbursement Requests | 06-2 |

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
JUNE 30, 2007**

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, 2007. Responses to the recommendations were provided by Dr. Kay Pangle in a letter dated July 12, 2008.

**Financial Presentation
Examined**

FINANCIAL STATEMENT REPORT

A financial statement audit consists of an audit of an agency's financial statements, including an examination of the underlying books and records, to determine whether those financial statements are fairly presented in accordance with generally accepted accounting principles.

The financial statement report is comprised of the following:

A Summary section providing a brief overview of the financial statement audit.

Auditors' Reports

- An Auditors' Reports section containing statements by the auditors on the scope and results of their audit, as required by applicable professional standards.

Financial Statements

- A Financial Statement section generally consisting of:

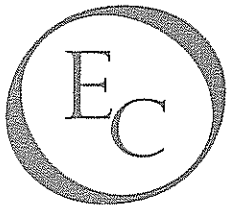
- Management's discussion and analysis (MD&A) as required supplementary information;
- Basic financial statements (entity-wide financial statements, fund financial statements, and notes to the financial statements);
- Required supplementary information other than MD&A.

Additional financial statements may be presented for agencies with reporting requirements.

**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 of Education 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, 2007, 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Iroquois-Kankakee Regional Office of Education No. 32, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 14, 2008 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

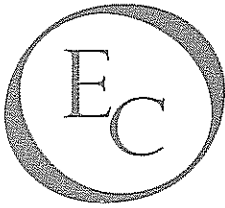
financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 19 through 25, 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 the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Others, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

E. C. Ortiz & Co., LLP

Chicago, Illinois
August 14, 2008



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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Iroquois-Kankakee Regional Office of Education No. 32, as of and for the year ended June 30, 2007, which collectively comprise the Iroquois-Kankakee Regional Office of Education No. 32's basic financial statements and have issued our report thereon dated August 14, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Iroquois-Kankakee Regional Office of Education No. 32's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Iroquois-Kankakee Regional Office of Education No. 32's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Iroquois-Kankakee Regional Office of Education No. 32's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with

generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting, 07-1.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered material weaknesses. However, we consider the significant deficiency noted above, 07-1, to be a material weakness.

Compliance and Other Matters

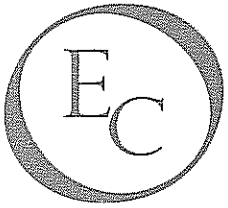
As part of obtaining reasonable assurance about whether the Iroquois-Kankakee Regional Office of Education No. 32's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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*.

The Iroquois-Kankakee Regional Office of Education No. 32's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Iroquois-Kankakee Regional Office of Education No. 32's response and, accordingly, we express no opinion on it.

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

Chicago, Illinois
August 14, 2008



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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the compliance of the 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, 2007. 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, 2007.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Iroquois-Kankakee Regional Office of Education No. 32's internal control over compliance.

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

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

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

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

E. C. Ortiz & Co., LLP

Chicago, Illinois
August 14, 2008

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

Part I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|--|
| 84.010A | Title I - School Improvement and Accountability |
| 84.010A | Standards Aligned Classroom |
| 84.287C | Title IV - 21st Century Community Learning Centers |

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

Auditee qualified as low-risk auditee? Yes ✓ No

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

Part II: Finding Related to the Financial Statements

FINDING NO. 07-1 - Inadequate Controls Over Bank Reconciliation Process

Criteria/specific Requirements:

Effective internal control policies require complete and accurate accounting records of all transactions of the entity. Sound internal control also requires bank reconciliations to be performed monthly to ensure that all transactions have been recorded. Reconciling items should be investigated immediately and adjustments made to the general ledger. Bank reconciliations should also be reviewed and approved by a person independent of the preparer in a timely manner.

Conditions:

The Iroquois-Kankakee Regional Office of Education No. 32 (ROE No. 32) had cash and investment balances totaling \$2,378,065 as of June 30, 2007. The cash and investments were maintained in four separate bank accounts in prior years until May 2006 when these accounts were pooled into one primary checking and one investment sweep account.

During our review of the ROE No. 32's monthly cash and bank reconciliations, we noted the following:

- Reconciliations were not completed in a timely manner for the ROE No. 32's primary bank account. The July 2006 reconciliation was prepared in October 2007 (15 months), while the reconciliations for the months of August 2006 to June 2007 were completed in February and March 2008 (9 to 18 months). Average monthly receipts and disbursements for the primary bank account were approximately \$1,063,124 and \$1,039,235, respectively.
- Bank reconciliations were not properly prepared which initially resulted in unreconciled monthly differences ranging from \$159 to \$2,590 in the primary bank account. The differences were determined to be miscellaneous unrecorded transactions and were subsequently adjusted in the books. In addition, monthly bank reconciliation statements did not have evidence of review or approval by ROE No. 32's management.

A bank account (Illinois Funds) with an ending balance of \$30,706 as of June 30, 2007 was not recorded in the general ledger and, consequently, no reconciliations were completed for this account. This bank account serves as a pass through account for monies received from Illinois State Board of Education for distribution to other funds. This account was opened in prior years and has been included in cash balances reported in the audited financial statements through adjusting entries.

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

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

FINDING NO. 07-1 - Inadequate Controls Over Bank Reconciliation Process (Continued)

Effects:

Failure to prepare bank reconciliations properly and on a timely basis may lead to loss or misuse of assets due to improper control and monitoring of bank accounts. Unreconciled and unresolved differences in the bank reconciliations also render the bank reconciliation process ineffective for identifying improper and unauthorized cash transactions and inaccuracies in the financial records.

Failure to record a bank account in the general ledger results in inaccurate and incomplete financial reporting and increases the risk of unauthorized transactions not being detected timely or not being detected at all, which could result in misappropriation of assets.

Causes:

According to the ROE management, reconciliations of the primary bank account have not balanced starting July 2006 due to the migration to the new accounting system and an increase in the volume of transactions since the primary operating fund account was merged with the payroll account. The unreconciled differences were due to staff not having sufficient time to investigate the differences. Thus, this resulted to untimely completion of bank reconciliations.

The Illinois Funds bank account was established to serve as a clearing bank account until funds are transferred to other funds. ROE No. 32 did not deem it necessary to perform monthly bank reconciliations and maintain the account in the general ledger since deposits are transferred to the respective fund bank accounts on a regular basis. According to ROE officials, the balance at any given time is a timing difference as a result of transfers pending receipt of transaction details. This bank account which was established in prior years remains unrecorded, as the balance has typically been insignificant in amount.

Recommendations:

The ROE No. 32 should prepare monthly bank reconciliations accurately and on a timely basis. Unreconciled differences should be promptly investigated and bank reconciliations should be properly reviewed by a person independent of the preparer.

The ROE No. 32 should immediately record the Illinois Funds bank account in the general ledger and properly account for all transactions of this account in the books.

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

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

FINDING NO. 07-1 - Inadequate Controls Over Bank Reconciliation Process (Continued)

Management's Response:

The ROE No. 32 has trained an additional staff member to assist with the bank reconciliation duties. This has begun and outside assistance from a software/bookkeeping consultant was enlisted to ensure proper training of the additional staff member and setup of the bank reconciliation procedure. The Regional Superintendent will once again review and initial all bank reconciliations on a monthly basis.

The Illinois Funds account has been assigned a cash account number in the accounting system and those bank reconciliations are being done separately from the primary bank account, going back in the system and beginning with July of 2007.

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

Part III. Findings and Questioned Costs for Federal Awards

INSTANCES OF NONCOMPLIANCE:

None

SIGNIFICANT DEFICIENCIES:

None

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDING
JUNE 30, 2007**

FINDING NO. 07-1 - Inadequate Controls Over Bank Reconciliation Process

Conditions:

The Iroquois-Kankakee Counties Regional Office of Education No. 32 (ROE No. 32) had cash and investment balances totaling \$2,378,065 as of June 30, 2007. The cash and investments were maintained in four separate bank accounts in prior years until May 2006 when these accounts were pooled into one primary checking and one investment sweep account.

During our review of the ROE No. 32's monthly cash and bank reconciliations, we noted the following:

- Reconciliations were not completed in a timely manner for the ROE No. 32's primary bank account. The July 2006 reconciliation was prepared in October 2007 (15 months), while the reconciliations for the months of August 2006 to June 2007 were completed in February and March 2008 (9 to 18 months). Average monthly receipts and disbursements for the primary bank account were approximately \$1,063,124 and \$1,039,235, respectively.
- Bank reconciliations were not properly prepared which initially resulted in unreconciled monthly differences ranging from \$159 to \$2,590 in the primary bank account. The differences were determined to be miscellaneous unrecorded transactions and were subsequently adjusted in the books. In addition, monthly bank reconciliation statements did not have evidence of review or approval by ROE No. 32's management.

A bank account (Illinois Funds) with an ending balance of \$30,706 as of June 30, 2007 was not recorded in the general ledger and, consequently, no bank reconciliations were completed for this account. This bank account serves as a pass through account for monies received from Illinois State Board of Education for distribution to other funds. This account was opened in prior years and has been included in cash balances reported in the audited financial statements through adjusting entries.

Plans:

The ROE No. 32 has trained an additional staff member to assist with the bank reconciliation duties. This has begun and outside assistance from a software/bookkeeping consultant was enlisted to ensure proper training of the additional staff member and setup of the bank reconciliation procedure. The Regional Superintendent will once again review and initial all bank reconciliations on a monthly basis.

The Illinois Funds account has been assigned a cash account number in the accounting system and those bank reconciliations are being done separately from the primary bank account, going back in the system and beginning with July of 2007.

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDING
JUNE 30, 2007**

FINDING NO. 07-1 - Inadequate Controls Over Bank Reconciliation Process

Anticipated Completion Dates:

The training of the additional staff member began in the Fall of 2007 and the consultant has been working with her periodically since then. She went back to the bank reconciliations from July, 2007 and re-reconciled each month to ensure accuracy. This process should be completed by October of 2008. As these reconciliations are completed they are reviewed by Dr. Pangle and signed (or initialed).

Once the final audit findings were received, the Illinois Funds distributive account was reconciled separately and reviewed and initialed by Dr. Pangle. This process should be completed by August of 2008.

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
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2007**

| <u>Finding No.</u> | <u>Condition</u> | <u>Current Status</u> |
|--------------------|---|-----------------------|
| 06-1 | Controls Over Compliance with Laws and Regulations A. Public Act 95-496 repealed the requirements of 105 ILCS 5/3-14.11. B. Public Act 95-496 repealed the requirements of 105 ILCS 5/3-14.5. | Resolved |
| 06-2 | The ROE did not timely submit reimbursement requests for the Grants to Reduce Alcohol Abuse. | Resolved |

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007**

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, 2007 with comparative information for the year ended June 30, 2006. Readers are encouraged to consider the information in conjunction with the ROE No. 32's financial statements that follow.

2007 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$152,783 (19%) from \$795,465 in FY 2006 to \$948,248 in FY 2007. General Fund expenditures increased by \$81,423 (9%) from \$858,506 in FY 2006 to \$939,929 in FY 2007.
- Within the Governmental Funds, the Special Revenue Funds revenues slightly increased by \$12,687 (less than 1%) from \$6,008,581 in FY 2006 to \$6,021,268 in FY 2007. The Special Revenue Funds expenditures decreased by \$238,251 (4%) from \$5,989,102 in FY 2006 to \$5,750,851 in FY 2007.
- Proprietary Funds revenues increased by \$91,745 (14%) from \$673,686 in FY 2006 to \$765,431 in FY 2007. The Proprietary Funds expenditures decreased by \$9,558 (2%) from \$607,259 in FY 2006 to \$597,701 in FY 2007.
- 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 detailed information about the major and non-major funds.

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007**

Reporting the Iroquois-Kankakee Regional Office as a Whole

It is important to note, that many grants (RESPRO, McKinney Vento Education for Homeless Children Lead Liaison, In-Touch, 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

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007**

trusts/contributions. The activities supported include but are not limited to truancy 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 Balance.
- (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 2007 and FY 2006

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007**

totaled \$1,966,855 and \$1,520,389, respectively. The analysis that follows provides a summary of the ROE No. 32's net assets as of June 30.

CONDENSED STATEMENT OF NET ASSETS

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|---|--------------------------------|-------------------|---------------------------------|---------------------|---------------------|---------------------|
| | <u>2007</u> | <u>2006</u> | <u>2007</u> | <u>2006</u> | <u>2007</u> | <u>2006</u> |
| ASSETS | | | | | | |
| Current assets | \$ 1,668,125 | \$ 1,760,988 | \$ 1,404,321 | \$ 1,181,151 | \$ 3,072,446 | \$ 2,942,139 |
| TOTAL ASSETS | <u>1,668,125</u> | <u>1,760,988</u> | <u>1,404,321</u> | <u>1,181,151</u> | <u>3,072,446</u> | <u>2,942,139</u> |
| LIABILITIES | | | | | | |
| Current liabilities | 1,074,818 | 1,449,735 | 30,773 | (27,985) | 1,105,591 | 1,421,750 |
| TOTAL LIABILITIES | <u>1,074,818</u> | <u>1,449,735</u> | <u>30,773</u> | <u>(27,985)</u> | <u>1,105,591</u> | <u>1,421,750</u> |
| NET ASSETS | | | | | | |
| Restricted for teacher professional development | 134,438 | 104,357 | - | - | 134,438 | 104,357 |
| Unrestricted | 458,869 | 206,896 | 1,373,548 | 1,209,136 | 1,832,417 | 1,416,032 |
| TOTAL NET ASSETS | <u>\$ 593,307</u> | <u>\$ 311,253</u> | <u>\$ 1,373,548</u> | <u>\$ 1,209,136</u> | <u>\$ 1,966,855</u> | <u>\$ 1,520,389</u> |

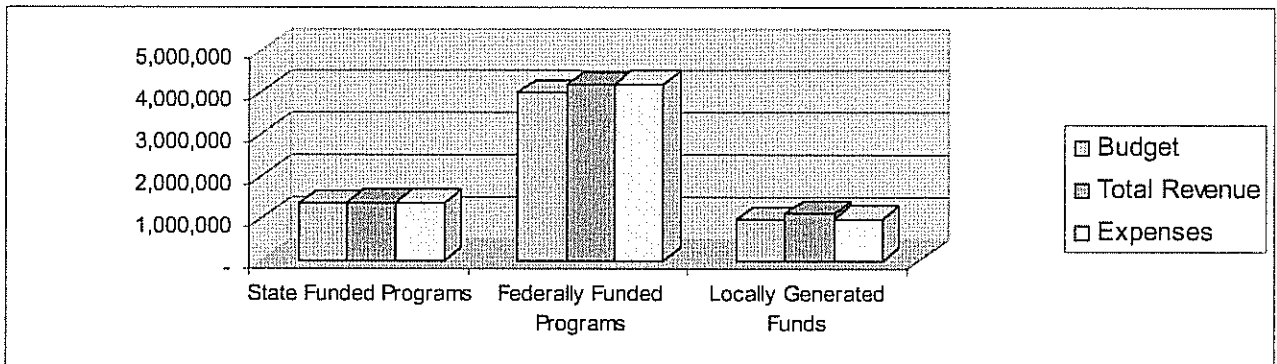
The ROE No. 32's net assets increased by \$446,466 (29%) from FY 2006. The increase occurred primarily in the General State Aid program and Safe Schools Local proprietary fund due to excess of revenues over expenses and increased services rendered through workshops in FY 2007. In addition, net assets 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, 2007**

CHANGES IN NET ASSETS

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|-------------------|--------------------------|---------------------|---------------------|---------------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 105,170 | \$ 39,798 | \$ 720,556 | \$ 652,462 | \$ 825,726 | \$ 692,260 |
| Operating grants and contributions | 5,881,441 | 5,947,236 | - | - | 5,881,441 | 5,947,236 |
| General revenues: | | | | | | |
| State and local sources | 584,424 | 475,923 | - | - | 584,424 | 475,923 |
| Interest income | 39,706 | 30,601 | 44,875 | 21,224 | 84,581 | 51,825 |
| On-behalf payments | 358,775 | 310,488 | - | - | 358,775 | 310,488 |
| Total revenues | 6,969,516 | 6,804,046 | 765,431 | 673,686 | 7,734,947 | 7,477,732 |
| Expenses: | | | | | | |
| Salaries | 2,475,516 | 2,524,618 | 261,086 | 292,331 | 2,736,602 | 2,816,949 |
| Benefits | 324,497 | 325,429 | 46,428 | 43,073 | 370,925 | 368,502 |
| Purchased services | 2,678,979 | 2,329,256 | 195,026 | 175,372 | 2,874,005 | 2,504,628 |
| Supplies and materials | 641,130 | 301,676 | 50,965 | 82,650 | 692,095 | 384,326 |
| Capital expenditures | 38,841 | 43,621 | 10,729 | 7,174 | 49,570 | 50,795 |
| Depreciation | - | 522 | - | 1,624 | - | 2,146 |
| Payments to other governmental units | 159,687 | 1,009,638 | - | - | 159,687 | 1,009,638 |
| Miscellaneous | 13,355 | 2,882 | 33,467 | 5,035 | 46,822 | 7,917 |
| On-behalf payments | 358,775 | 310,488 | - | - | 358,775 | 310,488 |
| Total expenses | 6,690,780 | 6,848,130 | 597,701 | 607,259 | 7,288,481 | 7,455,389 |
| Income (loss) before operating transfers | 278,736 | (44,084) | 167,730 | 66,427 | 446,466 | 22,343 |
| Operating transfers | 3,318 | - | (3,318) | - | - | - |
| Change in net assets | 282,054 | (44,084) | 164,412 | 66,427 | 446,466 | 22,343 |
| Net assets, beginning | 311,253 | 355,337 | 1,209,136 | 1,142,709 | 1,520,389 | 1,498,046 |
| Net assets, ending | <u>\$ 593,307</u> | <u>\$ 311,253</u> | <u>\$ 1,373,548</u> | <u>\$ 1,209,136</u> | <u>\$ 1,966,855</u> | <u>\$ 1,520,389</u> |

Governmental Fund Activities



**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007**

Revenues for governmental fund activities were \$6,969,516 and expenses were \$6,690,780. Governmental revenues increased by \$165,470 (2%) primarily due to the increase in intergovernmental revenues and on-behalf payments. Although grant revenues slightly decreased by \$65,795 (1%), the related grant expenses decreased by \$156,828 (2%) due to cost efficiencies.

Business-Type Activities

Revenues for business-type activities were \$765,431 and expenditures were \$597,701. The increase in revenues is attributed to the increase in workshops conducted in FY 2007, as well as increase in interest income. The decrease in expenditures is due mainly to the reduction of expenses as a result of streamlining of operations.

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 \$593,307.

Governmental Fund Highlights

- State funding of Regional Offices of Education has been stable compared to the previous year.
- The dollar return on investments (certificate of deposit, short-term investments and interest earned on a float) increased modestly due to the electronic deposit of receipts of the ROE funds which resulted in immediate clearing of deposits made.
- County support for the ROE No. 32 remained at the same funding level.
- The Regional Safe Schools Program was able to maintain services due to an increase in the foundation level of General State Aid.

Proprietary Fund Highlights

Total proprietary fund net assets increased by \$164,412 (14%) due to increase in local revenues and interest income by \$91,745 (14%) and decrease in expenses by \$9,558 (2%).

Fiduciary Fund Highlights

There was a decrease of \$1,037 (6%) in total fiduciary funds for FY 2007. Transactions represent mainly transfers in and out of funds for Distributive and Payroll Funds.

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007**

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. For FY 2007, additions and retirements amounted to \$0. Depreciation expense for FY 2007 was \$0. As of June 30, 2007, the ROE No. 32's capital assets are fully depreciated but remain in use.

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 for FY 2007 has increased from \$5,334 to \$5,734 per student.
- The interest rate on investments remains low and will impact interest earned.
- Most federal and state grants have remained near or at previous levels; two major federal grants will end September 1, 2008.
- County board support for Regional Office of Education No. 32 for FY 2008 has a proposed 4% increases.

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, 2007

EXHIBIT A

| | Primary Government | | |
|---|------------------------------------|-------------------------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 960,965 | \$ 1,403,890 | \$ 2,364,855 |
| Accounts receivable | 279 | 431 | 710 |
| Due from other governmental agencies | 706,881 | - | 706,881 |
| TOTAL ASSETS | 1,668,125 | 1,404,321 | 3,072,446 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable and accrued expenses | 1,085,887 | - | 1,085,887 |
| Due to (from) other funds | (30,773) | 30,773 | - |
| Deferred revenues | 19,704 | - | 19,704 |
| TOTAL LIABILITIES | 1,074,818 | 30,773 | 1,105,591 |
| NET ASSETS | | | |
| Restricted for teacher professional development | 134,438 | - | 134,438 |
| Unrestricted | 458,869 | 1,373,548 | 1,832,417 |
| TOTAL NET ASSETS | \$ 593,307 | \$ 1,373,548 | \$ 1,966,855 |

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, 2007

EXHIBIT B

| | Program Revenues | | | Net Revenue (Expense) and Changes in Net Assets | | |
|---|---------------------|----------------------|-----------------------------------|---|--------------------------|---------------------|
| | Expenses | Charges for Services | Operating Grants and Contribution | Governmental Activities | Business-Type Activities | Total |
| FUNCTIONS/PROGRAMS | | | | | | |
| Primary government | | | | | | |
| Governmental activities: | | | | | | |
| Instructional services | | | | | | |
| Salaries | \$ 2,475,516 | \$ - | \$ 2,148,591 | \$ (326,925) | \$ - | \$ (326,925) |
| Benefits | 324,497 | - | 249,657 | (74,840) | - | (74,840) |
| Purchased services | 2,678,979 | 56,149 | 2,645,516 | 22,686 | - | 22,686 |
| Supplies and materials | 641,130 | 9,511 | 634,274 | 2,655 | - | 2,655 |
| Capital expenditures | 38,841 | - | 39,340 | 499 | - | 499 |
| Miscellaneous | 13,355 | 11,582 | - | (1,773) | - | (1,773) |
| Payments to other governments | 159,687 | 27,928 | 164,063 | 32,304 | - | 32,304 |
| Administrative | | | | | | |
| On-behalf payments | 358,775 | - | - | (358,775) | - | (358,775) |
| Total governmental activities | 6,690,780 | 105,170 | 5,881,441 | (704,169) | - | (704,169) |
| Business-type activities: | | | | | | |
| Professional development | 597,701 | 720,556 | - | - | 122,855 | 122,855 |
| Total business-type activities | 597,701 | 720,556 | - | - | 122,855 | 122,855 |
| Total primary government | \$ 7,288,481 | \$ 825,726 | \$ 5,881,441 | (704,169) | 122,855 | (581,314) |
| General revenues: | | | | | | |
| State sources | | | | 91,498 | - | 91,498 |
| On-behalf payments | | | | 358,775 | - | 358,775 |
| Local sources: | | | | | | |
| Intergovernmental | | | | 492,926 | - | 492,926 |
| Interest | | | | 39,706 | 44,875 | 84,581 |
| Transfers | | | | 3,318 | (3,318) | - |
| Total general revenues and transfers | | | | 986,223 | 41,557 | 1,027,780 |
| Change in net assets | | | | 282,054 | 164,412 | 446,466 |
| Net assets - beginning | | | | 311,253 | 1,209,136 | 1,520,389 |
| Net assets - ending | | | | <u>\$ 593,307</u> | <u>\$ 1,373,548</u> | <u>\$ 1,966,855</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, 2007

EXHIBIT C

| | General Fund | Education Fund | Nonmajor Special Revenue Funds | Total Governmental Funds |
|--|-------------------|---------------------|--------------------------------|--------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 173,207 | \$ 520,751 | \$ 267,007 | \$ 960,965 |
| Accounts receivable | 279 | - | - | 279 |
| Due from other funds | - | 30,773 | - | 30,773 |
| Due from other governmental agencies | - | 706,777 | 104 | 706,881 |
| TOTAL ASSETS | 173,486 | 1,258,301 | 267,111 | 1,698,898 |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable and accrued expenses | 62,674 | 1,023,213 | - | 1,085,887 |
| Deferred revenues | - | 19,704 | - | 19,704 |
| Total liabilities | 62,674 | 1,042,917 | - | 1,105,591 |
| FUND BALANCES | | | | |
| Unreserved, reported in: | | | | |
| General fund | 110,812 | - | - | 110,812 |
| Special revenue funds | - | 215,384 | 267,111 | 482,495 |
| Total fund balances | 110,812 | 215,384 | 267,111 | 593,307 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 173,486 | \$ 1,258,301 | \$ 267,111 | \$ 1,698,898 |

**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, 2007**

EXHIBIT D

| | | |
|--|----|----------------|
| Total fund balances - governmental funds | \$ | 593,307 |
| 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>593,307</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, 2007

| | General Fund | Education Fund | Nonmajor Special Revenue Funds | Total Governmental Funds |
|--|--------------|----------------|--------------------------------|--------------------------|
| REVENUES | | | | |
| Federal sources | \$ - | \$ 3,677,947 | \$ 10,680 | \$ 3,688,627 |
| State sources | 91,498 | 2,189,105 | 3,709 | 2,284,312 |
| Local sources | | | | |
| Intergovernmental | 492,926 | - | - | 492,926 |
| Interest | 5,049 | 26,986 | 7,671 | 39,706 |
| Fees for services | - | - | 56,070 | 56,070 |
| Other | - | - | 49,100 | 49,100 |
| On-behalf payments | 358,775 | - | - | 358,775 |
| Total revenues | 948,248 | 5,894,038 | 127,230 | 6,969,516 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instructional Services: | | | | |
| Salaries | 384,240 | 2,091,276 | - | 2,475,516 |
| Benefits | 81,500 | 242,997 | - | 324,497 |
| Purchased services | 89,647 | 2,557,617 | 31,715 | 2,678,979 |
| Supplies and materials | 18,404 | 617,354 | 5,372 | 641,130 |
| Capital expenditures | 550 | 38,291 | - | 38,841 |
| Miscellaneous | 6,813 | - | 6,542 | 13,355 |
| Payments to other governments | - | 143,912 | 15,775 | 159,687 |
| On-behalf payments | 358,775 | - | - | 358,775 |
| Total expenditures | 939,929 | 5,691,447 | 59,404 | 6,690,780 |
| EXCESS OF REVENUES OVER EXPENDITURES | 8,319 | 202,591 | 67,826 | 278,736 |
| OTHER FINANCING SOURCE | | | | |
| Transfer-in | - | 3,318 | - | 3,318 |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES | 8,319 | 205,909 | 67,826 | 282,054 |
| FUND BALANCES, BEGINNING OF YEAR | 102,493 | 9,475 | 199,285 | 311,253 |
| FUND BALANCES, END OF YEAR | \$ 110,812 | \$ 215,384 | \$ 267,111 | \$ 593,307 |

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, 2007**

EXHIBIT F

| | | |
|-----------------------------|----|---------|
| Net change in fund balances | \$ | 282,054 |
|-----------------------------|----|---------|

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

| | | |
|---|----|----------------|
| Change in net assets of governmental activities | \$ | <u>282,054</u> |
|---|----|----------------|

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, 2007

EXHIBIT G

| | Business Type Activities - Enterprise Funds | | | | Total |
|---------------------------|--|---------------------------------|---------------------------|---|---------------------|
| | Life Education - Local | Safe Schools - Local | Truant - Local | Nonmajor Proprietary Funds | |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ 200,765 | \$ 672,706 | \$ 267,641 | \$ 262,778 | \$ 1,403,890 |
| Accounts receivable | - | - | - | 431 | 431 |
| TOTAL ASSETS | <u>200,765</u> | <u>672,706</u> | <u>267,641</u> | <u>263,209</u> | <u>1,404,321</u> |
| LIABILITIES | | | | | |
| Due to other funds | - | - | - | 30,773 | 30,773 |
| NET ASSETS | | | | | |
| Unrestricted | <u>\$ 200,765</u> | <u>\$ 672,706</u> | <u>\$ 267,641</u> | <u>\$ 232,436</u> | <u>\$ 1,373,548</u> |

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, 2007

EXHIBIT H

| | Business Type Activities - Enterprise Funds | | | | Total |
|--|--|-----------------------------|-----------------------|-----------------------------------|--------------|
| | Life Education - Local | Safe Schools - Local | Truant - Local | Nonmajor Proprietary Funds | |
| OPERATING REVENUES | | | | | |
| Local sources | \$ 123,577 | \$ 173,740 | \$ 106,500 | \$ 316,739 | \$ 720,556 |
| OPERATING EXPENSES | | | | | |
| Salaries | 87,778 | 19,752 | 35,789 | 117,767 | 261,086 |
| Benefits | 11,161 | 3,200 | 6,742 | 25,325 | 46,428 |
| Purchased services | 6,372 | 30,730 | 9,024 | 148,900 | 195,026 |
| Supplies and materials | 660 | 19,403 | 6,633 | 24,269 | 50,965 |
| Miscellaneous | - | - | - | 33,467 | 33,467 |
| Capital expenditures | - | - | 1,168 | 9,561 | 10,729 |
| Total operating expenses | 105,971 | 73,085 | 59,356 | 359,289 | 597,701 |
| OPERATING INCOME (LOSS) | 17,606 | 100,655 | 47,144 | (42,550) | 122,855 |
| NONOPERATING REVENUES | | | | | |
| Interest income | 4,390 | 23,081 | 8,262 | 9,142 | 44,875 |
| INCOME (LOSS) BEFORE OPERATING TRANSFER | 21,996 | 123,736 | 55,406 | (33,408) | 167,730 |
| OPERATING TRANSFER | | | | | |
| Transfer out | - | - | - | (3,318) | (3,318) |
| CHANGE IN NET ASSETS | 21,996 | 123,736 | 55,406 | (36,726) | 164,412 |
| TOTAL NET ASSETS, BEGINNING OF YEAR | 178,769 | 548,970 | 212,235 | 269,162 | 1,209,136 |
| TOTAL NET ASSETS, END OF YEAR | \$ 200,765 | \$ 672,706 | \$ 267,641 | \$ 232,436 | \$ 1,373,548 |

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, 2007**

EXHIBIT I

| | Business Type Activities - Enterprise Funds | | | | |
|--|--|---------------------------------|---------------------------|---|---------------------|
| | Life Education - Local | Safe Schools - Local | Truant - Local | Nonmajor Proprietary Funds | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Receipts for workshops/services | \$ 186,486 | \$ 173,740 | \$ 106,500 | \$ 350,968 | \$ 817,694 |
| Payment to suppliers and providers of goods and services | (7,032) | (50,133) | (16,825) | (185,424) | (259,414) |
| Payment to employees | (98,939) | (22,952) | (42,531) | (143,092) | (307,514) |
| Net cash provided by operating activities | <u>80,515</u> | <u>100,655</u> | <u>47,144</u> | <u>22,452</u> | <u>250,766</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY: | | | | | |
| Cash transfer to other fund | - | - | - | (3,318) | (3,318) |
| Net cash used in noncapital financing activity | <u>-</u> | <u>-</u> | <u>-</u> | <u>(3,318)</u> | <u>(3,318)</u> |
| CASH FLOWS FROM INVESTING ACTIVITY: | | | | | |
| Interest | 4,390 | 23,081 | 8,262 | 9,142 | 44,875 |
| Net cash provided by investing activity | <u>4,390</u> | <u>23,081</u> | <u>8,262</u> | <u>9,142</u> | <u>44,875</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 84,905 | 123,736 | 55,406 | 28,276 | 292,323 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>115,860</u> | <u>548,970</u> | <u>212,235</u> | <u>234,502</u> | <u>1,111,567</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 200,765</u> | <u>\$ 672,706</u> | <u>\$ 267,641</u> | <u>\$ 262,778</u> | <u>\$ 1,403,890</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | | | |
| Operating income (loss) | \$ 17,606 | \$ 100,655 | \$ 47,144 | \$ (42,550) | \$ 122,855 |
| Effects of changes in assets and liabilities: | | | | | |
| Accounts receivable | 62,909 | - | - | 5,746 | 68,655 |
| Due from (to) other funds | - | - | - | 58,758 | 58,758 |
| Due from other governmental agencies | - | - | - | 498 | 498 |
| Net cash provided by operating activities | <u>\$ 80,515</u> | <u>\$ 100,655</u> | <u>\$ 47,144</u> | <u>\$ 22,452</u> | <u>\$ 250,766</u> |

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, 2007**

EXHIBIT J

| | <u>Agency Funds</u> |
|------------------------------------|---------------------|
| ASSETS | |
| Cash and cash equivalents | <u>\$ 15,068</u> |
| LIABILITIES | |
| Due to other governmental agencies | <u>\$ 15,068</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, 2007**

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 governmental 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 (20) 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 reporting entity includes the governing board and all related organizations for which the Iroquois/Kankakee Regional Office of Education No. 32 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, 2007**

- 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, 2006, the Iroquois-Kankakee Regional Office of Education No. 32 adopted GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which establishes uniform financial reporting standards for other postemployment benefits (OPEB) plans and supersedes the interim guidance included in Statement No. 26, *Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans*.

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

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

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

that are governmental in nature and those that are considered business-type activities. *Governmental activities* normally are supported by operating grants and contributions, charges for services and intergovernmental revenues. *Business-type activities* normally are supported by amounts assessed or received from local sources for the ROE programs.

The Statement of Net Assets presents the Iroquois-Kankakee Regional Office of Education No. 32's nonfiduciary assets and liabilities with the differences reported as net assets. Net assets of the ROE are classified as follows:

Invested in Capital Assets, Net of Related Debt - represent the ROE's total investment in capital assets. There is no outstanding debt related to these assets at this time.

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

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

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

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

The financial statements of Iroquois-Kankakee Counties Regional Office of Education No. 32 are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Iroquois-Kankakee Counties Regional Office of Education No. 32 applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

The government-wide financial statements are reported using the economic *resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund

**IROQUOIS-KANKAKEE
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar revenues are recognized as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund and fiduciary financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Iroquois-Kankakee Counties 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 purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

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

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

F. Fund Accounting

The accounts of the Iroquois-Kankakee Counties Regional Office of Education No. 32 are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. The resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

activities are controlled. The various funds are summarized by type in the basic financial statements. The following summarizes the fund types used:

Government Fund Types

Governmental Funds are those through which most governmental functions 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.

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.

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

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.

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REGIONAL OFFICE OF EDUCATION NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

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.

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.

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.

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 monies received for, and payment of, expenditures of the 21st Century Community Learning Center grant. The purpose of this grant is to create community learning centers that provided academic enrichment opportunities for children, particularly students who attend high-poverty and low performing schools.

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

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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 program is 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 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.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

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.

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 Supportive Housing grant from the U.S. Department of Housing and Urban Development. 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.

**IROQUOIS-KANKAKEE
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

Emergency Response Plans for School Safety Initiative - to account for grant monies received for, and payment of expenditures related to programs aimed at strengthening and improving the emergency response and crisis plans at the district and school-building level.

Grants to Improve the Mental Health of Children - to account for grant monies received for, and payment of expenditures related to programs aimed at improving efforts between school-based service systems and mental health service systems to provide and enhance prevention, diagnosis, and treatment services to students.

National Board for Professional Teaching Standards - to account for grant monies received for, and payment of expenditures related to professional trainings and certifications provided to teachers to achieve national board certification.

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 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 grant monies received for, and payment of, expenditures for the National School Lunch program.

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

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JUNE 30, 2007**

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

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

Institute Fund - 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.

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:

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

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

Truant - Local - 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.

**IROQUOIS-KANKAKEE
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JUNE 30, 2007**

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

Administrator's Academy - Local - 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.

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.

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JUNE 30, 2007**

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

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

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.

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 U.S. Department of Housing and Urban Development Supplemental Housing program.

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

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Service Provided - Payroll Operation - to account for local revenues and disbursements related to the payroll operations.

Service Provided - ER/CM - to account for local revenues and disbursements related to the Safe and Drug-free Schools Emergency Response/Crisis Management program.

Service Provided - Mental Health - to account for local revenues and disbursements related to the Safe and Drug-free Schools Mental Health program.

ER/CM Workshop - to account for local revenues and disbursements related to the workshop conducted for the Safe and Drug-free Schools Emergency Response/Crisis Management program.

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.

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. Management Estimates

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

M. Investments and Cash Accounts

State regulations require that the 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.

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N. Revenue from Federal and State Grants

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

O. 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
 - Title II - Teacher Quality
 - Title II - Teacher Quality Leadership Grant
 - Regional Safe Schools
 - K-6 Reading Improvement
 - Title I - School Improvement & Accountability
 - Title I - Reading First Part B SEA Funds
 - Title IV - 21st Century Community Learning Center
 - Federal Special Education - I.D.E.A. - 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

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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.

P. 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, 2007.

NOTE 2 - CASH AND CASH EQUIVALENTS

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 \$2,379,923 at June 30, 2007, while the bank balance was \$2,966,943. Included in the cash account book balance are the governmental and proprietary funds of \$2,364,855 and fiduciary funds of \$15,068. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2007.

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

Category 1 includes deposits covered by depository insurance or collateral held by 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.

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

| | Bank Balance |
|------------|-----------------|
| Category 1 | \$ 164,360 |
| Category 2 | 2,760,039 |
| Category 3 | — |
| Exempt | 42,544 |
| Total | \$ 2,966,943 |

The exempt funds are those deposited into the Illinois Funds.

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

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

NOTE 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

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legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2007, was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS Fund contribution was 0.60 percent during the year ended June 30, 2007, and the member THIS Fund health insurance contribution was 0.80 percent.

The State of Illinois makes contributions directly to TRS on behalf of the 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, 2007, State of Illinois contributions were based on 9.78 percent of creditable earnings, and Iroquois-Kankakee Regional Office of Education No. 32 recognized revenue and expenditures of \$152,576 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2006 and June 30, 2005, the State of Illinois contribution rates as percentages of creditable earnings were 7.06 percent (\$106,156) and 11.76 percent (\$206,709), respectively. The state contributions to TRS for the years ended June 30, 2007 and June 30, 2006 were based on dollar amounts specified by the statute and were not actuarially determined. The state contributions for the year ended June 30, 2005 were based on an actuarial formula.

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

- **2.2 Formula Contributions.** Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2007 were \$9,050. Contributions for the years ended June 30, 2006, and June 30, 2005, were \$8,721 and \$10,195 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

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adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to TRS. For the year ended June 30, 2007, the employer pension contribution was 9.78 percent of salaries paid from federal and trust funds. For the year ended June 30, 2006, the employer contribution was 7.06 percent of salaries paid from federal and trust funds. For the year ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2007, salaries totaling \$674,910 were paid from federal and trust funds that required employer contributions of \$66,006. For the years ended June 30, 2006 and June 30, 2005, required Iroquois-Kankakee Regional Office of Education No. 32 contributions were \$50,303 and \$91,412, 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, 2007, 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, 2006 and June 30, 2005, the Iroquois-Kankakee Regional Office of Education No. 32 paid \$0 and \$0 in employer ERO contributions, respectively.
- **Salary Increases Over 6 Percent and Excess Sick Leave.** Public Act 94-0004 added two new employer contributions to TRS.
 - If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree’s final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent. For the years ended June 30, 2007 and June 30, 2006, the Iroquois-Kankakee

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Regional Office of Education No. 32 did not have any payments to TRS for employer contributions due on salary increases in excess of 6 percent.

- If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (17.60 percent of salary during the year ended June 30, 2007). For the years ended June 30, 2007 and June 30, 2006, the Iroquois-Kankakee Regional Office of Education No. 32 did not have any employer contributions granted for sick leave days in excess of the normal annual allotment.

TRS financial information, an explanation of TRS' benefits, and descriptions of member, employer and State funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2006. The report for the year ended June 30, 2007, is expected to be available in late 2007. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS web site at trs.illinois.gov.

Illinois Municipal Retirement Fund

The 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 2006 was 10.40 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, 2006 was 5 years.

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For December 31, 2006, the Iroquois-Kankakee Regional Office of Education No. 32's annual pension cost of \$89,777 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, 2004 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 techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2006 actuarial valuation were based on the 2002-2004 experience study.

TREND INFORMATION

| <u>Actuarial Valuation Date</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|-------------------------------------|--------------------------------------|--|-----------------------------------|
| 12/31/06 | \$ 89,777 | 100% | \$ — |
| 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% | — |

NOTE 4 - CAPITAL ASSETS

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

| | <u>Balance July 1, 2006</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance June 30, 2007</u> |
|--------------------------------|---------------------------------|------------------|--------------------|----------------------------------|
| GOVERNMENTAL FUNDS | | | | |
| Equipment | \$ 40,929 | \$ — | \$ (28,172) | \$ 12,757 |
| Less: accumulated depreciation | (40,929) | — | 28,172 | (12,757) |
| Capital assets, net | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> |
| PROPRIETARY FUNDS | | | | |
| Equipment | \$ 22,670 | \$ — | \$ (5,814) | \$ 16,856 |
| Less: accumulated depreciation | (22,670) | — | 5,814 | (16,856) |
| Capital assets, net | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> |

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REGIONAL OFFICE OF EDUCATION NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

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, 2007, 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 Operation | \$ 1,171 |
| Special Revenue Funds: | |
| Education Funds: | |
| K-6 Reading Improvement | 56 |
| Title IV - 21st Century Community Learning Center | 12,436 |
| Federal Special Education - I.D.E.A. - Discretionary | 45 |
| Addiction Prevention In-Touch | 368 |
| Learn and Serve America | 45 |
| Emergency Response Plans for School Safety Initiative | 15,054 |
| Grants to Improve the Mental Health of Children | 30,195 |
| Proprietary Funds: | |
| Nonmajor Proprietary Funds: | |
| Criminal Background Investigation | 13,828 |
| Service Provided - Alcohol Reduction | 32,557 |
| Service Provided - Payroll Operation | 9,240 |

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
REGIONAL OFFICE OF EDUCATION NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

| | |
|---|-------------------|
| Regional Superintendent Salary | \$ 88,540 |
| Regional Superintendent Benefits (includes State paid insurance) | 19,277 |
| Assistant Regional Superintendent Salary | 79,685 |
| Assistant Regional Superintendent Benefits (includes State paid insurance) | 18,697 |
| TRS Pension Contributions | <u>152,576</u> |
| Total on-behalf payments | <u>\$ 358,775</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 | \$ 128,184 |
| U. S. Department of Housing and Urban Development | 9,663 |
| Illinois State Board of Education | 482,687 |
| Illinois Department of Human Services | 41,958 |
| Northern Suburban Special Education District | 21,314 |
| Macon-Piatt Counties Regional Office of Education No. 39 | 23,000 |
| Local School Districts | <u>75</u> |
| Total | <u>\$ 706,881</u> |

NOTE 9 - INTERFUND TRANSACTIONS

(a) Due From (To) Other Funds

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

| Fund | <u>Due From Other Funds</u> | <u>Due To Other Funds</u> |
|---|---------------------------------|-------------------------------|
| Education Fund - Safe and Drug-free Schools - Reduce Alcohol Abuse | \$ 30,773 | \$ - |
| Nonmajor Proprietary Fund - Service Provided - Alcohol Reduction | - | 30,773 |
| Total | <u>\$ 30,773</u> | <u>\$ 30,773</u> |

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REGIONAL OFFICE OF EDUCATION NO. 32
NOTES TO FINANCIAL STATEMENTS
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(b) Transfer From (To) Other Fund

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

| Fund | <u>Transfer-out</u> | <u>Transfer-in</u> |
|--|---------------------|--------------------|
| Proprietary Fund - Para-Professional Workshop Fees | \$ 3,318 | \$ - |
| Education Fund - Title II - Professional Development (Para- Professional Test Preparatory Course) | - | 3,318 |
| Total | <u>\$ 3,318</u> | <u>\$ 3,318</u> |

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

**IROQUOIS-KANKAKEE
REGIONAL OFFICE OF EDUCATION NO. 32
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2007**

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

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|---|
| 12/31/06 | \$ 1,408,111 | \$ 1,493,521 | \$ 85,410 | 94.28% | 863,237 | 9.89% |
| 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% |

On a market value basis, the actuarial value of assets as of December 31, 2006 is \$1,482,954.
On a market basis, the funded ratio would be 99.29%.

***Digest of Changes**

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

The principal changes were:

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

SLEP Member contribution rate changed from 6.50% to 7.50% effective June 1, 2006.

OTHER SUPPLEMENTARY INFORMATION

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
GENERAL FUND
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2007

SCHEDULE 1

| | <u>ROE/ISC Operations</u> | <u>General Operations</u> | <u>Total</u> |
|--|-------------------------------|-------------------------------|-------------------|
| ASSETS | | | |
| Cash and cash equivalents (overdraft) | \$ (1,171) | \$ 174,378 | \$ 173,207 |
| Accounts receivable | - | 279 | 279 |
| TOTAL ASSETS | <u>(1,171)</u> | <u>174,657</u> | <u>173,486</u> |
| LIABILITIES AND FUND BALANCES (DEFICIT) | | | |
| LIABILITIES | | | |
| Accounts payable and accrued expenses | <u>-</u> | <u>62,674</u> | <u>62,674</u> |
| FUND BALANCES (DEFICIT) | | | |
| Unreserved | <u>(1,171)</u> | <u>111,983</u> | <u>110,812</u> |
| TOTAL LIABILITIES AND FUND BALANCES (DEFICIT) | <u>\$ (1,171)</u> | <u>\$ 174,657</u> | <u>\$ 173,486</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, 2007

SCHEDULE 2

| | <u>ROE/ISC</u> <u>Operations</u> | <u>General</u> <u>Operations</u> | <u>Total</u> |
|---|-------------------------------------|-------------------------------------|------------------------|
| REVENUES | | | |
| State sources | \$ 91,498 | \$ - | \$ 91,498 |
| Local sources | | | |
| Intergovernmental | - | 492,926 | 492,926 |
| Interest | - | 5,049 | 5,049 |
| On-behalf payments | - | 358,775 | 358,775 |
| | <hr/> | <hr/> | <hr/> |
| Total revenues | 91,498 | 856,750 | 948,248 |
| | <hr/> | <hr/> | <hr/> |
| EXPENDITURES | | | |
| Salaries | 52,683 | 331,557 | 384,240 |
| Benefits | 13,915 | 67,585 | 81,500 |
| Purchased services | 20,796 | 68,851 | 89,647 |
| Supplies and materials | 4,091 | 14,313 | 18,404 |
| Capital expenditures | - | 550 | 550 |
| Miscellaneous | - | 6,813 | 6,813 |
| On-behalf payments | - | 358,775 | 358,775 |
| | <hr/> | <hr/> | <hr/> |
| Total expenditures | 91,485 | 848,444 | 939,929 |
| | <hr/> | <hr/> | <hr/> |
| EXCESS OF REVENUES OVER EXPENDITURES | 13 | 8,306 | 8,319 |
| FUND BALANCES (DEFICIT), BEGINNING OF YEAR | <hr/> (1,184) <hr/> | <hr/> 103,677 <hr/> | <hr/> 102,493 <hr/> |
| FUND BALANCES (DEFICIT), END OF YEAR | <hr/> \$ (1,171) <hr/> | <hr/> \$ 111,983 <hr/> | <hr/> \$ 110,812 <hr/> |

**IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
GENERAL FUND ACCOUNTS
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2007**

SCHEDULE 3

| | ROE/ISC Operations | | |
|---|---------------------------|-------------------|---|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | |
| State sources | \$ 91,498 | \$ 91,498 | \$ - |
| EXPENDITURES | | | |
| Salaries | 52,683 | 52,683 | - |
| Benefits | 13,906 | 13,915 | (9) |
| Purchased services | 20,725 | 20,796 | (71) |
| Supplies and materials | 4,184 | 4,091 | 93 |
| Total expenditures | 91,498 | 91,485 | 13 |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>\$ -</u> | 13 | <u>\$ 13</u> |
| DEFICIT, BEGINNING OF YEAR | | <u>(1,184)</u> | |
| DEFICIT, END OF YEAR | | <u>\$ (1,171)</u> | |

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2007

SCHEDULE 4

| | Truants' Alternative Program | Summer Bridges | Title II - Teacher Quality | Title II - Teacher Leadership Grant | Title IV - Safe and Drug Free Schools (Reduce Alcohol Abuse) | Standards Aligned Classroom | Regional Safe Schools | General State Aid |
|--|------------------------------|----------------|----------------------------|-------------------------------------|--|-----------------------------|-----------------------|-------------------|
| ASSETS | | | | | | | | |
| Cash and cash equivalents (overdrafts) | \$ - | \$ (156,441) | \$ - | \$ 115,846 | \$ (30,773) | \$ 22,813 | \$ - | \$ 258,027 |
| Due from other funds | - | - | - | - | 30,773 | - | - | - |
| Due from other governmental agencies | - | 156,441 | - | 10,257 | - | - | - | - |
| TOTAL ASSETS | - | - | - | 126,103 | - | 22,813 | - | 258,027 |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| LIABILITIES | | | | | | | | |
| Accounts payable and accrued expenses | - | - | - | 121,994 | - | - | - | 19,549 |
| Deferred revenues | - | - | - | - | - | 19,704 | - | - |
| Total liabilities | - | - | - | 121,994 | - | 19,704 | - | 19,549 |
| FUND BALANCES | | | | | | | | |
| Unreserved | - | - | - | 4,109 | - | 3,109 | - | 238,478 |
| TOTAL LIABILITIES AND FUND BALANCES (DEFICIT) | \$ - | \$ - | \$ - | \$ 126,103 | \$ - | \$ 22,813 | \$ - | \$ 258,027 |

IROUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2007

SCHEDULE 4
(CONTINUED)

| | Illinois Violence Prevention Authority (IVPA) Family Violence Coordinating Council | Title I - School Improvement & Accountability | Title I - Reading First Part B SEA Funds | Title IV - 21st Century Community Learning Center | Federal Special Education - I.D.E.A. - Discretionary | McKinney Education for Homeless Children | Addition Prevention Comprehensive |
|--|--|--|--|---|--|---|---|
|--|--|--|--|---|--|---|---|

ASSETS

| | | | | | | | |
|--|--------------|--------------|----------------|---------------|-------------|--------------|-------------|
| Cash and cash equivalents (overdrafts) | \$ 1,783 | \$ 5,170 | \$ 493,524 | \$ (108,738) | \$ 64,621 | \$ 2,083 | \$ (10,945) |
| Due from other funds | - | - | - | - | - | - | - |
| Due from other governmental agencies | - | - | 190,515 | - | 21,314 | - | 11,084 |
| TOTAL ASSETS | 1,783 | 5,170 | 493,524 | 81,777 | (45) | 2,083 | 139 |

LIABILITIES AND FUND BALANCES

LIABILITIES

| | | | | | | | |
|---------------------------------------|-------|-------|---------|--------|---|-----|---|
| Accounts payable and accrued expenses | 1,839 | 2,949 | 477,502 | 80,360 | - | 636 | - |
| Deferred revenues | - | - | - | - | - | - | - |
| Total liabilities | 1,839 | 2,949 | 477,502 | 80,360 | - | 636 | - |

FUND BALANCES

| | | | | | | | |
|------------|------|-------|--------|-------|----------|-------|-----|
| Unreserved | (56) | 2,221 | 16,022 | 1,417 | (12,436) | 1,447 | 139 |
|------------|------|-------|--------|-------|----------|-------|-----|

TOTAL LIABILITIES AND

FUND BALANCES (DEFICIT)

| | | | | | | | |
|----------|----------|------------|-----------|-----------|---------|----------|--------|
| \$ 1,783 | \$ 5,170 | \$ 493,524 | \$ 81,777 | \$ 64,621 | \$ (45) | \$ 2,083 | \$ 139 |
|----------|----------|------------|-----------|-----------|---------|----------|--------|

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2007

SCHEDULE 4
(CONTINUED)

| | Addiction Prevention In- Touch | Teen Reach | Other State Programs | Title II - Professional Development (Para- Professional Test Preparatory Course) | Title V - Innovative Programs SEA - SOS | Learn and Serve America | Americorps Learn and Serve Program |
|--|--------------------------------------|---------------|-------------------------|---|--|----------------------------|--|
| ASSETS | | | | | | | |
| Cash and cash equivalents (overdrafts) | \$ (14,942) | \$ (16,133) | \$ 89,036 | \$ - | \$ - | \$ (2,235) | \$ - |
| Due from other funds | - | - | - | - | - | - | - |
| Due from other governmental agencies | 14,574 | 16,300 | - | - | - | 2,190 | - |
| TOTAL ASSETS | <u>(368)</u> | <u>167</u> | <u>89,036</u> | <u>-</u> | <u>-</u> | <u>(45)</u> | <u>-</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| LIABILITIES | | | | | | | |
| Accounts payable and accrued expenses | - | - | 86,133 | - | - | - | - |
| Deferred revenues | - | - | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>86,133</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | | | | |
| Unreserved | (368) | 167 | 2,903 | - | - | (45) | - |
| TOTAL LIABILITIES AND FUND BALANCES (DEFICIT) | <u>\$ (368)</u> | <u>\$ 167</u> | <u>\$ 89,036</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (45)</u> | <u>\$ -</u> |

IRROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2007

SCHEDULE 4
 (CONTINUED)

| | HUD Supportive Housing Program | USDOJ Project Hope | Reduce School Crime | Emergency Response Plans for School Safety Initiative | Grants to Improve the Mental Health of Children | National Board of Professional Teaching Standards Program | Total |
|--|--------------------------------|--------------------|---------------------|---|---|---|---------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents (overdrafts) | \$ (6,109) | \$ 17 | \$ - | \$ (40,508) | \$ (2,737) | \$ (121,249) | \$ 520,751 |
| Due from other funds | - | - | - | - | - | - | 30,773 |
| Due from other governmental agencies | 9,663 | - | - | 105,490 | 22,694 | 146,255 | 706,777 |
| TOTAL ASSETS | 3,554 | 17 | - | 64,982 | 19,957 | 25,006 | 1,258,301 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| LIABILITIES | | | | | | | |
| Accounts payable and accrued expenses | - | - | - | 80,036 | 50,152 | 25,006 | 1,023,213 |
| Deferred revenues | - | - | - | - | - | - | 19,704 |
| Total liabilities | - | - | - | 80,036 | 50,152 | 25,006 | 1,042,917 |
| FUND BALANCES | | | | | | | |
| Unreserved | 3,554 | 17 | - | (15,054) | (30,195) | - | 215,384 |
| TOTAL LIABILITIES AND FUND BALANCES (DEFICIT) | \$ 3,554 | \$ 17 | \$ - | \$ 64,982 | \$ 19,957 | \$ 25,006 | \$ 1,258,301 |

IRROQUOIS-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, 2007

| | Truants' Alternative Program | Summer Bridges | Title II - Teacher Quality | Title II - Teacher Quality Grant | Title IV - Safe and Drug Free Schools (Reduce Alcohol Abuse) | Standards Aligned Classroom | | Regional Safe Schools | | General State Aid |
|---|------------------------------|----------------|----------------------------|----------------------------------|--|-----------------------------|-----------|-----------------------|---------|-------------------|
| | | | | | | Classroom | Classroom | Schools | Schools | |
| REVENUES | | | | | | | | | | |
| Federal sources | \$ - | \$ - | 292 | \$ 226,060 | \$ - | \$ 58,296 | \$ - | \$ - | \$ - | \$ - |
| State sources | 218,490 | 298,104 | - | - | - | - | - | 220,172 | - | 564,337 |
| Local sources | - | - | - | - | - | - | - | - | - | - |
| Interest | - | 151 | 2 | 2,685 | - | 922 | - | 4 | - | 7,111 |
| Total revenues | 218,490 | 298,255 | 294 | 228,745 | - | 59,218 | - | 220,176 | - | 571,448 |
| EXPENDITURES | | | | | | | | | | |
| Salaries | 87,986 | 222,983 | - | 39,394 | - | 38,252 | - | 175,063 | - | 140,188 |
| Benefits | 8,155 | 5,715 | - | 3,374 | - | 1,846 | - | 13,334 | - | 16,442 |
| Purchased services | 122,186 | 19,810 | 294 | 167,098 | - | 3,676 | - | 21,594 | - | 152,379 |
| Supplies and materials | - | 49,749 | - | 12,636 | - | 2,522 | - | 7,430 | - | 5,530 |
| Payments to other governments | - | - | - | - | - | 12,000 | - | - | - | - |
| Capital expenditures | - | - | - | 3,558 | - | - | - | 3,399 | - | 20,241 |
| Total expenditures | 218,327 | 298,257 | 294 | 226,060 | - | 58,296 | - | 220,820 | - | 334,780 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 163 | (2) | - | 2,685 | - | 922 | - | (644) | - | 236,668 |
| OTHER FINANCING SOURCE | | | | | | | | | | |
| Transfer in | - | - | - | - | - | - | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES | 163 | (2) | - | 2,685 | - | 922 | - | (644) | - | 236,668 |
| FUND BALANCES (DEFICIT), BEGINNING OF YEAR | (163) | 2 | - | 1,424 | - | 2,187 | - | 644 | - | 1,810 |
| FUND BALANCES (DEFICIT), END OF YEAR | \$ - | \$ - | \$ - | \$ 4,109 | \$ - | \$ 3,109 | \$ - | \$ - | \$ - | \$ 238,478 |

**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, 2007**

| | Illinois Violence Prevention Authority (IVPA) Family Violence Coordinating Council | Title I - School Improvement & Accountability | Title I - Reading First Part B SEA Funds | Title IV - 21st Century Community Learning Center | Federal Special Education - I.D.E.A. - Discretionary | McKinney Education for Homeless Children | Addition Prevention Comprehensive |
|---|--|--|--|---|--|---|---|
| REVENUES | | | | | | | |
| Federal sources | \$ - | \$ 1,202,000 | \$ 477,615 | \$ 832,500 | \$ 87,129 | \$ 187,716 | \$ 8,916 |
| State sources | 30,500 | - | - | - | - | - | 121,363 |
| Local sources | - | - | - | - | - | - | - |
| Interest | 6 | 142 | 2,208 | 2,148 | - | 976 | 207 |
| Total revenues | 30,506 | 1,211,144 | 479,823 | 834,648 | 87,129 | 188,692 | 130,486 |
| EXPENDITURES | | | | | | | |
| Salaries | 17,200 | 125,316 | 107,581 | 416,467 | 68,680 | 57,621 | 96,495 |
| Benefits | 259 | 11,826 | 11,724 | 48,768 | 12,176 | 9,274 | 10,934 |
| Purchased services | 8,117 | 1,025,112 | 115,619 | 284,989 | 6,351 | 114,781 | 9,229 |
| Supplies and materials | 4,945 | 39,746 | 235,336 | 96,521 | - | 6,132 | 12,883 |
| Payments to other governments | - | - | - | - | - | - | - |
| Capital expenditures | - | - | 4,349 | - | - | - | 850 |
| Total expenditures | 30,521 | 1,202,000 | 474,609 | 846,745 | 87,207 | 187,808 | 130,391 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (15) | 9,144 | 5,214 | (12,097) | (78) | 884 | 95 |
| OTHER FINANCING SOURCE | | | | | | | |
| Transfer in | - | - | - | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES | (15) | 9,144 | 5,214 | (12,097) | (78) | 884 | 95 |
| FUND BALANCES (DEFICIT), BEGINNING OF YEAR | (41) | 21 | (3,797) | (339) | 33 | 563 | 44 |
| FUND BALANCES (DEFICIT), END OF YEAR | \$ (56) | \$ 2,221 | \$ 1,417 | \$ (12,436) | \$ (45) | \$ 1,447 | \$ 139 |

**IRROQUOI-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, 2007**

| | Addiction Prevention In- Touch | Teen Reach | Other State Programs | Title II - Professional Development (Para- Preparatory Course) | Title V - Innovative Programs SEA - SOS | Learn and Serve America | Americorps Learn and Serve Program |
|---|--------------------------------------|------------|-------------------------|--|--|----------------------------|--|
| REVENUES | | | | | | | |
| Federal sources | \$ 46,600 | \$ 201,880 | \$ - | \$ - | \$ - | \$ 12,000 | \$ - |
| State sources | 127,031 | 4,120 | 375,000 | - | - | - | - |
| Local sources | - | - | - | - | - | - | - |
| Interest | 290 | 71 | 883 | - | - | 36 | - |
| Total revenues | 173,921 | 206,071 | 375,883 | - | - | 12,036 | - |
| EXPENDITURES | | | | | | | |
| Salaries | 124,736 | 57,694 | 90,265 | - | - | 4,193 | - |
| Benefits | 22,575 | 12,998 | 13,055 | - | - | 977 | - |
| Purchased services | 13,642 | 7,625 | 264,230 | - | 2 | 5,301 | - |
| Supplies and materials | 12,027 | 4,413 | 5,937 | - | - | 1,529 | 15 |
| Payments to other governments | - | 123,203 | - | - | - | - | - |
| Capital expenditures | 850 | - | 1,513 | - | - | - | - |
| Total expenditures | 173,830 | 205,933 | 375,000 | - | 2 | 12,000 | 15 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 91 | 138 | 883 | - | (2) | 36 | (15) |
| OTHER FINANCING SOURCE | | | | | | | |
| Transfer in | - | - | - | 3,318 | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES | 91 | 138 | 883 | 3,318 | (2) | 36 | (15) |
| FUND BALANCES (DEFICIT), BEGINNING OF YEAR | (459) | 29 | 2,020 | (3,318) | 2 | (81) | 15 |
| FUND BALANCES (DEFICIT), END OF YEAR | \$ (368) | \$ 167 | \$ 2,903 | \$ - | \$ - | \$ (45) | \$ - |

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, 2007

| | HUD Supportive Housing Program | USDOJ Project Hope | Reduce School Crime | Emergency Response Plans for School Safety Initiative | Grants to Improve the Mental Health of Children | National Board of Professional Teaching Standards Program | Total |
|---|--------------------------------|--------------------|---------------------|---|---|---|--------------|
| REVENUES | | | | | | | |
| Federal sources | \$ 61,774 | \$ - | \$ 2,657 | \$ 176,917 | \$ 95,595 | \$ - | \$ 3,677,947 |
| State sources | - | - | - | - | - | 208,699 | 2,189,105 |
| Local sources | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | 26,986 |
| Total revenues | 61,774 | - | 2,657 | 176,917 | 95,595 | 208,699 | 5,894,038 |
| EXPENDITURES | | | | | | | |
| Salaries | 42,967 | - | 663 | 68,172 | 64,333 | 28,449 | 2,091,276 |
| Benefits | 7,231 | - | 48 | 12,382 | 11,962 | 6,674 | 242,997 |
| Purchased services | 5,127 | - | 577 | 24,389 | 21,819 | 162,346 | 2,557,617 |
| Supplies and materials | 1,506 | - | 1,369 | 83,131 | 25,587 | 8,349 | 617,354 |
| Payments to other governments | 2,723 | - | - | 3,897 | 2,089 | - | 143,912 |
| Capital expenditures | 650 | - | - | - | - | 2,881 | 38,291 |
| Total expenditures | 60,204 | - | 2,657 | 191,971 | 125,790 | 208,699 | 5,691,447 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 1,570 | - | - | (15,054) | (30,195) | - | 202,591 |
| OTHER FINANCING SOURCE | | | | | | | |
| Transfer in | - | - | - | - | - | - | 3,318 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES | 1,570 | - | - | (15,054) | (30,195) | - | 205,909 |
| FUND BALANCES (DEFICIT), BEGINNING OF YEAR | 1,984 | 17 | - | - | - | - | 9,475 |
| FUND BALANCES (DEFICIT), END OF YEAR | \$ 3,554 | \$ 17 | \$ - | \$ (15,054) | \$ (30,195) | \$ - | \$ 215,384 |

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 6

| | Truants' Alternative Program | | | Summer Bridges | | | Title II - Teacher Quality | | |
|--|------------------------------|---------|----------------------------------|----------------|---------|----------------------------------|----------------------------|--------|----------------------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | | | | | | | |
| Federal sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 292 | \$ 292 | \$ - |
| State sources | 218,490 | 218,490 | - | 298,104 | 298,104 | - | - | - | - |
| Local sources | - | - | - | - | - | - | - | - | - |
| Interest | - | - | - | - | 151 | 151 | - | 2 | 2 |
| Total revenues | 218,490 | 218,490 | - | 298,104 | 298,255 | 151 | 292 | 294 | 2 |
| EXPENDITURES | | | | | | | | | |
| Salaries | 87,986 | 87,986 | - | 224,849 | 222,983 | 1,866 | - | - | - |
| Benefits | 8,330 | 8,155 | 175 | 6,485 | 5,715 | 770 | - | - | - |
| Purchased services | 122,174 | 122,186 | (12) | 16,392 | 19,810 | (3,418) | 292 | 294 | (2) |
| Supplies and materials | - | - | - | 50,378 | 49,749 | 629 | - | - | - |
| Payments to other governments | - | - | - | - | - | - | - | - | - |
| Capital expenditures | - | - | - | - | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - | - | - | - | - |
| Total expenditures | 218,490 | 218,327 | 163 | 298,104 | 298,257 | (153) | 292 | 294 | (2) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$ - | 163 | \$ 163 | \$ - | (2) | \$ (2) | \$ - | \$ - | \$ - |
| FUND BALANCES (DEFICIT), BEGINNING OF YEAR | | (163) | | | 2 | | | | |
| FUND BALANCES (DEFICIT), END OF YEAR | \$ - | - | \$ - | \$ - | - | \$ - | \$ - | \$ - | \$ - |

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 6
 (CONTINUED)

| | Title II - Teacher Quality Leadership Grant | | | Regional Safe Schools | | | K-6 Reading Improvement | | |
|--|---|---------|----------------------------------|-----------------------|---------|----------------------------------|-------------------------|--------|----------------------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | | | | | | | |
| Federal sources | \$ 226,060 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | 220,172 | 220,172 | - | 30,500 | 30,500 | - |
| Local sources | - | - | - | - | - | - | - | - | - |
| Interest | - | 2,685 | 2,685 | - | 4 | 4 | - | 6 | 6 |
| Total revenues | 226,060 | 228,745 | 2,685 | 220,172 | 220,176 | 4 | 30,500 | 30,506 | 6 |
| EXPENDITURES | | | | | | | | | |
| Salaries | 32,600 | 39,394 | (6,794) | 171,334 | 175,063 | (3,729) | 17,000 | 17,200 | (200) |
| Benefits | 2,510 | 3,374 | (864) | 13,515 | 13,334 | 181 | 247 | 259 | (12) |
| Purchased services | 147,700 | 167,098 | (19,398) | 23,102 | 21,594 | 1,508 | 7,550 | 8,117 | (567) |
| Supplies and materials | 20,250 | 12,636 | 7,614 | 8,721 | 7,430 | 1,291 | 5,703 | 4,945 | 758 |
| Payments to other governments | 16,000 | - | 16,000 | - | - | - | - | - | - |
| Capital expenditures | 7,000 | 3,558 | 3,442 | 3,500 | 3,399 | 101 | - | - | - |
| Miscellaneous | - | - | - | - | - | - | - | - | - |
| Total expenditures | 226,060 | 226,060 | - | 220,172 | 220,820 | (648) | 30,500 | 30,521 | (21) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$ - | 2,685 | 2,685 | \$ - | (644) | (644) | \$ - | (15) | (15) |
| FUND BALANCES (DEFICIT), BEGINNING OF YEAR | | 1,424 | | | 644 | | | (41) | |
| FUND BALANCES (DEFICIT), END OF YEAR | \$ - | 4,109 | | \$ - | - | | \$ - | (56) | |

ILLINOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 6
 (CONTINUED)

| | Title I - School Improvement & Accountability | | | Title I - Reading First Part B SEA Funds | | | Title IV - 21st Century Community Learning Center | | |
|--|---|--------------|----------------------------------|--|------------|----------------------------------|---|-------------|----------------------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | | | | | | | |
| Federal sources | \$ 1,202,000 | \$ 1,202,000 | \$ - | \$ 477,615 | \$ 477,615 | \$ - | \$ 832,500 | \$ 832,500 | \$ - |
| State sources | - | - | - | - | - | - | - | - | - |
| Local sources | - | - | - | - | - | - | - | - | - |
| Interest | - | 9,144 | 9,144 | - | 2,208 | 2,208 | - | 2,148 | 2,148 |
| Total revenues | 1,202,000 | 1,211,144 | 9,144 | 477,615 | 479,823 | 2,208 | 832,500 | 834,648 | 2,148 |
| EXPENDITURES | | | | | | | | | |
| Salaries | 115,221 | 125,316 | (10,095) | 136,131 | 107,581 | 28,550 | 424,209 | 416,467 | 7,742 |
| Benefits | 10,946 | 11,826 | (880) | 23,405 | 11,724 | 11,681 | 54,575 | 48,768 | 5,807 |
| Purchased services | 1,046,333 | 1,025,112 | 21,221 | 171,597 | 115,619 | 55,978 | 286,978 | 284,989 | 1,989 |
| Supplies and materials | 29,500 | 39,746 | (10,246) | 139,107 | 235,336 | (96,229) | 66,738 | 96,521 | (29,783) |
| Payments to other governments | - | - | - | - | - | - | - | - | - |
| Capital expenditures | - | - | - | 7,375 | 4,349 | 3,026 | - | - | - |
| Miscellaneous | - | - | - | - | - | - | - | - | - |
| Total expenditures | 1,202,000 | 1,202,000 | - | 477,615 | 474,609 | 3,006 | 832,500 | 846,745 | (14,245) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$ - | \$ 9,144 | \$ 9,144 | \$ - | \$ 5,214 | \$ 5,214 | \$ - | \$ (12,097) | \$ (12,097) |
| FUND BALANCES (DEFICIT), BEGINNING OF YEAR | | 6,878 | | | (3,797) | | | (339) | |
| FUND BALANCES (DEFICIT), END OF YEAR | \$ - | \$ 16,022 | | \$ - | \$ 1,417 | | \$ - | \$ (12,436) | |

ILLINOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO.32
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 6
 (CONTINUED)

| | Federal Special Education - I.D.E.A. - Discretionary | | | McKinney Education for Homeless Children | | | Addition Prevention | | | Comprehensive | |
|--|--|---------------|----------------------------------|--|----------------|----------------------------------|---------------------|----------------|--------------|----------------|----------------------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | | | | | | | | | |
| Federal sources | \$ 93,588 | \$ 87,129 | \$ (6,459) | \$ 187,716 | \$ 187,716 | \$ - | \$ 8,916 | \$ 8,916 | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | - | - | 121,363 | 121,363 | - | 121,363 | - |
| Local sources | - | - | - | - | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - | - | - | - | - |
| Total revenues | <u>93,588</u> | <u>87,129</u> | <u>(6,459)</u> | <u>187,716</u> | <u>188,692</u> | <u>976</u> | <u>130,279</u> | <u>130,279</u> | <u>207</u> | <u>207</u> | <u>207</u> |
| EXPENDITURES | | | | | | | | | | | |
| Salaries | 66,038 | 68,680 | (2,642) | 56,323 | 57,621 | (1,298) | 114,210 | 96,495 | 17,715 | 96,495 | 17,715 |
| Benefits | 19,550 | 12,176 | 7,374 | 11,168 | 9,274 | 1,894 | - | 10,934 | (10,934) | 10,934 | (10,934) |
| Purchased services | 8,000 | 6,351 | 1,649 | 115,575 | 114,781 | 794 | 2,250 | 9,229 | (6,979) | 9,229 | (6,979) |
| Supplies and materials | - | - | - | 4,650 | 6,132 | (1,482) | 10,469 | 12,883 | (2,414) | 12,883 | (2,414) |
| Payments to other governments | - | - | - | - | - | - | - | - | - | - | - |
| Capital expenditures | - | - | - | - | - | - | 850 | 850 | - | 850 | - |
| Miscellaneous | - | - | - | - | - | - | 2,500 | - | 2,500 | - | 2,500 |
| Total expenditures | <u>93,588</u> | <u>87,207</u> | <u>6,381</u> | <u>187,716</u> | <u>187,808</u> | <u>(92)</u> | <u>130,279</u> | <u>130,391</u> | <u>2,500</u> | <u>130,391</u> | <u>(112)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$ - | (78) | (78) | \$ - | 884 | 884 | \$ - | \$ - | 95 | \$ 95 | 95 |
| FUND BALANCES (DEFICIT), BEGINNING OF YEAR | | | | | | | | | | | |
| | | 33 | | | 563 | | | | 44 | | 44 |
| FUND BALANCES (DEFICIT), END OF YEAR | \$ - | (45) | (45) | \$ - | 1,447 | | \$ - | \$ 139 | | \$ 139 | |

IRROUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 6
 (CONTINUED)

| | Addition Prevention In-Touch | | | Teen Reach | | | Other State Programs | | |
|--|------------------------------|-----------|----------------------------------|------------|------------|----------------------------------|----------------------|----------|----------------------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | | | | | | | |
| Federal sources | \$ 46,600 | \$ 46,600 | \$ - | \$ 200,000 | \$ 201,880 | \$ 1,880 | \$ - | \$ - | \$ - |
| State sources | 121,974 | 127,031 | 5,057 | - | 4,120 | 4,120 | 375,000 | 375,000 | - |
| Local sources | - | 290 | 290 | - | 71 | 71 | - | 883 | 883 |
| Interest | - | 173,921 | 5,347 | 200,000 | 206,071 | 6,071 | 375,000 | 375,883 | 883 |
| Total revenues | 168,574 | 347,842 | 179,268 | 400,000 | 408,042 | 8,042 | 750,000 | 751,766 | 1,766 |
| EXPENDITURES | | | | | | | | | |
| Salaries | 122,082 | 124,736 | (2,654) | 73,935 | 57,694 | 16,241 | 86,693 | 90,265 | (3,572) |
| Benefits | 25,367 | 22,575 | 2,792 | 119,225 | 12,998 | 106,227 | 13,152 | 13,055 | 97 |
| Purchased services | 18,077 | 13,642 | 4,435 | 4,340 | 7,625 | (3,285) | 7,309 | 264,230 | (256,921) |
| Supplies and materials | 3,048 | 12,027 | (8,979) | 2,500 | 4,413 | (1,913) | 7,346 | 5,937 | 1,409 |
| Payments to other governments | - | - | - | - | 123,203 | (123,203) | 258,000 | - | 258,000 |
| Capital expenditures | - | 850 | (850) | - | - | - | 2,500 | 1,513 | 987 |
| Miscellaneous | - | - | - | - | - | - | - | - | - |
| Total expenditures | 168,574 | 173,830 | (5,256) | 200,000 | 205,933 | (5,933) | 375,000 | 375,000 | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$ - | \$ 91 | \$ 91 | \$ - | \$ 138 | \$ 138 | \$ - | \$ 883 | \$ 883 |
| FUND BALANCES (DEFICIT), BEGINNING OF YEAR | | | | | | | | | |
| | | (459) | | | 29 | | | 2,020 | |
| FUND BALANCES (DEFICIT), END OF YEAR | \$ - | \$ (368) | \$ (368) | \$ - | \$ 167 | \$ 167 | \$ - | \$ 2,903 | \$ 2,903 |

IRQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 6
 (CONTINUED)

| | Learn and Serve America | | | Total | | |
|--|-------------------------|-----------|----------------------------------|--------------|--------------|----------------------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | | | | |
| Federal sources | \$ 12,000 | \$ 12,000 | \$ - | \$ 3,287,287 | \$ 3,282,708 | \$ (4,579) |
| State sources | - | - | - | 1,385,603 | 1,394,780 | 9,177 |
| Local sources | - | - | - | - | - | - |
| Interest | - | 36 | 36 | - | 18,811 | 18,811 |
| Total revenues | 12,000 | 12,036 | 36 | 4,672,890 | 4,696,299 | 23,409 |
| EXPENDITURES | | | | | | |
| Salaries | 4,400 | 4,193 | 207 | 1,733,011 | 1,691,674 | 41,337 |
| Benefits | 850 | 977 | (127) | 309,325 | 185,144 | 124,181 |
| Purchased services | 4,750 | 5,301 | (551) | 1,982,419 | 2,185,978 | (203,559) |
| Supplies and materials | 2,000 | 1,529 | 471 | 350,410 | 489,284 | (138,874) |
| Payments to other governments | - | - | - | 274,000 | 123,203 | 150,797 |
| Capital expenditures | - | - | - | 21,225 | 14,519 | 6,706 |
| Miscellaneous | - | - | - | 2,500 | - | 2,500 |
| Total expenditures | 12,000 | 12,000 | - | 4,672,890 | 4,689,802 | (16,912) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$ - | \$ 36 | \$ 36 | \$ - | \$ 6,497 | \$ 6,497 |
| FUND BALANCES (DEFICIT), BEGINNING OF YEAR | | (81) | | | 6,757 | |
| FUND BALANCES (DEFICIT), END OF YEAR | | \$ (45) | | | \$ 13,254 | |

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2007

SCHEDULE 7

| | 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 | Institute Fund | Total |
|--------------------------------------|--|------------------------|-------------|--------------------------------------|--|--|--|------------------------------|----------------|----------------|
| Cash and cash equivalents | \$ 49,598 | \$ 47,453 | \$ - | \$ 558 | \$ 2,526 | \$ 4,021 | \$ 28,413 | \$ - | \$ 134,438 | \$ 267,007 |
| Due from other governmental agencies | - | 75 | - | 29 | - | - | - | - | - | 104 |
| TOTAL ASSETS | 49,598 | 47,528 | - | 587 | 2,526 | 4,021 | 28,413 | - | 134,438 | 267,111 |
| FUND BALANCES | | | | | | | | | | |
| Unreserved | 49,598 | 47,528 | - | 587 | 2,526 | 4,021 | 28,413 | - | 134,438 | 267,111 |
| TOTAL FUND BALANCES | 49,598 | 47,528 | - | 587 | 2,526 | 4,021 | 28,413 | - | 134,438 | 267,111 |

**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, 2007**

| | General Education Development (GED) | | State Free Lunch and Breakfast | | National School Lunch Program | | Project Care Healthy Decision | | Life Education Center (LEC) USA | | IDOT Safety Reimbursement | | Total |
|--|-------------------------------------|-------------|--------------------------------|-----------|-------------------------------|----------|-------------------------------|------|---------------------------------|------|---------------------------|------|------------|
| | Bus Driver Training | Supervisory | Lunch and Breakfast | Program | Decision | Center | Reimbursement | Fund | Total | | | | |
| REVENUES | | | | | | | | | | | | | |
| Federal sources | \$ - | \$ - | \$ - | \$ 10,680 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 10,680 |
| State sources | - | 1,200 | 2,000 | 509 | - | - | - | - | - | - | - | - | 3,709 |
| Local sources | | | | | | | | | | | | | |
| Interest | 1,547 | - | 17 | 73 | 136 | 1,149 | - | - | - | - | - | - | 7,671 |
| Fees for services | 10,508 | - | - | - | - | - | - | - | - | - | - | - | 56,070 |
| Other | - | 49,100 | - | - | - | - | - | - | - | - | - | - | 49,100 |
| Total revenues | 12,055 | 55,237 | 2,000 | 526 | 10,753 | 1,149 | - | - | - | - | - | - | 127,230 |
| EXPENDITURES | | | | | | | | | | | | | |
| Purchased services | 953 | 4,210 | 2,000 | 479 | 10,640 | 5 | 8,454 | 2 | 4,972 | - | - | - | 31,715 |
| Supplies and materials | 442 | - | - | - | - | - | 1,151 | - | 3,779 | - | - | - | 5,372 |
| Miscellaneous | - | - | - | - | - | - | - | - | 6,542 | - | - | - | 6,542 |
| Payments to other government | - | 15,775 | - | - | - | - | - | - | - | - | - | - | 15,775 |
| Total expenditures | 1,395 | 19,985 | 2,000 | 479 | 10,640 | 5 | 9,605 | 2 | 15,293 | - | - | - | 59,404 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 10,660 | 35,252 | - | 47 | 1,113 | 131 | (8,456) | (2) | 30,081 | - | - | - | 67,826 |
| FUND BALANCES, BEGINNING OF YEAR | 38,938 | 12,276 | - | 540 | 2,413 | 3,890 | 36,869 | 2 | 104,357 | - | - | - | 199,285 |
| FUND BALANCES, END OF YEAR | \$ 49,598 | \$ 47,528 | \$ - | \$ 587 | \$ 2,526 | \$ 4,021 | \$ 28,413 | \$ - | \$ 134,438 | \$ - | \$ - | \$ - | \$ 267,111 |

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2007

SCHEDULE 9

| | Fluoride Fund | Technology Hub Fees | Internal Review Workshops | Internet Connectivity | Administrator's Academy - Local | Career Awareness and Development Workshop |
|---------------------------------------|---------------|---------------------|---------------------------|-----------------------|---------------------------------|---|
| ASSETS | | | | | | |
| Cash and cash equivalents (overdraft) | \$ 91 | \$ - | \$ - | \$ 609 | \$ 26,083 | \$ 8,835 |
| Accounts receivable | - | - | - | - | - | - |
| TOTAL ASSETS | <u>91</u> | <u>-</u> | <u>-</u> | <u>609</u> | <u>26,083</u> | <u>8,835</u> |
| LIABILITIES | | | | | | |
| Due to other funds | - | - | - | - | - | - |
| NET ASSETS | | | | | | |
| Unrestricted | \$ 91 | \$ - | \$ - | \$ 609 | \$ 26,083 | \$ 8,835 |

IRROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2007

SCHEDULE 9
(CONTINUED)

| | School Lunch | 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 |
|---------------------------------------|---------------------|--|---|---|---|---|
| ASSETS | | | | | | |
| Cash and cash equivalents (overdraft) | \$ 3,215 | \$ 113 | \$ 18,751 | \$ 57 | \$ 11,789 | \$ 2,409 |
| Accounts receivable | - | - | - | - | - | - |
| TOTAL ASSETS | <u>3,215</u> | <u>113</u> | <u>18,751</u> | <u>57</u> | <u>11,789</u> | <u>2,409</u> |
| LIABILITIES | | | | | | |
| Due to other funds | - | - | - | - | - | - |
| NET ASSETS | | | | | | |
| Unrestricted | <u>\$ 3,215</u> | <u>\$ 113</u> | <u>\$ 18,751</u> | <u>\$ 57</u> | <u>\$ 11,789</u> | <u>\$ 2,409</u> |

ILROUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2007

SCHEDULE 9
(CONTINUED)

| | 21st Century Learning Center Activity | Reading Recovery Fees | Children and Adolescent Local Area Network System (C&A LANS) | Film Library | Title I Workshops | Service Provided - Goals 2000 |
|---------------------------------------|---|--------------------------|--|--------------|----------------------|-------------------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents (overdraft) | \$ 9,557 | \$ 22,429 | \$ 746 | \$ - | \$ 2,713 | \$ 29,309 |
| Accounts receivable | - | - | - | - | - | - |
| TOTAL ASSETS | <u>9,557</u> | <u>22,429</u> | <u>746</u> | <u>-</u> | <u>2,713</u> | <u>29,309</u> |
| LIABILITIES | | | | | | |
| Due to other funds | - | - | - | - | - | - |
| NET ASSETS | | | | | | |
| Unrestricted | <u>\$ 9,557</u> | <u>\$ 22,429</u> | <u>\$ 746</u> | <u>\$ -</u> | <u>\$ 2,713</u> | <u>\$ 29,309</u> |

IRROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2007

SCHEDULE 9
(CONTINUED)

| | Teen Reach Local Program | Para- Professional Workshop Fees | Reading First Academy Workshops | Local Induction - Mentoring Training Fees | Positive Behavioral Interventions and Support Workshop | Criminal Background Investigation |
|---------------------------------------|-----------------------------|--|---------------------------------------|---|--|---|
| Cash and cash equivalents (overdraft) | \$ 256 | \$ 16,779 | \$ 6,362 | \$ 15,069 | \$ - | \$ (13,828) |
| Accounts receivable | - | - | - | - | - | - |
| TOTAL ASSETS | <u>256</u> | <u>16,779</u> | <u>6,362</u> | <u>15,069</u> | <u>-</u> | <u>(13,828)</u> |
| LIABILITIES | | | | | | |
| Due to other funds | - | - | - | - | - | - |
| NET ASSETS | | | | | | |
| Unrestricted | <u>\$ 256</u> | <u>\$ 16,779</u> | <u>\$ 6,362</u> | <u>\$ 15,069</u> | <u>\$ -</u> | <u>\$ (13,828)</u> |

IRROUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2007

SCHEDULE 9
(CONTINUED)

| | Service Provided - Alcohol Reduction | Service Provided - HUD | Supplemental Educational Services | Service Provided - Payroll Operation | Service Provided - ER/CM | Service Provided - Mental Health |
|---------------------------------------|---|---------------------------|---|--|-----------------------------|-------------------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents (overdraft) | \$ (1,784) | \$ 2,728 | \$ 44,804 | \$ (9,240) | \$ 809 | \$ 891 |
| Accounts receivable | - | - | - | - | - | - |
| TOTAL ASSETS | <u>(1,784)</u> | <u>2,728</u> | <u>44,804</u> | <u>(9,240)</u> | <u>809</u> | <u>891</u> |
| LIABILITIES | | | | | | |
| Due to other funds | 30,773 | - | - | - | - | - |
| NET ASSETS | | | | | | |
| Unrestricted | <u>\$ (32,557)</u> | <u>\$ 2,728</u> | <u>\$ 44,804</u> | <u>(9,240)</u> | <u>809</u> | <u>891</u> |

IRROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2007

SCHEDULE 9
(CONTINUED)

| | ER/CM Workshop | Scientific Literacy Workshops | ROE Workshops | Total |
|---------------------------------------|----------------|----------------------------------|---------------|------------|
| ASSETS | | | | |
| Cash and cash equivalents (overdraft) | \$ 211 | \$ 5 | \$ 63,010 | \$ 262,778 |
| Accounts receivable | - | - | 431 | 431 |
| | 211 | 5 | 63,441 | 263,209 |
| TOTAL ASSETS | | | | |
| LIABILITIES | | | | |
| Due to other funds | - | - | - | 30,773 |
| | - | - | - | 30,773 |
| NET ASSETS | | | | |
| Unrestricted | 211 | 5 | 63,441 | 232,436 |
| | 211 | 5 | 63,441 | 232,436 |

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, 2007

SCHEDULE 10

| | Fluoride Fund | Technology Hub Fees | Internal Review Workshops | Internet Connectivity | Administrator's Academy - Local | Career Awareness and Development Workshop |
|--|---------------|---------------------|---------------------------|-----------------------|---------------------------------|---|
| OPERATING REVENUES | | | | | | |
| Local sources | \$ 4,798 | \$ - | \$ - | \$ - | \$ 16,307 | \$ - |
| OPERATING EXPENSES | | | | | | |
| Salaries | - | - | - | - | 1,500 | - |
| Benefits | - | - | - | - | 29 | - |
| Purchased services | 106 | 4,513 | - | 1,354 | 17,310 | 6 |
| Supplies and materials | 4,102 | - | (16) | - | 667 | - |
| Miscellaneous | 55 | - | - | - | - | - |
| Capital expenditures | - | - | - | - | - | - |
| Total operating expenses | 4,263 | 4,513 | (16) | 1,354 | 19,506 | 6 |
| OPERATING INCOME (LOSS) | 535 | (4,513) | 16 | (1,354) | (3,199) | (6) |
| NONOPERATING REVENUES | | | | | | |
| Interest income | 6 | 139 | - | 24 | 846 | 299 |
| INCOME (LOSS) BEFORE OPERATING TRANSFER | 541 | (4,374) | 16 | (1,330) | (2,353) | 293 |
| OPERATING TRANSFER | | | | | | |
| Transfer out | - | - | - | - | - | - |
| CHANGE IN NET ASSETS | 541 | (4,374) | 16 | (1,330) | (2,353) | 293 |
| TOTAL NET ASSETS, BEGINNING OF YEAR | (450) | 4,374 | (16) | 1,939 | 28,436 | 8,542 |
| TOTAL NET ASSETS, END OF YEAR | \$ 91 | \$ - | \$ - | \$ 609 | \$ 26,083 | \$ 8,835 |

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, 2007

| | 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 |
|--|-------------------------------|---|------------------------------|--------------------------|--|--|
| OPERATING REVENUES | | | | | | |
| Local sources | \$ 805 | \$ 876 | \$ 7,592 | \$ - | \$ - | \$ 100 |
| OPERATING EXPENSES | | | | | | |
| Salaries | - | - | - | - | - | - |
| Benefits | - | - | - | - | - | - |
| Purchased services | 1,204 | 810 | 28,040 | - | 5 | 216 |
| Supplies and materials | - | 485 | - | - | - | 27 |
| Miscellaneous | - | - | - | - | - | - |
| Capital expenditures | - | - | - | - | - | - |
| Total operating expenses | 1,204 | 1,295 | 28,040 | - | 5 | 243 |
| OPERATING INCOME (LOSS) | (399) | (419) | (20,448) | - | (5) | (143) |
| NONOPERATING REVENUES | | | | | | |
| Interest income | 103 | 15 | 547 | 2 | 400 | 84 |
| INCOME (LOSS) BEFORE OPERATING TRANSFER | (296) | (404) | (19,901) | 2 | 395 | (59) |
| OPERATING TRANSFER | | | | | | |
| Transfer out | - | - | - | - | - | - |
| CHANGE IN NET ASSETS | (296) | (404) | (19,901) | 2 | 395 | (59) |
| TOTAL NET ASSETS, BEGINNING OF YEAR | 3,511 | 517 | 38,652 | 55 | 11,394 | 2,468 |
| TOTAL NET ASSETS, END OF YEAR | \$ 3,215 | \$ 113 | \$ 18,751 | \$ 57 | \$ 11,789 | \$ 2,409 |

SCHEDULE 10
(CONTINUED)

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, 2007

| | 21st Century Learning Center Activity | Reading Recovery Fees | Children and Adolescent Local Area Network System (C&A LANS) | Film Library | Title I Workshops | Service Provided - Goals 2000 |
|--|---------------------------------------|-----------------------|--|--------------|-------------------|-------------------------------|
| OPERATING REVENUES | | | | | | |
| Local sources | \$ 4,845 | \$ 18,500 | \$ - | \$ - | \$ - | \$ 11,570 |
| OPERATING EXPENSES | | | | | | |
| Salaries | - | 12,800 | - | - | - | 2,500 |
| Benefits | - | 176 | - | - | - | 51 |
| Purchased services | 73 | 247 | 74 | 17 | - | 962 |
| Supplies and materials | - | - | - | - | - | (11) |
| Miscellaneous | - | 2,200 | - | - | - | - |
| Capital expenditures | - | 750 | - | - | - | - |
| Total operating expenses | 73 | 16,173 | 74 | 17 | - | 3,502 |
| OPERATING INCOME (LOSS) | 4,772 | 2,327 | (74) | (17) | - | 8,068 |
| NONOPERATING REVENUES | | | | | | |
| Interest income | 110 | 906 | 27 | - | 92 | 839 |
| INCOME (LOSS) BEFORE OPERATING TRANSFER | 4,882 | 3,233 | (47) | (17) | 92 | 8,907 |
| OPERATING TRANSFER | | | | | | |
| Transfer out | - | - | - | - | - | - |
| CHANGE IN NET ASSETS | 4,882 | 3,233 | (47) | (17) | 92 | 8,907 |
| TOTAL NET ASSETS, BEGINNING OF YEAR | 4,675 | 19,196 | 793 | 17 | 2,621 | 20,402 |
| TOTAL NET ASSETS, END OF YEAR | \$ 9,557 | \$ 22,429 | \$ 746 | \$ - | \$ 2,713 | \$ 29,309 |

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, 2007

SCHEDULE 10
(CONTINUED)

| | Teen Reach Local Program | Para- Professional Workshop Fees | Reading First Academy Workshops | Local Induction - Mentoring Training Fees | Positive Behavioral Interventions and Support Workshop | Criminal Background Investigation |
|--|-----------------------------|--|---------------------------------------|---|--|---|
| OPERATING REVENUES | | | | | | |
| Local sources | - | - | \$ 5,895 | \$ 39,210 | - | \$ 6,366 |
| OPERATING EXPENSES | | | | | | |
| Salaries | - | - | - | - | - | - |
| Benefits | - | - | - | - | - | - |
| Purchased services | - | 6 | 7,935 | 27,524 | 329 | 12,545 |
| Supplies and materials | - | 28 | 3,590 | 9,690 | - | - |
| Miscellaneous | - | - | - | - | - | - |
| Capital expenditures | - | - | - | - | - | - |
| Total operating expenses | - | 34 | 11,525 | 37,214 | 329 | 12,545 |
| OPERATING INCOME (LOSS) | - | (34) | (5,630) | 1,996 | (329) | (6,179) |
| NONOPERATING REVENUES | | | | | | |
| Interest income | 9 | 672 | 362 | 472 | 4 | - |
| INCOME (LOSS) BEFORE OPERATING TRANSFER | 9 | 638 | (5,268) | 2,468 | (325) | (6,179) |
| OPERATING TRANSFER | | | | | | |
| Transfer out | - | (3,318) | - | - | - | - |
| CHANGE IN NET ASSETS | 9 | (2,680) | (5,268) | 2,468 | (325) | (6,179) |
| TOTAL NET ASSETS, BEGINNING OF YEAR | 247 | 19,459 | 11,630 | 12,601 | 325 | (7,649) |
| TOTAL NET ASSETS, END OF YEAR | \$ 256 | \$ 16,779 | \$ 6,362 | \$ 15,069 | - | \$ (13,828) |

**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, 2007**

| | Service Provided - Alcohol Reduction | Service Provided - HUD | Supplemental Educational Services | Service Provided - Payroll Operation | Service Provided - ER/CM | Service Provided - Mental Health |
|--|---|---------------------------|---|---|--------------------------------|--|
| OPERATING REVENUES | | | | | | |
| Local sources | \$ 9,487 | \$ 1,973 | \$ 85,998 | \$ 30,211 | \$ 799 | \$ 880 |
| OPERATING EXPENSES | | | | | | |
| Salaries | 12,467 | - | 42,328 | 24,750 | - | - |
| Benefits | 4,480 | - | 2,179 | 10,384 | - | - |
| Purchased services | 327 | - | 4,003 | 3,395 | - | - |
| Supplies and materials | 76 | - | 1,592 | 923 | - | - |
| Miscellaneous | 30,773 | - | - | - | - | - |
| Capital expenditures | - | - | - | - | - | - |
| Total operating expenses | 48,123 | - | 50,102 | 39,452 | - | - |
| OPERATING INCOME (LOSS) | (38,636) | 1,973 | 35,896 | (9,241) | 799 | 880 |
| NONOPERATING REVENUES | | | | | | |
| Interest income | 92 | 69 | 598 | 1 | 10 | 11 |
| INCOME (LOSS) BEFORE OPERATING TRANSFER | (38,544) | 2,042 | 36,494 | (9,240) | 809 | 891 |
| OPERATING TRANSFER | | | | | | |
| Transfer out | - | - | - | - | - | - |
| CHANGE IN NET ASSETS | (38,544) | 2,042 | 36,494 | (9,240) | 809 | 891 |
| TOTAL NET ASSETS, BEGINNING OF YEAR | 5,987 | 686 | 8,310 | - | - | - |
| TOTAL NET ASSETS, END OF YEAR | \$ (32,557) | \$ 2,728 | \$ 44,804 | \$ (9,240) | \$ 809 | \$ 891 |

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, 2007

SCHEDULE 10
(CONTINUED)

| | ER/CM Workshop | Scientific Literacy Workshops | ROE Workshops | Total |
|--|----------------|-------------------------------|---------------|------------|
| OPERATING REVENUES | | | | |
| Local sources | \$ 210 | \$ 17,200 | \$ 53,117 | \$ 316,739 |
| OPERATING EXPENSES | | | | |
| Salaries | - | 9,677 | 11,745 | 117,767 |
| Benefits | - | 7,814 | 212 | 25,325 |
| Purchased services | - | 2,241 | 35,658 | 148,900 |
| Supplies and materials | - | 1,162 | 1,954 | 24,269 |
| Miscellaneous | - | - | 439 | 33,467 |
| Capital expenditures | - | 1,579 | 7,232 | 9,561 |
| Total operating expenses | - | 22,473 | 57,240 | 359,289 |
| OPERATING INCOME (LOSS) | 210 | (5,273) | (4,123) | (42,550) |
| NONOPERATING REVENUES | | | | |
| Interest income | 1 | 1 | 2,401 | 9,142 |
| INCOME (LOSS) BEFORE OPERATING TRANSFER | 211 | (5,272) | (1,722) | (33,408) |
| OPERATING TRANSFER | | | | |
| Transfer out | - | - | - | (3,318) |
| CHANGE IN NET ASSETS | 211 | (5,272) | (1,722) | (36,726) |
| TOTAL NET ASSETS, BEGINNING OF YEAR | - | 5,277 | 65,163 | 269,162 |
| TOTAL NET ASSETS, END OF YEAR | \$ 211 | \$ 5 | \$ 63,441 | \$ 232,436 |

IRQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 11

| | Fluoride Fund | Technology Hub Fees | Internal Review Workshops | Internet Connectivity | Administrator's Academy - Local | Career Awareness and Development Workshop |
|--|--|---------------------|---------------------------|-----------------------|---------------------------------|---|
| \$ | 4,798 | \$ - | \$ - | 498 | \$ 16,307 | \$ - |
| | (4,263) | (4,513) | 16 | (1,354) | (17,977) | (6) |
| | - | - | - | - | (1,529) | - |
| | 535 | (4,513) | 16 | (856) | (3,199) | (6) |
| 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 NONCAPITAL FINANCING ACTIVITY: | | | | | | |
| | Cash transfer to other funds | | | | | |
| | Net cash used in noncapital financing activity | | | | | |
| CASH FLOWS FROM INVESTING ACTIVITY: | | | | | | |
| | Interest | | | | | |
| | Net cash provided by investing activity | | | | | |
| | 6 | 139 | - | 24 | 846 | 299 |
| | 6 | 139 | - | 24 | 846 | 299 |
| | 541 | (4,374) | 16 | (832) | (2,353) | 293 |
| | (450) | 4,374 | (16) | 1,441 | 28,436 | 8,542 |
| \$ | 91 | \$ - | \$ - | 609 | \$ 26,083 | \$ 8,835 |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | | |
| \$ | 535 | (4,513) | 16 | (1,354) | (3,199) | (6) |
| | Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| | Effects of changes in assets and liabilities: | | | | | |
| | Accounts receivable | | | | | |
| | Due from (to) other funds | | | | | |
| | Due from other governmental agencies | | | | | |
| | Net cash provided by (used in) operating activities | | | | | |
| \$ | 535 | (4,513) | 16 | (856) | (3,199) | (6) |

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 11
(CONTINUED)

| | 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 |
|----|-------------------------------|---|------------------------------|--------------------------|--|--|
| \$ | 805 | 876 | 35,577 | - | - | 100 |
| | (1,204) | (1,295) | (28,040) | - | (5) | (243) |
| | (399) | (419) | 7,537 | - | (5) | (143) |

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 NONCAPITAL FINANCING ACTIVITY:

Cash transfer to other funds
Net cash used in noncapital financing activity

CASH FLOWS FROM INVESTING ACTIVITY:

Interest
Net cash provided by investing activity

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

CASH AND CASH EQUIVALENTS, END OF YEAR

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

Operating income (loss)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:
Effects of changes in assets and liabilities:
Accounts receivable
Due from (to) other funds
Due from other governmental agencies
Net cash provided by (used in) operating activities

IRQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 11
(CONTINUED)

| | 21st Century Learning Center Activity | Reading Recovery Fees | Children and Adolescent | | | Title I Workshops | Service Provided - Goals 2000 |
|----|---------------------------------------|-----------------------|--------------------------------------|--------------|-----------|-------------------|-------------------------------|
| | | | Local Area Network System (C&A LANS) | Film Library | Workshops | | |
| \$ | 4,845 | \$ 18,500 | \$ - | \$ 37 | \$ - | \$ 17,570 | |
| | (73) | (3,197) | (74) | (17) | - | (951) | |
| | - | (12,976) | - | - | - | (2,551) | |
| | 4,772 | 2,327 | (74) | 20 | - | 14,068 | |

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 NONCAPITAL FINANCING ACTIVITY:

Cash transfer to other funds
Net cash used in noncapital financing activity

CASH FLOWS FROM INVESTING ACTIVITY:

Interest
Net cash provided by investing activity

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

CASH AND CASH EQUIVALENTS, END OF YEAR

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

Operating income (loss)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:
Effects of changes in assets and liabilities:
Accounts receivable
Due from (to) other funds
Due from 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, 2007

SCHEDULE 11
(CONTINUED)

| | Teen Reach Local Program | Para- Professional Workshop Fees | Reading First Academy Workshops | Local Induction - Mentoring Training Fees | Positive Behavioral Interventions and Support Workshop | Criminal Background Investigation |
|--|-----------------------------|--|---------------------------------------|---|--|---|
| \$ - \$ - \$ - | \$ - | \$ - | \$ 5,895 | \$ 39,210 | \$ - | \$ 6,366 |
| - | (34) | (11,525) | (37,214) | (329) | (12,545) | |
| - | (34) | (5,630) | 1,996 | (329) | (6,179) | |
| - | (3,318) | - | - | - | - | - |
| - | (3,318) | - | - | - | - | - |
| 9 | 672 | 362 | 472 | 4 | - | - |
| 9 | 672 | 362 | 472 | 4 | - | - |
| 9 | (2,680) | (5,268) | 2,468 | (325) | (6,179) | |
| 247 | 19,459 | 11,630 | 12,601 | 325 | (7,649) | |
| \$ 256 \$ 16,779 \$ 6,362 \$ 15,069 \$ - \$ (13,828) | | | | | | |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | | |
| \$ - \$ (34) \$ (5,630) \$ 1,996 \$ (329) \$ (6,179) | | | | | | |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| \$ - \$ (34) \$ (5,630) \$ 1,996 \$ (329) \$ (6,179) | | | | | | |

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 NONCAPITAL FINANCING ACTIVITY:

Cash transfer to other funds
Net cash used in noncapital financing activity

CASH FLOWS FROM INVESTING ACTIVITY:

Interest
Net cash provided by investing activity

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

CASH AND CASH EQUIVALENTS, END OF YEAR

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

Operating income (loss)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:
Effects of changes in assets and liabilities:
Accounts receivable
Due from (to) other funds
Due from 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, 2007

SCHEDULE II
(CONTINUED)

| | Service Provided - Alcohol Reduction | Service Provided - HUD | Supplemental Educational Services | Service Provided - Payroll Operation | Service Provided - ER/CM | Service Provided - Mental Health |
|--|--------------------------------------|------------------------|-----------------------------------|--------------------------------------|--------------------------|----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | |
| Receipts for workshops/services | \$ 9,487 | \$ 1,973 | \$ 85,998 | \$ 30,211 | \$ 799 | \$ 880 |
| Payment to suppliers | (403) | - | (5,595) | (4,318) | - | - |
| Payment to employees | (16,947) | - | (44,507) | (35,134) | - | - |
| Net cash provided by (used in) operating activities | (7,863) | 1,973 | 35,896 | (9,241) | 799 | 880 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY: | | | | | | |
| Cash transfer to other funds | - | - | - | - | - | - |
| Net cash used in noncapital financing activity | - | - | - | - | - | - |
| CASH FLOWS FROM INVESTING ACTIVITY: | | | | | | |
| Interest | 92 | 69 | 598 | 1 | 10 | 11 |
| Net cash provided by investing activity | 92 | 69 | 598 | 1 | 10 | 11 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (7,771) | 2,042 | 36,494 | (9,240) | 809 | 891 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 5,987 | 686 | 8,310 | - | - | - |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ (1,784) | \$ 2,728 | \$ 44,804 | \$ (9,240) | \$ 809 | \$ 891 |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | | |
| Operating income (loss) | \$ (38,636) | \$ 1,973 | \$ 35,896 | \$ (9,241) | \$ 799 | \$ 880 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | | |
| Effects of changes in assets and liabilities: | | | | | | |
| Accounts receivable | - | - | - | - | - | - |
| Due from (to) other funds | 30,773 | - | - | - | - | - |
| Due from other governmental agencies | - | - | - | - | - | - |
| Net cash provided by (used in) operating activities | \$ (7,863) | \$ 1,973 | \$ 35,896 | \$ (9,241) | \$ 799 | \$ 880 |

IRQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 11
(CONTINUED)

| | ER/CM Workshop | Scientific Literacy Workshops | ROE Workshops | Total |
|--|----------------|-------------------------------|---------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Receipts for workshops/services | \$ 210 | \$ 17,200 | \$ 52,826 | \$ 350,968 |
| Payment to suppliers | - | (4,982) | (45,283) | (185,424) |
| Payment to employees | - | (17,491) | (11,957) | (143,092) |
| Net cash provided by (used in) operating activities | 210 | (5,273) | (4,414) | 22,452 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY: | | | | |
| Cash transfer to other funds | - | - | - | (3,318) |
| Net cash used in noncapital financing activity | - | - | - | (3,318) |
| CASH FLOWS FROM INVESTING ACTIVITY: | | | | |
| Interest | 1 | 1 | 2,401 | 9,142 |
| Net cash provided by investing activity | 1 | 1 | 2,401 | 9,142 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 211 | (5,272) | (2,013) | 28,276 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | - | 5,277 | 65,023 | 234,502 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | 211 | 5 | 63,010 | 262,778 |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss) | \$ 210 | \$ (5,273) | \$ (4,123) | \$ (42,550) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Effects of changes in assets and liabilities: | | | | |
| Accounts receivable | - | - | (291) | 5,746 |
| Due from (to) other funds | - | - | - | 58,758 |
| Due from other governmental agencies | - | - | - | 498 |
| Net cash provided by (used in) operating activities | 210 | (5,273) | (4,414) | 22,452 |

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 AGENCY FUNDS
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2007

| | Distributive | School District Expansion Fees | Scholarship Fund | Payroll | Total |
|------------------------------------|--------------|-----------------------------------|---------------------|----------|-----------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 3,809 | \$ 232 | \$ 2,851 | \$ 8,176 | \$ 15,068 |
| LIABILITIES | | | | | |
| Due to other governmental agencies | \$ 3,809 | \$ 232 | \$ 2,851 | \$ 8,176 | \$ 15,068 |

AGENCY FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2007

| | <u>Balance July 1, 2006</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance June 30, 2007</u> |
|---------------------------------------|---------------------------------|------------------|-------------------|----------------------------------|
| DISTRIBUTIVE | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 853 | \$ 5,705,143 | \$ 5,702,187 | \$ 3,809 |
| LIABILITIES | | | | |
| Due to other governmental agencies | \$ 853 | \$ 5,705,143 | \$ 5,702,187 | \$ 3,809 |
| SCHOOL DISTRICT EXPANSION FEES | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 4,926 | \$ - | \$ 4,694 | \$ 232 |
| LIABILITIES | | | | |
| Due to other governmental agencies | \$ 4,926 | \$ - | \$ 4,694 | \$ 232 |
| SCHOLARSHIP FUND | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 2,754 | \$ 97 | \$ - | \$ 2,851 |
| LIABILITIES | | | | |
| Due to other governmental agencies | \$ 2,754 | \$ 97 | \$ - | \$ 2,851 |
| PAYROLL | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 7,572 | \$ 604 | \$ - | \$ 8,176 |
| LIABILITIES | | | | |
| Due to other governmental agencies | \$ 7,572 | \$ 604 | \$ - | \$ 8,176 |
| TOTAL - ALL AGENCY FUNDS | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 16,105 | \$ 5,705,844 | \$ 5,706,881 | \$ 15,068 |
| LIABILITIES | | | | |
| Due to other governmental agencies | \$ 16,105 | \$ 5,705,844 | \$ 5,706,881 | \$ 15,068 |

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
 DISTRIBUTIVE FUND
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHERS
 FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 14

| Program | I-KAN ROE #32 | Kankakee School District #111 | Iroquois Area Del #370 | Kankakee Career Center | Kankakee Reg. System #120 | Totals |
|--|---------------------|-------------------------------------|------------------------------|------------------------------|---------------------------------|---------------------|
| General State Aid | \$ 260,085 | \$ 304,252 | \$ - | \$ - | \$ - | \$ 564,337 |
| Vocational Education - Sec. Program Imp. | - | - | - | - | 839,358 | 839,358 |
| Vocational Education - Agriculture Ed. Incentive | - | - | 31,171 | - | - | 31,171 |
| State Free Lunch and Breakfast | 485 | - | - | - | - | 485 |
| Transportation - Regular | - | - | - | 27,044 | - | 27,044 |
| ROE School Bus Driver Training | 1,200 | - | - | - | - | 1,200 |
| Truants Alternative Optional Education | 218,490 | - | - | - | - | 218,490 |
| Regional Safe School Program | 220,172 | - | - | - | - | 220,172 |
| K - 6 Reading Improvement - Reading Recovery | 35,500 | - | - | - | - | 35,500 |
| ROE / ISC Operations | 91,498 | - | - | - | - | 91,498 |
| Supervisory Fund | 2,000 | - | - | - | - | 2,000 |
| Bridges Extended Learning Opportunities | 298,104 | - | - | - | - | 298,104 |
| Other Restricted Grant - In - Aid from State Sources | 375,000 | - | - | - | - | 375,000 |
| National School Lunch | 10,680 | - | - | - | - | 10,680 |
| SOS Title I | 1,170,848 | - | - | - | - | 1,170,848 |
| Title I Reading First (00) | 252,600 | - | - | - | - | 252,600 |
| Title I Reading First (04) | 34,500 | - | - | - | - | 34,500 |
| 21st Century LC (03) | 375,000 | - | - | - | - | 375,000 |
| 21st Century LC (04) | 292,100 | - | - | - | - | 292,100 |
| 21st Century LC (05) | 165,400 | - | - | - | - | 165,400 |
| V. E. Perkins Title II Secondary | - | - | - | - | 280,037 | 280,037 |
| Learn and Serve America | 12,852 | - | - | - | - | 12,852 |
| McKinney Ed. For Homeless Children | 187,716 | - | - | - | - | 187,716 |
| Title II - Teacher Quality | 292 | - | - | - | - | 292 |
| Title II - Professional Development | 125,803 | - | - | - | - | 125,803 |
| Title II - Teacher Quality SEA (SOS) | 90,000 | - | - | - | - | 90,000 |
| Total | \$ 4,220,325 | \$ 304,252 | \$ 31,171 | \$ 27,044 | \$ 1,119,395 | \$ 5,702,187 |

IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 15

| Federal Grantor/Pass-Through Grantor Program/Grant Title | CFDA Number | Pass-Through Number | FY 2007 Expenditures |
|--|----------------|------------------------|----------------------------|
| <u>DEPARTMENT OF EDUCATION</u> | | | |
| Safe and Drug-Free Schools and Communities_National Programs <i>Emergency Response Plans for School Safety Initiative</i> | 84.184E | 2007-4400-02 | \$ 176,917 |
| Fund for the Improvement of Education <i>Grants to Improve the Mental Health of Children</i> | 84.215M | 2007-4400-03 | 95,595 |
| Title I Grants to Local Educational Agencies Passed-Through Illinois State Board of Education <i>Title I - School Improvement & Accountability</i> | (M) 84.010A | 2006-4331-SS | 31,152 |
| <i>Title I - School Improvement & Accountability</i> | (M) 84.010A | 2007-4331-SS | 1,170,848 |
| Passed-Through Clark, Coles, Cumberland, Douglas, Edgar, Moultrie and Shelby Counties Regional Office of Education No. 11 <i>Standards Aligned Classroom</i> | (M) 84.010A | 2007-4331-SS | 58,296 |
| | | | <u>1,260,296</u> |
| Education for Homeless Children and Youth Passed-Through Illinois State Board of Education <i>McKinney Education for Homeless Children</i> | 84.196A | 2007-4920-00 | 187,716 |
| Reading First State Grants Passed-Through Illinois State Board of Education <i>Title I - Reading First Part B SEA Funds</i> | 84.357A | 2007-4337-00 | 417,547 |
| <i>Title I - Reading First Part B SEA Funds</i> | 84.357A | 2007-4337-04 | 57,062 |
| | | | <u>474,609</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 | 2007-4421-00 | 375,000 |
| <i>Title IV - 21st Century Community Learning Centers</i> | (M) 84.287C | 2007-4421-04 | 292,100 |
| <i>Title IV - 21st Century Community Learning Centers</i> | (M) 84.287C | 2007-4421-05 | 165,400 |
| | | | <u>832,500</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 | 2007-4630-02 | 87,129 |
| Improving Teacher Quality State Grants Passed-Through Illinois State Board of Education <i>Title II - Teacher Quality</i> | 84.367A | 2007-4932-00 | 292 |
| <i>Title II - Teacher Quality - Leadership Grant</i> | 84.367A | 2007-4935-SS | 90,000 |
| <i>Title II - Teacher Quality - Leadership Grant</i> | 84.367A | 2007-4935-00 | 136,060 |
| | | | <u>226,352</u> |
| TOTAL DEPARTMENT OF EDUCATION | | | <u>\$ 3,341,114</u> |

**IROQUOIS-KANKAKEE REGIONAL OFFICE OF EDUCATION NO. 32
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007**

SCHEDULE 15

| Federal Grantor/Pass-Through Grantor Program/Grant Title | CFDA Number | Pass-Through Number | FY 2007 Expenditures |
|---|----------------|------------------------|-------------------------|
| <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 | 11G7269000 | \$ 201,880 |
| Block Grants for Prevention and Treatment of Substance Abuse Passed-Through Illinois Department of Human Services <i>Addiction Prevention Comprehensive</i> | 93.959 | 11G7269000 | 8,916 |
| <i>Addiction Prevention In-Touch</i> | 93.959 | 11G7269000 | 46,600 |
| | | | <u>55,516</u> |
| TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | \$ 257,396 |
| <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 | 2007-4910-00 | \$ 12,000 |
| TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE | | | \$ 12,000 |
| <u>DEPARTMENT OF AGRICULTURE</u> | | | |
| National School Lunch Program Passed-Through Illinois State Board of Education <i>National School Lunch</i> | 10.555 | 2007-4210-00 | 10,640 |
| TOTAL DEPARTMENT OF AGRICULTURE | | | \$ 10,640 |
| <u>DEPARTMENT OF JUSTICE</u> | | | |
| Anti-Gang Initiative Passed -Through IL Sheriffs' Association <i>Reduce School Crime</i> | 16.744 | 2006-499934 | 2,657 |
| TOTAL DEPARTMENT OF JUSTICE | | | \$ 2,657 |
| <u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u> | | | |
| Supportive Housing Program <i>HUD Supportive Housing Program</i> | 14.235 | 2007-499932 | \$ 60,204 |
| TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | \$ 60,204 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ 3,684,011 |

(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, 2007**

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

Not Applicable.

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.

Standards Aligned Classroom is a grant used to provide staff development thru aligning curriculum at the school or district-level to the Standards.

Title IV - 21st Century Community Learning Centers is a federal grant given by the Department of Education to create community learning centers that provided academic enrichment opportunities for children, particularly students who attend high-poverty and low performing schools.

Note 4. Non-Cash Assistance

Not Applicable.

Note 5. Amount of Insurance

Not Applicable.

Note 6. Loans or Loan Guarantees Outstanding

Not Applicable.