

**STATE OF ILLINOIS
DUPAGE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 19**

**FINANCIAL AUDIT
(In Accordance with the Single Audit Act and OMB Circular A-133)
FOR THE YEAR ENDED JUNE 30, 2010**

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



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

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19

TABLE OF CONTENTS

	PAGE
OFFICIALS	1
COMPLIANCE REPORT SUMMARY	2
FINANCIAL STATEMENT REPORT SUMMARY	4
 FINANCIAL SECTION	
Independent Auditors' Report	5
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	7
Independent Auditors' Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	9
Schedule of Findings and Questioned Costs	11
Financial Statement Findings	12
Federal Award Findings	14
Corrective Action Plan for Current Year Audit Findings	15
Summary Schedule of Prior Audit Findings	16
Management's Discussion and Analysis	17
 EXHIBIT	
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Assets	A 23
Statement of Activities	B 24

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19

TABLE OF CONTENTS (CONTINUED)

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

SUPPLEMENTARY INFORMATION

	SCHEDULE	
General Fund Accounts:		
Combining Schedule of Accounts.....	1	56
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	2	57
Budgetary Comparison Schedule.....	3	58
Special Revenue Funds:		
Education Fund		
Combining Schedule of Accounts.....	4	59
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances.....	5	63
Budgetary Comparison Schedules.....	6	67
Nonmajor Special Revenue Funds		
Combining Balance Sheet.....	7	70
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	8	71

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19

TABLE OF CONTENTS (CONTINUED)

	SCHEDULE	PAGE
SUPPLEMENTARY INFORMATION (Continued)		
Nonmajor Proprietary Funds:		
Combining Statement of Net Assets	9	72
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	10	73
Combining Statement of Cash Flows	11	74
Fiduciary Funds:		
Combining Statement of Fiduciary Net Assets	12	75
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	13	76
 FEDERAL COMPLIANCE SECTION		
Schedule of Expenditures of Federal Awards	14	77
Notes to the Schedule of Expenditures of Federal Awards		79

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
OFFICIALS**

Regional Superintendent
(current and during the audit period)

Dr. Darlene Ruscitti

Assistant Regional Superintendent
(current and during the audit period)

Mr. John Glimco

Office is located at:

421 North County Farm Road
Wheaton, Illinois 60187-3999

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
COMPLIANCE REPORT SUMMARY**

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	1	1
Repeated audit finding	–	1
Prior recommendation implemented or not repeated	1	–

Details of audit findings are presented in a separate section of this report.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (<i>GOVERNMENT AUDITING STANDARDS</i>)			
10-1	12	Application Controls Over Electronic Accounting System	Significant Deficiency
FINDINGS AND QUESTIONED COSTS (<i>FEDERAL COMPLIANCE</i>)			
	14	None	N/A
PRIOR FINDINGS NOT REPEATED (<i>GOVERNMENT AUDITING STANDARDS</i>)			
09-1	16	Failure to Apply Appropriate Accounting Principles	N/A
PRIOR FINDINGS NOT REPEATED (<i>FEDERAL COMPLIANCE</i>)			
	N/A	None	N/A

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
COMPLIANCE REPORT SUMMARY - CONTINUED**

EXIT CONFERENCE

The finding and recommendation appearing in this report were discussed with Agency personnel at an exit conference on May 10, 2011. Attending were:

DuPage County Regional Office of Education No. 19

Dr. Darlene Ruscitti, Regional Superintendent
James Bauer, Director of Finance
Louisa D'Souza, Bookkeeper
Michele Leary, Bookkeeper

E. C. Ortiz & Co., LLP

Leilani N. Rodrigo, Partner
Regina Y. Falcon, Senior

The response to the recommendation was provided by James Bauer, Director of Finance in a letter dated May 17, 2011.

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the DuPage County Regional Office of Education No. 19 was performed by E. C. Ortiz & Co., LLP.

Based on their audit, the auditors expressed an unqualified opinion on the DuPage County Regional Office of Education No. 19'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 DuPage County Regional Office of Education No. 19, as of and for the year ended June 30, 2010, which collectively comprise the DuPage County Regional Office of Education No. 19's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the DuPage County Regional Office of Education No. 19'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 DuPage County Regional Office of Education No. 19, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 23, 2011 on our consideration of the DuPage County Regional Office of Education No. 19's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the DuPage County Regional Office of Education No. 19's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

E. C. Ortiz & Co., LLP

Chicago, Illinois

June 23, 2011



**INDEPENDENT AUDITORS' 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 DuPage County Regional Office of Education No. 19, as of and for the year ended June 30, 2010, which collectively comprise the DuPage County Regional Office of Education No. 19's basic financial statements and have issued our report thereon dated June 23, 2011. 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 DuPage County Regional Office of Education No. 19's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the DuPage County Regional Office of Education No. 19's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the DuPage County Regional Office of Education No. 19's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

a certain deficiency in internal control over financial reporting, described in finding 10-1 in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DuPage County Regional Office of Education No. 19'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 Regional Office of Education No. 19'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 Regional Office of Education No. 19'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 entity, 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. Ortig & Co., LLP

Chicago, Illinois
June 23, 2011



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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON 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 DuPage County Regional Office of Education No. 19's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of DuPage County Regional Office of Education No. 19's major federal programs for the year ended June 30, 2010. The DuPage County Regional Office of Education No. 19's major federal programs are identified in the Summary of the Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the DuPage County Regional Office of Education No. 19's management. Our responsibility is to express an opinion on the DuPage County Regional Office of Education No. 19'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 DuPage County Regional Office of Education No. 19'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 DuPage County Regional Office of Education No. 19's compliance with those requirements.

In our opinion, the DuPage County Regional Office of Education No. 19 complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the DuPage County Regional Office of Education No. 19 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 DuPage County Regional Office of Education No. 19's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 DuPage County Regional Office of Education No. 19's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 entity, Illinois State Board of Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

E. C. Ortiz & Co., LLP

Chicago, Illinois
June 23, 2011

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

Part I: Summary of the Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Type of auditors' 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 Numbers</u>	<u>Name of Federal Program or Cluster</u>
	ARRA State Fiscal Stabilization Recovery Act Cluster:
84.394A	ARRA_State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act
84.397A	ARRA_State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act

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

Auditee qualified as low-risk auditee? ✓ Yes No

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

Part II: Financial Statements Findings

FINDING NO. 10-1 - Application Controls Over Electronic Accounting System

Criteria/Specific Requirement:

Generally accepted information technology guidance requires that financial systems have adequate written policies and procedures, adequate written system documentation, and adequate input, processing, and output controls. Application controls are necessary to preserve the integrity of the system, to provide reliance on the results produced by the system, and to ensure that the processing of transactions is performed in accordance with laws and regulations and with management's design and intent.

Condition:

The DuPage County Regional Office of Education No. 19 (ROE No. 19) uses an externally developed accounting system to record all of its financial transactions. Starting in FY 2010, the ROE No. 19 upgraded to a windows-based accounting system. During our review of general ledger and trial balances, we noted that the ROE No. 19 did not have adequate controls over its electronic accounting system to facilitate the compilation of its financial statements. The following errors were noted:

- The excess of expenditures over revenues for one fund totaling \$202,063 was not reflected in the summary financial report, resulting in an overstatement of its fund balance.
- Trial balance reports for 10 funds had positive or negative amounts, rather than being \$0.
- Balances of summary financial reports for revenue and expense accounts for eight (8) funds did not agree with detailed general ledger and the beginning balances for these funds were carried forward to the summary financial reports.
- The system allowed five (5) unbalanced journal entries to be entered and posted. The discrepancies in journal entry amounts were posted in the cash account.
- Manual intervention was required to compile financial reports. In compiling its financial reports, personnel exported and converted data from SDS to various electronic spreadsheets. This conversion process requires both manual input and additional review by the ROE management.

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

Part II: Financial Statements Findings (Continued)

FINDING NO. 10-1 - Application Controls Over Electronic Accounting System (Continued)

Effect:

Financial records generated from the upgraded externally developed accounting system were inaccurate and unreliable. In addition, ROE No. 19 management or its employees may not prevent or detect financial statement misstatements resulting from inadequate controls over the accounting system and conversion process.

Cause:

According to the ROE No. 19 management, problems encountered using the accounting system were due to errors in programming and modification of the software. In addition, FY 2009 audit adjustments were not timely provided to them, thus management was not able to completely close their books and conduct a proper review of the general ledger and trial balances. Management also stated that they have continuously communicated the errors noted in FY 2010 audit with the vendor's programmer, and these programmers are in the process of modifying the system to correct the errors.

Auditors' Recommendation:

We recommend the ROE No. 19 review their current electronic accounting system and request the programmer to make modifications as necessary to reduce the need for manual input and provide electronic checks and balances. The existing electronic accounting system should be improved to ensure that adequate input, processing, and output controls are incorporated into the applications program. Once modified, we also recommend the ROE No. 19 ensure their financial reports are in compliance with the Regional Office's reporting standards.

Management's Response:

The ROE No. 19 is in agreement with the finding and has already contacted the management of the current electronic accounting system and secured their services to assist with all audit adjustments when received. The ROE No. 19 have enhanced their program so that the system will not allow out of balance journal entries. The system has built in controls to prevent out of balance entries: screen prompts, automatic off setting entries, and balancing reports. The ROE No. 19 office will put the proper procedures in place to utilize the new features of the system and will bring all financial reports up to proper accounting standards.

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

Part III: Federal Awards Findings

Instances of Noncompliance:

None

Significant Deficiency:

None

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
JUNE 30, 2010**

FINDING NO. 10-1 - Application Controls Over Electronic Accounting System

Condition:

The DuPage County Regional Office of Education No. 19 (ROE No. 19) uses an externally developed accounting system to record all of its financial transactions. Starting in FY 2010, the ROE No. 19 upgraded to a windows-based accounting system. During our review of general ledger and trial balances, we noted that the ROE No. 19 did not have adequate controls over its electronic accounting system to facilitate the compilation of its financial statements. The following errors were noted:

- The excess of expenditures over revenues for one fund totaling \$202,063 was not reflected in the summary financial report, resulting in an overstatement of its fund balance.
- Trial balance reports for 10 funds had positive or negative amounts, rather than being \$0.
- Balances of summary financial reports for revenue and expense accounts for eight (8) funds did not agree with detailed general ledger and the beginning balances for these funds were carried forward to the summary financial reports.
- The system allowed five (5) unbalanced journal entries to be entered and posted. The discrepancies in journal entry amounts were posted in the cash account.
- Manual intervention was required to compile financial reports. In compiling its financial reports, personnel exported and converted data from SDS to various electronic spreadsheets. This conversion process requires both manual input and additional review by the ROE management.

Plan:

Upon receipt of the necessary ledger adjustments for FY 2009 and FY 2010 the ROE No. 19 will begin working with our management system staff so that these adjustments are entered into our ledgers before June 30, 2011. This will provide the correct ending balances for FY 2011 and therefore the correct beginning balances for FY 2012.

Anticipated Date of Completion:

June 30, 2011

Name of Contact Person:

James Bauer, Finance Director, DuPage County ROE No. 19

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2010**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
09-1	Failure to Apply Appropriate Accounting Principles	Not Repeated

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

The DuPage County Regional Office of Education No. 19 (ROE No. 19) 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, 2010 with comparative information for the year ended June 30, 2009. Readers are encouraged to consider the information in conjunction with the ROE No. 19's financial statements that follow.

2010 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$652,863 (49%) from \$1,342,407 in FY 2009 to \$1,995,270 in FY 2010. General Fund expenditures increased by \$662,837 (51%) from \$1,303,863 in FY 2009 to \$1,966,700 in FY 2010.
- Within the Governmental Funds, the Special Revenue Fund revenues decreased by \$406,677 (7%) from \$5,890,910 in FY 2009 to \$5,484,233 in FY 2010. The Special Revenue Fund expenditures decreased by \$389,183 (6%) from \$6,267,227 in FY 2009 to \$5,878,044 in FY 2010.
- The Enterprise Fund revenues decreased by \$1,943 (0.1%) from \$1,618,164 in FY 2009 to \$1,616,221 in FY 2010. The Enterprise Fund expenditures increased by \$234,002 (20%) from \$1,195,636 in FY 2009 to \$1,429,638 in FY 2010.
- The ROE No. 19 has long-term debt related to capital leases on equipment.

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. 19'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. 19 as a whole and present an overall view of the Office's finances.
- *Fund financial statements* report the ROE No. 19's operations in more detail than the government-wide statements by providing information about the most significant funds.
- *Notes to the financial statements* provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- *Required supplementary information further* explains and supports the financial statements and supplementary information provides detailed information about the non-major funds.

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

The Statement of Net Assets and the Statement of Activities

Government-Wide Financial Statements

The government-wide financial statements report information about the ROE No. 19 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 Statement No. 34.

The government-wide financial statements report the ROE No. 19's net assets and how they have changed. Net assets - the difference between assets and liabilities - are one way to measure the ROE No. 19's financial health or position.

- Over time, increases or decreases in the net assets can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the ROE No. 19's overall condition, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the State level need to be considered.

In the government-wide financial statements, the ROE No. 19's activities are divided into two categories:

- Governmental activities - Most of the ROE No. 19's basic services are included here, such as local, State and federal grant-funded programs, support services and administration.
- Business-type activities - The ROE No. 19 charges fees to help cover costs of certain services and workshops it provides.

Fund Financial Statements

The fund financial statements provide detailed information about the ROE No. 19'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. 19 established other funds to control and manage money for particular purposes.

The ROE No. 19 has three kinds of funds:

- 1) Governmental funds account for those funds through which most governmental functions of the ROE No. 19 are financed. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at the year-end that

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

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 ROE No. 19's programs. The governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) Proprietary funds account for resources from fees charged directly to those entities or individuals that use its services. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements. The proprietary funds required financial statements include a Statement of Net Assets, Statement of Revenues, Expenses and Changes in Fund Net Assets and a Statement of Cash Flows.
- 3) Fiduciary funds are used to account for assets held by the ROE No. 19 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. 19. The net assets at the end of FY 2010 and FY 2009 totaled \$3,152,422 and \$2,985,846, respectively. The analysis that follows provides a summary of the ROE No. 19'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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
ASSETS						
Current assets	\$ 2,036,101	\$ 1,494,765	\$ 1,515,539	\$ 1,318,744	\$ 3,551,640	\$ 2,813,509
Capital assets, net of depreciation	398,872	524,770	11,283	4,638	410,155	529,408
TOTAL ASSETS	2,434,973	2,019,535	1,526,822	1,323,382	3,961,795	3,342,917
Current liabilities	605,846	146,298	142,785	121,229	748,631	267,527
Noncurrent liabilities	60,742	89,544	-	-	60,742	89,544
TOTAL LIABILITIES	666,588	235,842	142,785	121,229	809,373	357,071
NET ASSETS						
Invested in capital assets, net of related debt	308,509	408,519	11,283	4,638	319,792	413,157
Restricted for teacher professional development	968,494	929,739	-	-	968,494	929,739
Unrestricted	491,382	445,435	1,372,754	1,197,515	1,864,136	1,642,950
TOTAL NET ASSETS	\$ 1,768,385	\$ 1,783,693	\$ 1,384,037	\$ 1,202,153	\$ 3,152,422	\$ 2,985,846

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

The ROE No. 19's net assets increased by \$166,576 (6%) from FY 2009. The increase occurred primarily in the enterprise funds due to a favorable operating income of \$186,583 during FY 2010, and a decrease in cash transferred to other funds totaling \$221,749. In addition, net assets related to the Teacher Institute Fund which increased by \$38,755 are considered restricted for teacher professional development.

CHANGES IN NET ASSETS

The following analysis shows the changes in net assets for the years ended June 30, 2009 and 2010.

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 293,761	\$ 386,392	\$1,594,171	\$ 1,577,853	\$1,887,932	\$ 1,964,245
Operating grants and contributions	6,328,198	6,241,491	–	–	6,328,198	6,241,491
General revenues:						
State sources and miscellaneous	16,197	192,357	–	30,194	16,197	222,551
Interest and investment income, net	(7,239)	2,636	22,050	10,117	14,811	12,753
Loss on disposal of assets	(71)	–	–	–	(71)	–
On-behalf payments - State	503,703	410,441	–	–	503,703	410,441
On-behalf payments - local	832,212	–	–	–	832,212	–
Total revenues	7,966,761	7,233,317	1,616,221	1,618,164	9,582,982	8,851,481
Expenses:						
Salaries	1,406,945	1,667,369	246,438	214,452	1,653,383	1,881,821
Benefits	341,630	341,299	39,014	54,841	380,644	396,140
Purchased services	1,570,198	2,357,767	648,420	715,491	2,218,618	3,073,258
Supplies and materials	222,945	200,014	31,473	49,214	254,418	249,228
Capital expenditures	8,307	3,453	–	–	8,307	3,453
Depreciation	180,451	174,519	1,068	4,057	181,519	178,576
Payments to other governments	2,920,377	2,473,001	463,225	157,581	3,383,602	2,630,582
On-behalf payments - State	503,703	410,441	–	–	503,703	410,441
On-behalf payments - local	832,212	–	–	–	832,212	–
Total expenses	7,986,768	7,627,863	1,429,638	1,195,636	9,416,406	8,823,499
Income (loss) before operating transfers	(20,007)	(394,546)	186,583	422,528	166,576	27,982
Operating transfers	4,699	226,448	(4,699)	(226,448)	–	–
Change in net assets	(15,308)	(168,098)	181,884	196,080	166,576	27,982
Net assets, beginning	1,783,693	1,951,791	1,202,153	1,006,073	2,985,846	2,957,864
Net assets, ending	\$1,768,385	\$1,783,693	\$1,384,037	\$1,202,153	\$ 3,152,422	\$ 2,985,846

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Governmental Activities

Revenues for governmental activities were \$7,966,761 and expenses were \$7,986,768. The net increase in revenues of \$733,444 was primarily due to the increase in State and county on-behalf payments totaling \$925,474 in FY 2010. This was however offset by a net decrease in revenues from operating grants and contributions, State sources and miscellaneous revenues, and charges for services totaling \$182,084. During FY 2010, most of the operating grants remained at prior year's funding level. The Regional Safe Schools and the General State Aid decreased by \$275,801. The RESPRO and the Gifted Education programs had a combined increase of \$198,104. Total expenditures for the operating grants were proportionally increased or decreased to meet the funding level. The ROE No. 19 is able to place funds in reserve for the upcoming fiscal year and remains in a fiscally healthy position.

Business-Type Activities

Revenues for business-type activities were \$1,616,221 and expenses were \$1,429,638. There was no significant change in enterprise revenues during FY 2010. However, expenses increased by \$234,002, primarily due to an increase in fees paid to other governments and universities for trainings and workshops conducted during FY 2010.

Financial Analysis of the ROE No. 19 Funds

As previously noted, the ROE No. 19 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund Highlights

The ROE No. 19's governmental funds reported combined fund balances of \$976,741. This is a decrease of approximately \$399,000 (29%) from last year's ending fund balance of \$1,375,174. The decrease in governmental funds is largely attributable to the net change in revenues and expenditures as discussed in Governmental Activities.

Proprietary Fund Highlights

Total proprietary fund net assets increased by \$181,884 (15%). The increase was due to lower cash transfers made during FY 2010 to support other funds which resulted in more funds retained in the enterprise funds.

Budgetary Highlights

The Regional Office of Education No. 19 annually adopts budgets for several funds. However, annual budgets are not required to be legally adopted.

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

ROE No. 19 is a subrecipient for certain grant programs that are accounted for within the special revenue funds. These programs have separate budgets and are required to be reported to the Illinois State Board of Education. Comparison of budgeted and actual results for various programs is presented as supplementary information.

Capital Assets

ROE No. 19's capital assets include office equipment, computers, audio-visual equipment, and building improvements. The ROE No. 19 maintains an inventory of capital assets which have been accumulated over time. For FY 2010, total additions amounted to \$62,337 and total retirements amounted to \$17,172. Depreciation expense for FY 2010 was \$181,519.

Economic Factors and Next Years' Budget

At the time these financial statements were prepared and audited, the ROE No. 19 was aware of several existing circumstances that could affect its financial condition in the future:

- The interest rate on investments is expected to remain low and will impact interest earned.
- County Board support for ROE No. 19 is also expected to be maintained at prior year's level.
- The current financial crisis facing the State of Illinois is expected to continue and will impact the funding level for most of the State programs.
- The region is experiencing a steady growth in student population and will continue to aggressively pursue new grants and opportunities to expand its services to its community and local school districts.

Contacting the ROE No. 19's Financial Management

This financial report is designed to provide the ROE No 19's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of Schools, DuPage County Regional Office of Education No. 19 at 421 North County Farm Road, Wheaton IL 60187.

BASIC FINANCIAL STATEMENTS

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
STATEMENT OF NET ASSETS
JUNE 30, 2010

EXHIBIT A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,368,864	\$ 394,875	\$ 1,763,739
Due from (to) other funds	(1,044,280)	1,044,280	-
Due from other governmental units	1,711,517	76,384	1,787,901
Total current assets	<u>2,036,101</u>	<u>1,515,539</u>	<u>3,551,640</u>
Noncurrent assets:			
Capital assets, net	<u>398,872</u>	<u>11,283</u>	<u>410,155</u>
TOTAL ASSETS	<u>2,434,973</u>	<u>1,526,822</u>	<u>3,961,795</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	238,096	32,655	270,751
Due to other governmental units	56,258	-	56,258
Deferred revenues	281,871	110,130	392,001
Lease payable	29,621	-	29,621
Total current liabilities	<u>605,846</u>	<u>142,785</u>	<u>748,631</u>
Noncurrent liabilities:			
Lease payable	<u>60,742</u>	<u>-</u>	<u>60,742</u>
TOTAL LIABILITIES	<u>666,588</u>	<u>142,785</u>	<u>809,373</u>
NET ASSETS			
Invested in capital assets, net of related debt	308,509	11,283	319,792
Restricted for teacher professional development	968,494	-	968,494
Unrestricted	<u>491,382</u>	<u>1,372,754</u>	<u>1,864,136</u>
TOTAL NET ASSETS	<u>\$ 1,768,385</u>	<u>\$ 1,384,037</u>	<u>\$ 3,152,422</u>

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

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2010

EXHIBIT B

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Fees and Charges for Services	Operating Grants and Contribution	Primary Government		
				Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS						
Primary government						
Governmental activities:						
Instructional services						
Salaries	\$ 1,406,945	\$ -	\$ 1,416,427	\$ 9,482	\$ -	\$ 9,482
Benefits	341,630	7,076	338,103	3,549	-	3,549
Purchased services	1,570,198	179,225	1,448,653	57,680	-	57,680
Supplies and materials	222,945	11,903	215,219	4,177	-	4,177
Capital expenditures	8,307	34,698	19,869	46,260	-	46,260
Payments to other governments	2,920,377	60,859	2,889,927	30,409	-	30,409
Depreciation	180,451	-	-	(180,451)	-	(180,451)
Administrative						
On-behalf payments - State	503,703	-	-	(503,703)	-	(503,703)
On-behalf payments - local	832,212	-	-	(832,212)	-	(832,212)
Total governmental activities	7,986,768	293,761	6,328,198	(1,364,809)	-	(1,364,809)
Business-type activities:						
Local services	1,429,638	1,594,171	-	-	164,533	164,533
Total business-type activities	1,429,638	1,594,171	-	-	164,533	164,533
Total primary government	\$ 9,416,406	\$ 1,887,932	\$ 6,328,198	(1,364,809)	164,533	(1,200,276)
General revenues:						
Local sources						
Miscellaneous				16,197	-	16,197
Interest and investment income, ne				(7,239)	22,050	14,811
On-behalf payments - State				503,703	-	503,703
On-behalf payments - local				832,212	-	832,212
Loss on disposal of assets				(71)	-	(71)
Transfers				4,699	(4,699)	-
Total general revenues				1,349,501	17,351	1,366,852
Change in net assets				(15,308)	181,884	166,576
Net assets - beginning				1,783,693	1,202,153	2,985,846
Net assets - ending				\$ 1,768,385	\$ 1,384,037	\$ 3,152,422

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

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2010**

EXHIBIT C

	<u>General Fund</u>	<u>Institute Fund</u>	<u>Education Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 51,452	\$ 968,494	\$ 334,104	\$ 14,814	\$ 1,368,864
Due from other funds	38,787	-	-	125,441	164,228
Due from other governmental units	146,219	-	1,565,008	290	1,711,517
TOTAL ASSETS	<u>236,458</u>	<u>968,494</u>	<u>1,899,112</u>	<u>140,545</u>	<u>3,244,609</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	96,210	-	140,370	1,516	238,096
Due to other funds	150	-	1,208,358	-	1,208,508
Due to other governmental units	-	-	56,258	-	56,258
Deferred revenues	97,481	-	667,525	-	765,006
Total liabilities	<u>193,841</u>	<u>-</u>	<u>2,072,511</u>	<u>1,516</u>	<u>2,267,868</u>
FUND BALANCES (DEFICIT)					
Unreserved, reported in:					
General fund	42,617	-	-	-	42,617
Special revenue funds	-	968,494	(173,399)	139,029	934,124
Total fund balances	<u>42,617</u>	<u>968,494</u>	<u>(173,399)</u>	<u>139,029</u>	<u>976,741</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 236,458</u>	<u>\$ 968,494</u>	<u>\$ 1,899,112</u>	<u>\$ 140,545</u>	<u>\$ 3,244,609</u>

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

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010**

EXHIBIT D

Total fund balances - governmental funds		\$	976,741
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.		\$	398,872
Because some revenues will not be collected for several months after the Regional Office fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.			483,135
Capital lease obligations are not due and payable in the current period and therefore, are not reported as liabilities in the funds.			<u>791,644</u>
			<u>(90,363)</u>
Net assets of governmental activities		\$	<u><u>1,768,385</u></u>

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

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010**

EXHIBIT E

	<u>General Fund</u>	<u>Institute Fund</u>	<u>Education Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Federal sources	\$ 93,299	\$ -	\$ 1,521,066	\$ -	\$ 1,614,365
State sources	566,056	-	3,559,743	4,764	4,130,563
Local sources					
Intergovernmental	-	-	97,885	2,250	100,135
Fees and charges for services	-	273,642	-	20,119	293,761
Miscellaneous	-	13	4,299	452	4,764
On-behalf payments	1,335,915	-	-	-	1,335,915
Total revenues	<u>1,995,270</u>	<u>273,655</u>	<u>5,182,993</u>	<u>27,585</u>	<u>7,479,503</u>
EXPENDITURES					
Instructional services					
Salaries	375,947	-	1,030,998	-	1,406,945
Benefits	61,271	5,790	274,569	-	341,630
Purchased services	158,755	131,243	1,264,796	15,404	1,570,198
Supplies and materials	33,123	9,167	180,083	572	222,945
Payments to other governments	-	49,797	2,870,580	-	2,920,377
On-behalf payments	1,335,915	-	-	-	1,335,915
Capital expenditures	1,689	26,998	16,654	1,393	46,734
Total expenditures	<u>1,966,700</u>	<u>222,995</u>	<u>5,637,680</u>	<u>17,369</u>	<u>7,844,744</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	28,570	50,660	(454,687)	10,216	(365,241)
OTHER FINANCING SOURCES (USES)					
Repayment of long-term lease payable	(6,989)	(11,906)	(6,993)	-	(25,888)
Financing cost	(3,185)	(6,790)	(2,028)	-	(12,003)
Transfers in (out)	46,724	6,791	(46,724)	(2,092)	4,699
Total other financing sources (uses)	<u>36,550</u>	<u>(11,905)</u>	<u>(55,745)</u>	<u>(2,092)</u>	<u>(33,192)</u>
NET CHANGE IN FUND BALANCES	65,120	38,755	(510,432)	8,124	(398,433)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>(22,503)</u>	<u>929,739</u>	<u>337,033</u>	<u>130,905</u>	<u>1,375,174</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 42,617</u>	<u>\$ 968,494</u>	<u>\$ (173,399)</u>	<u>\$ 139,029</u>	<u>\$ 976,741</u>

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
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, 2010**

EXHIBIT F

Net change in fund balances		\$ (398,433)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	\$ 38,427	
Depreciation expense	<u>(180,451)</u>	(142,024)
<p>Because some revenues will not be collected for several months after the Regional Office fiscal year ends, they are not considered “available” revenues and are deferred in the governmental funds</p>		
		483,135
<p>Repayment of long-term capital lease obligation is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.</p>		
		25,888
<p>Governmental funds report capital outlays as expenditures at the time of purchase, therefore, when an asset is disposed of in a noncash transaction, it is not reflected in the governmental activities financial statements at the time of disposal. However, in the Statement of Activities, the difference between the asset's original cost and its related accumulated depreciation is reported as a loss on the disposal of capital assets.</p>		
		(71)
<p>Some capital additions were donated to Regional Office of Education No. 19 and recorded at fair market value.</p>		
		<u>16,197</u>
Change in net assets of governmental activities		<u><u>\$ (15,308)</u></u>

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

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2010**

EXHIBIT G

	Business Type Activities - Enterprise Funds		
	Teacher Inservice for DuPage Educators	Nonmajor Proprietary Funds	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 341,576	\$ 53,299	\$ 394,875
Due from other funds	-	1,044,280	1,044,280
Due from other governmental units	-	76,384	76,384
Total current assets	<u>341,576</u>	<u>1,173,963</u>	<u>1,515,539</u>
Noncurrent assets:			
Capital assets, net	-	11,283	11,283
TOTAL ASSETS	<u>341,576</u>	<u>1,185,246</u>	<u>1,526,822</u>
LIABILITIES			
Accounts payable and accrued expenses	-	32,655	32,655
Deferred revenues	110,130	-	110,130
TOTAL LIABILITIES	<u>110,130</u>	<u>32,655</u>	<u>142,785</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	11,283	11,283
Unrestricted	231,446	1,141,308	1,372,754
TOTAL NET ASSETS	<u>\$ 231,446</u>	<u>\$ 1,152,591</u>	<u>\$ 1,384,037</u>

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

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2010**

EXHIBIT H

	Business Type Activities - Enterprise Funds		
	Teacher Inservice for DuPage Educators	Nonmajor Proprietary Funds	Total
OPERATING REVENUES			
Intergovernmental	\$ -	\$ 199,289	\$ 199,289
Fees and charges for services	563,134	831,748	1,394,882
Miscellaneous	-	-	-
Total operating revenues	<u>563,134</u>	<u>1,031,037</u>	<u>1,594,171</u>
OPERATING EXPENSES			
Salaries	-	246,438	246,438
Benefits	612	38,402	39,014
Purchased services	86,505	561,915	648,420
Supplies and materials	8,821	22,652	31,473
Payments to other governments	463,225	-	463,225
Depreciation	-	1,068	1,068
Total operating expenses	<u>559,163</u>	<u>870,475</u>	<u>1,429,638</u>
OPERATING INCOME	3,971	160,562	164,533
NONOPERATING REVENUES			
Interest and investment income	-	22,050	22,050
INCOME BEFORE OPERATING TRANSFERS	3,971	182,612	186,583
OPERATING TRANSFERS			
Transfers out	-	(4,699)	(4,699)
CHANGE IN NET ASSETS	3,971	177,913	181,884
NET ASSETS, BEGINNING OF YEAR	<u>227,475</u>	<u>974,678</u>	<u>1,202,153</u>
NET ASSETS, END OF YEAR	<u>\$ 231,446</u>	<u>\$ 1,152,591</u>	<u>\$ 1,384,037</u>

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

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2010**

EXHIBIT I

	Business Type Activities - Enterprise Funds		
	Teacher Inservice for DuPage Educators	Nonmajor Proprietary Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts for workshops and services	\$ 642,439	\$ (75,017)	\$ 567,422
Payments to suppliers and providers of goods and services	(580,491)	(562,816)	(1,143,307)
Payments to employees	(612)	(284,840)	(285,452)
Net cash provided by (used in) operating activities	<u>61,336</u>	<u>(922,673)</u>	<u>(861,337)</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITY			
Transfers from/to other funds	-	(4,699)	(4,699)
Net cash used in noncapital financing activity	<u>-</u>	<u>(4,699)</u>	<u>(4,699)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITY			
Purchase of equipment	-	(7,713)	(7,713)
Net cash used in capital financing activity	<u>-</u>	<u>(7,713)</u>	<u>(7,713)</u>
CASH FLOWS FROM INVESTING ACTIVITY			
Interest and investment income	-	22,050	22,050
Net cash provided by investing activity	<u>-</u>	<u>22,050</u>	<u>22,050</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	61,336	(913,035)	(851,699)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	280,240	966,334	1,246,574
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 341,576</u>	<u>\$ 53,299</u>	<u>\$ 394,875</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ 3,971	\$ 160,562	\$ 164,533
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	-	1,068	1,068
Effects of changes in assets and liabilities:			
Due from other funds	57,560	(1,033,775)	(976,215)
Due from other governmental units	-	(72,279)	(72,279)
Accounts payable and accrued expenses	(21,940)	21,751	(189)
Deferred revenues	21,745	-	21,745
Net cash provided by (used in) operating activities	<u>\$ 61,336</u>	<u>\$ (922,673)</u>	<u>\$ (861,337)</u>

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

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010**

EXHIBIT J

ASSETS

Cash and cash equivalents	<u>\$ 8,112</u>
---------------------------	-----------------

LIABILITIES

Due to other governmental units	<u>\$ 8,112</u>
---------------------------------	-----------------

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

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the DuPage County Regional Office of Education No. 19 (ROE No. 19) is presented to assist in understanding the Regional Office of Education's financial statements. The financial statements and notes are representations of the Regional Office of Education's management who is responsible for the integrity and objectivity of the financial statements. The Illinois Administrative Code, Title 23 - Subtitle A, Chapter I, Section 110.115a, requires each Regional Office of Education to prepare annual financial statements in conformity with accounting principles generally accepted (GAAP) in the United States of America. These principles have been consistently applied in the preparation of the financial statements.

A. Reporting Entity

The ROE No. 19 is an entity that is a result of an Educational Service Region becoming a Regional Office of Education as of August 7, 1995. The ROE No. 19 operates under the School Code (105 ILCS 5/3 and 5/3A) and encompasses DuPage County, Illinois. A Regional Superintendent of Schools serves as chief administrative officer and is elected pursuant to 105 ILCS 5/3 and 5/3A of the School Code.

The Regional Superintendent of schools is the chief administrative officer of the region and is elected to the position for a four year term by popular vote. The Regional Superintendent is responsible for the supervision and oversight control of school districts in DuPage County. The superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring of the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses.

The ROE No. 19 has developed criteria to determine whether outside agencies with activities, which benefit the citizens of the region, including districts, which serve pupils in the region, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the ROE No. 19 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The school districts have been determined not to be a part of the reporting entity after applying the manifestation of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

statements because the ROE No. 19 does not control the assets, operations, or management of the school districts. In addition, the ROE No. 19 is not aware of any entity, which would exercise such oversight as to result in the Regional Office being considered a component unit of that entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the ROE No. 19. For the most part, the effect of interfund activities has been removed from these statements. The statements distinguish between those activities of the ROE No. 19 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*, are normally supported by amounts assessed or received from local sources for the ROE No. 19 programs.

The Statement of Net Assets presents the nonfiduciary assets and liabilities, with the differences reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of any debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net assets use either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management.

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 customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

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

The financial statements of ROE No. 19 are prepared in accordance with GAAP. The ROE No. 19 applies all applicable Governmental Accounting Standards Board (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 and the proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements, but are recognized as current revenues in the government-wide financial statements.

There are, however, essentially two types of these revenues: (1) 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, and (2) 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. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds.

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Under the terms of the grant agreements, the ROE No. 19 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding sources available to finance the program. It is the policy of the ROE No. 19 to first apply cost-reimbursement grant resources to such programs and then general revenues.

Agency funds financial statements are reported using the accrual basis of accounting, but due to their custodial nature (assets equal liabilities) do not present results of operations or have a measurement focus.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Under the provisions of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Governmental Entities That Use Proprietary Fund Accounting*, the ROE No. 19 applies all GASB pronouncements and has elected to apply only the pronouncements issued on or before November 30, 1989 for the following: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure.

The proprietary fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The accounting policies and financial reporting practices of the ROE No. 19 conform to GAAP as applicable to governmental units.

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.

D. Fund Accounting

The accounts of the ROE No. 19 are organized on the basis of funds and account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts. The ROE No. 19 maintains individual funds required by the State of Illinois and as established by purpose or agreements. The various funds are summarized by type in the financial statements. These funds and accounts are grouped by fund type. The ROE No. 19's resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and by the means in which spending activities are controlled.

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

The various funds used by the ROE No. 19 are categorized as follows for presentation in the financial statements:

Government Fund Types

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

General Fund - Accounts for all the financial resources except those required to be accounted for in another fund. The general fund is reported as a major governmental fund in the financial statements. The following are included in the general fund:

General - Accounts for the general operating fund. It has been used to record transactions in connection with general administration activities.

ROE/ISC Operations - Accounts for grant monies received for, and payment of, expenditures for assisting schools in all areas of school improvement. This fund also includes a portion of federal monies received for, and payment of, expenditures of the ARRA - General State Aid.

Special Revenue Funds - Accounts for the proceeds of specific revenue sources (other than expendable trusts) that are legally restricted to expenditures for specified purposes. The ROE No. 19 reported the following special revenue funds as major governmental funds:

Institute - Accounts for fees collected for the registration and renewal of teaching certificates. These fees are used to defray administrative expenses incidental to teachers' institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers or for the purpose of defraying the expense of any general or special meeting of teachers or school personnel, which has been approved by ROE No. 19. All funds generated remain restricted until expended only on the aforementioned activities.

Education - Accounts for grants from the following sources:

Early Childhood Parenting Program - Accounts for grant monies received for, and payment of, expenditures for developing and operating programs for parents of young children.

Truants' Alternative Program - Accounts for grant monies received for, and payment of, expenditures of providing support services and evaluating

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

compliance with recommendations to DuPage County truants and their parents.

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

Regional Safe Schools and General State Aid - Accounts for grant monies received for, and payment of, expenditures of the Regional Safe Schools program and for the administration of monies from the General State Aid. The fund also includes monies received and expenditures incurred for the Title IV - Safe & Drug Free School, Title II - Teacher Quality formula grants, and ARRA - General State Aid.

Workforce Investment Act - Accounts for monies received for, and payment of, expenditures for Workforce Investment Act programs.

Truants Minors in Need of Supervision (TMINS) - Accounts for monies received for, and payment of, expenditures for one of the Alternative Learning Opportunities Programs (ALOP) that provides alternative learning environment and includes individualized instruction, small class and counseling sessions.

Standards Aligned Classroom - Accounts for grant monies received for, and payment of, expenditures incurred for the Standards Aligned Classroom program.

System of Support (RESPRO) - Accounts for grant monies received for, and payment of, expenditures incurred for the Title I - School Improvement and Accountability and Title II - Teacher Quality - Leadership grants to help schools meet No Child Left Behind initiative.

Technology for Success - Accounts for the contract monies received for, and payment of, expenditures in providing a coordinated, statewide support infrastructure which assists school districts in planning for, implementing, assessing results and educating school staff in the use of technology and telecommunications in curricular, instructional and administrative functions.

Physical Education Program - Accounts for the federal grant monies received for, and payment of, expenditures incurred to initiate, expand, and improve

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

physical education programs for K-12 students in order to help them make progress toward meeting State standards for physical education.

National Board Professional Preparation and Teacher Support System - Accounts for the contract monies received for, and payment of, expenditures incurred in providing trainings and professional development for teachers to earn their national board certification.

Social Emotional Learning Standards Professional Development Program (SEL-PDP) - Accounts for the contract monies received for, and payment of, expenditures incurred in providing targeted school districts trainings and technical assistance to incorporate social-emotional learning standards into daily instructions.

Preschool for All - Accounts for the contract monies received for, and payment of, expenditures incurred in providing comprehensive monitoring and technical assistance services to Preschool for All programs.

Reading Improvement - Accounts for grant monies received for, and payment of, expenditures incurred to provide training for new Reading Recovery teachers and provide opportunities for ongoing professional development for both teachers and teacher-leaders.

Illinois New Principal Mentoring - Accounts for grant monies received for, and payment of, expenditures incurred to support the State-wide program to ensure that every new principal in Illinois receives a high-quality mentoring experience that focuses on professional development experiences and enhances a new principal's leadership. In this program, new leaders receive mentoring from proven, trained mentors who are paired with new principals based on geography, grade level, and need.

Teacher Mentoring & Mentoring Pilot Program - Accounts for grant monies received for, and payment of, expenditures incurred to support the State-wide new teacher mentoring program that includes assigning a mentor teacher to each new teacher for a period of at least two years and providing professional development designed to ensure the growth of the new teachers' knowledge and skills.

Physical Fitness Assessment - Accounts for federal grant monies received for, and payments of, expenditures incurred to develop an on-line, school based health-related fitness assessment of students in grades 5, 7 and 9.

Gifted Education - Accounts for grant monies received for, and payments of, expenditures incurred to provide professional learning opportunities in the

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

area of gifted education. A series of modules, each created for a specific purpose, was offered to assist educators in their efforts to support the social/emotional health and development of students of high potential, address their diverse needs, and facilitate at least a year's achievement of growth and development.

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

General Education Development (GED) - Accounts for the revenues and expenditures associated with the processing of applications for the high school level Test of General Educational Development and the issuance of diplomas upon successful completion of the examination. Statutes require excess funds accumulated for periods exceeding three years to be transferred into the Institute Fund.

Bus Driver Training - Accounts for revenue from the issuance of school bus driver permits and to sponsor instructional training courses for school bus drivers.

Supervisory - Accounts for an annual appropriation of State common school funds for the expenses incurred in providing supervisory services.

Area I - Accounts for the revenue received and the expenditures incurred for Area I program.

Suburban Council of Reading Consultants - Accounts for the revenue received and the expenditures incurred for reading consultants references.

Regional Summit - Accounts for funds received for, and payment of, expenditures incurred for the annual feasibility studies being used as a tool to investigate the advantages and/or disadvantages of reorganization options for the school districts involved in the study.

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

Teacher Inservice for DuPage Educators (TIDE) - Accounts for the revenues and expenses incurred for graduate courses offered to DuPage educators and administrators.

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Nonmajor Proprietary Funds - the ROE No. 19 reported the following proprietary funds as nonmajor funds:

Local Services - Accounts for the revenues and expenses associated with workshops conducted by the ROE No. 19. In addition, this fund accounts for the revenues and expenses of the Administrator's Academy and Gifted Planning Activities

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

Fiduciary Fund Type

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

The Agency Fund consists of the following:

Distributive - Accounts for funds received from ISBE and disbursed as a result of the Superintendent's responsibility to receive and distribute to treasurers of school districts and other agencies, monies due to them from general State aid, State categorical grants, and various other sources.

DuPage Career Education Center (DCEC) - DCEC is a cooperative of school districts, providing support services for career education programs for kindergarten through the eighth grade. DCEC provides staff-in-service, a community resource files, an audio-visual collection and a library of professional materials for teacher's classroom use, and coordinates the DuPage County Business Education Partnership program. The program is funded through the ISBE, Division of Adult Vocational and Technical Education.

E. Revenues - Exchange and Nonexchange 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 No. 19 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

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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 No. 19 must provide local resources to be used for specific purpose, and expenditure requirements, in which the resources are provided to the ROE No. 19 on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

F. Cash and Investments

For presentation in the financial statements, investments with an original maturity of three months or less at the time they are purchased by the ROE are considered to be cash equivalents. Investments with an original maturity of more than three months are reported as investments.

G. 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 time of acquisition or fair value at the date of donation. The ROE capitalizes items costing \$500 or more. Depreciation is calculated on a straight-line basis over the estimated useful lives (five to twenty years) of the respective assets.

H. Deferred Revenues

The ROE No. 19 reports deferred revenue in the governmental fund Balance Sheet. Deferred revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period.

I. Fund Equity

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Special revenue funds are reserved to finance specific functions or activities of each fund.

J. Management Estimates

The preparation of financial statements in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts 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.

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

K. Budgetary Data

ROE No. 19 did not formally adopt a budget for the year ended June 30, 2010 and is not legally required to do so. The Illinois State Board of Education requires budgets for certain State and federal programs. These budgets were used to prepare Budgetary Comparison Schedules for the following programs:

General Fund:

- ROE/ISC Operations

Special Revenue Funds:

- Education Fund:
 - Early Childhood Parenting Program
 - Truants' Alternative Program
 - Regional Safe Schools and General State Aid
 - Technology for Success
 - Reading Improvement
 - Teacher Mentoring & Mentoring Pilot Program
 - Gifted Education

L. New Accounting Pronouncements

During FY 2010, the ROE No. 19 implemented and adopted the following GASB statements:

- GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)* which addresses financial statement and disclosure requirements for reporting by administrators of OPEB plan assets or by employers that include OPEB plan assets as trust or agency funds in their financial reports.
- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*,
- GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and,
- GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*.

There was no significant impact on the ROE No. 19's financial statements for the year ended June 30, 2010, as a result of adopting the above statements.

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2 - CASH AND INVESTMENTS

Deposits

The ROE No. 19 utilizes several different bank accounts for its various activities. The book balance of such accounts is \$184,840 at June 30, 2010, while the bank balance was \$587,399. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2010. As of June 30, 2010, the total bank balance of \$587,399 was secured by federal depository insurance.

Investments

The ROE No. 19's established investment policy follows the State of Illinois Public Funds Investment Act, which authorizes ROE No. 19 to purchase certain obligations of the U.S. Treasury, federal agencies and instrumentalities; certificates of deposit and time deposits covered by Federal depository insurance; commercial paper of U.S. corporations with assets exceeding \$500,000,000, if such paper is rated at the highest classification established by at least two standard rating services; money market funds; the Illinois Funds and repurchase agreements of government securities.

The ROE No. 19 has pooled its investments. Investments are stated at fair value. Net income from investments of pooled funds is allocated and credited to the original sources of the funds. As of June 30, 2010, the ROE No. 19 had investments with carrying and fair values as follows:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Repurchase agreement	\$ 425,865	\$ 425,865
Money market funds	618,424	618,424
Illinois Funds investment pool	542,722	542,722
Total	<u>\$ 1,587,011</u>	<u>\$ 1,587,011</u>

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of a financial institution, the ROE No. 19 will not be able to recover its investments or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2010, the ROE No. 19's investments are fully insured and collateralized.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of the investment, the greater the sensitivity of its fair value to changes in market interest rates. The ROE No. 19's policy for reducing its exposure to the risk is to structure the ROE No. 19's portfolio so that securities

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

mature to meet the ROE No. 19's cash requirements for ongoing operations. As of June 30, 2010, all the ROE No. 19's investments have investment maturities of less than three months.

The Illinois Funds Money Market Fund, created by the Illinois General Assembly, enables custodians of public funds and investment option with competitive rate of return on fully collateralized investments and immediate access to the funds. The investment policy of the Illinois Funds Money Market Fund states that, unless authorized specifically by the Treasurer, a minimum of 75% of its investment shall have less than one-year maturity and no investment shall exceed two years maturity.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ROE No. 19'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, 2010, the ROE No. 19's investments in repurchase agreement, money market funds and the Illinois Funds investment pool were rated AAA, AAA, and AAAM, respectively, using the Standard and Poor's rating scale.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single user. The ROE No. 19 does not have a policy that specifically addresses concentration of credit risk. As of June 30, 2010, the ROE No. 19 had approximately 26% of investment portfolio in repurchase agreement with a local bank that was fully collateralized by U.S. agency obligations. The investments in money market funds, which is 39% of total investments, consists only of short-term U.S. Treasury securities. The investment in the Illinois Funds investment pool is subject to the Illinois Fund's investment policy, which limits investment categories to not exceed 25% of the portfolio, with the exception of cash equivalents and U.S. Treasury securities.

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 3 - CAPITAL ASSETS

Capital asset activities for the year ended June 30, 2010 are as follows:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>
GOVERNMENTAL FUNDS				
Furniture and equipment	\$ 1,287,929	\$ 54,624	\$ 17,032	\$ 1,325,521
Building improvement	104,507	-	-	104,507
Total	<u>1,392,436</u>	<u>54,624</u>	<u>17,032</u>	<u>1,430,028</u>
Less: accumulated depreciation	867,666	180,451	16,961	1,031,156
Capital assets, net	<u>\$ 524,770</u>	<u>\$ (125,827)</u>	<u>\$ 71</u>	<u>\$ 398,872</u>
PROPRIETARY FUNDS				
Equipment	\$ 20,428	\$ 7,713	\$ 140	\$ 28,001
Less: accumulated depreciation	15,790	1,068	140	16,718
Capital assets, net	<u>\$ 4,638</u>	<u>\$ 6,645</u>	<u>\$ -</u>	<u>\$ 11,283</u>

Depreciation expense for the year ended June 30, 2010 amounted to \$180,451, was charged to instructional services function under governmental activities.

NOTE 4 - LEASE COMMITMENTS

(a) Capital Leases

The DuPage County ROE No. 19 has entered into lease agreements as lessee for financing the acquisition of its copiers. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date in the capital assets account.

The present value of future minimum lease payments and total minimum annual lease payments for capital leases recorded in the government-wide statement of net assets at June 30, 2010 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2011	\$ 38,709
2012	38,709
2013	21,869
2014	<u>7,379</u>
Total minimum lease payment	106,666
Less: amount representing interest	<u>16,303</u>
Present value of minimum lease payments	<u>\$ 90,363</u>

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Assets under capital lease recorded in the accompanying government-wide Statement of Net assets at June 30, 2010 amounted to \$144,536, and the related accumulated depreciation amounted to \$63,230.

(b) Operating Leases

The ROE No. 19 also leases office spaces for its Lombard and Addison operations. The agreements provide for a renewal option to extend up to June 30, 2015, and annual increases in future minimum rental payments not to exceed 5%. Also, the agreements generally require the ROE No. 19 to pay executory costs. Rental expense for the year ended June 30, 2010 was \$181,695.

At June 30, 2010 future minimum payments under noncancelable operating leases with remaining terms in excess of one year were as follows:

Fiscal Year Ending June 30	Amount
2011	\$ 194,340
2012	194,340
2013	194,340
2014	98,715
2015	98,715
Total	\$ 780,450

NOTE 5 - PENSION AND RETIREMENT COMMITMENTS

Teachers' Retirement System of the State of Illinois

The ROE No. 19 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains the primary responsibility for funding 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, 2010, 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. The active member contribution rate was also 9.4 percent for the years ended June 30, 2009 and 2008.

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

The State of Illinois makes contributions directly to TRS on behalf of the ROE No. 19's TRS-covered employees.

- **On behalf contributions to TRS.** The State of Illinois makes employer pension contributions on behalf of the ROE No. 19. For the year ended June 30, 2010, State of Illinois contributions were based on 23.38 percent of creditable earnings not paid from federal funds, and the ROE No. 19 recognized revenue and expenditures of \$274,185 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2009 and June 30, 2008, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 17.08 percent (\$190,747) and 13.11 percent (\$171,768), respectively.

The ROE No. 19 makes other types of employer contributions directly to TRS.

- **2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2010 were \$5,676. Contributions for the years ended June 30, 2009, and June 30, 2008, were \$6,477 and \$7,599, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the ROE No. 19, there is a statutory requirement for the ROE No. 19 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS. For the year ended June 30, 2010, the employer pension contribution was 23.38 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2009 and 2008, the employer pension contribution was 17.08 and 13.11 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2010, salaries totaling \$159,114 were paid from federal and special trust funds that required employer contributions of \$37,201. For the years ended June 30, 2009 and 2008, required ROE No. 19 contributions were \$21,232 and \$22,518, respectively.
- **Early retirement option (ERO).** The ROE No. 19 is also required to make one-time employer contributions to TRS for members retiring under the ERO. The payments vary depending on the age and salary of the member.

Public Act 94-0004 made changes in the ERO program that were in effect for all ERO retirements in fiscal years 2008 through 2010. The act increased member and employer contributions and eliminated the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service.

Under the current ERO, the maximum employer contribution is 117.5 percent and applies when the member is age 55 at retirement.

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

For the year ended June 30, 2010, the ROE No. 19 paid \$0 to TRS for employer contributions under the ERO program. For the years ended June 30, 2009 and June 30, 2008, the ROE No. 19 paid \$16,148 and \$0, in employer ERO contributions, respectively.

- **Salary increases over 6 percent and excess sick leave.** Public Act 94-0004 added two additional 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 year ended June 30, 2010, the ROE No. 19 paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2009 and 2008, the ROE No. 19 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 (18.55 percent of salary during the year ended June 30, 2010.) For the year ended June 30, 2010, the ROE No. 19 paid \$0 to TRS for sick leave days granted in excess of the normal annual allotment. For the years ended June 30, 2009 and 2008, the ROE No. 19 did not have any payments to TRS for sick leave days granted in excess of the normal 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, 2009. The report for the year ended June 30, 2010 is expected to be available in late 2010. The reports may be obtained by writing to the Teacher's Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS website at trs.illinois.gov.

Non-certified employees are paid by, and considered employees of, county government. As such, related retirement obligations associated with these employees are the responsibilities of county government and are included in the total county on-behalf payments.

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 6 - DEFICIT FUND BALANCES

The following funds have deficit fund balances as of June 30, 2010:

General Fund:	
General	\$ 54,017
Education Fund:	
Early Childhood Parenting Program	18,924
Truants' Alternative Program	58,083
McKinney Education for Homeless	7,586
Regional Safe Schools and General State Aid	10,905
Truants Minors in Need of Supervision (TMINS)	26,540
Technology for Success	2,590
Social Emotional Learning Standards Professional Development Program (SEL-PDP)	3,066
Preschool for All	31,034
Illinois New Principal Mentoring	2,474
Teacher Mentoring & Mentoring Pilot Program	<u>74,209</u>
Total	<u>\$ 289,428</u>

Deficit fund balances are expected to be reversed in the next fiscal year through payments from the State, receipts from local sources and interest income. The deficit balances are due to the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which require that grant revenue can only be recognized when collected during the fiscal year or collected soon after the end of the fiscal year to be available to pay the liabilities of current fiscal period.

NOTE 7 - RELATED PARTY TRANSACTIONS

Certain fixed assets used by ROE No. 19 are purchased by the DuPage County. Ownership of some fixed assets remains with the DuPage County, and accordingly, the cost of these assets is not included in any fund or in the capital assets in the financial statements. Other operating expenditures of ROE No. 19 are paid by the DuPage County.

NOTE 8 - ON-BEHALF PAYMENTS

Salaries of the Regional Superintendent and the Assistant Regional Superintendent are paid by the State of Illinois, and a significant portion of the operating expenditures of the ROE No. 19 are paid by DuPage County, Illinois, in accordance with the statutes.

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

The breakdown of the State and County on-behalf payments for the year ended June 30, 2010 is as follows:

Regional Superintendent salary	\$ 100,762
Regional Superintendent benefits (includes State paid insurance)	5,897
Assistant Regional Superintendent salary	90,686
Assistant Regional Superintendent benefits (includes State paid insurance)	22,322
TRS pension contributions	274,185
THIS OPEB contributions	9,851
Salaries and benefits of office employees paid by the DuPage County	703,252
Other operating expenses	<u>128,960</u>
Total	<u>\$ 1,335,915</u>

Salary and benefit data for the Regional Superintendent and the Assistant Regional Superintendent was calculated based on data provided by ISBE.

NOTE 9 - DUE FROM (TO) OTHER GOVERNMENTS

The ROE No. 19's General Fund, Special Revenue Funds, Proprietary Funds, and Agency Fund have funds due to and due from various governmental units which consist of the following:

Due from Other Governments:	
Illinois State Board of Education	\$ 1,259,783
Will County Regional Office of Education No. 56	419,280
Henderson, Mercer, and Warren Counties	
Regional Office of Education No. 27	12,359
County of DuPage	33,091
Local school districts	43,355
Other governmental units	<u>20,033</u>
Total	<u>\$ 1,787,901</u>
Due to Other Governments:	
Local School Districts	<u>\$ 64,370</u>

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 10 - INTERFUND TRANSFERS

(a) Due From (To) Other Funds

As of June 30, 2010, amounts due from (to) other funds consist of the following:

Fund	Due From Other Funds	Due To Other Funds
General Fund		
General	\$ 38,787	\$ -
ROE/ISC Operations	-	150
Education Fund		
Early Childhood Parenting Program	-	36,413
Truants' Alternative Program	-	86,774
Regional Safe Schools and General State Aid	-	801,400
Workforce Investment Act	-	20,205
Truants Minors in Need of Supervision (TMINS)	-	18,085
System of Support (RESPRO)	-	91,765
Technology for Success	-	19,660
Preschool for All	-	43,393
Reading Improvement	-	20,186
Illinois New Principal Mentoring	-	154
Teacher Mentoring & Mentoring Pilot Program	-	38,518
Gifted Education	-	31,805
Nonmajor Special Revenue Fund		
Bus Driver Training	125,291	-
Area I	150	-
Nonmajor Proprietary Funds		
Local Services	1,044,163	-
Criminal Background Investigation	117	-
Total	\$ 1,208,508	\$ 1,208,508

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

(b) Transfers From (To) Other Funds

The composition of interfund transfers for the year ended June 30, 2010 is as follows:

Fund	Transfer-in	Transfer-out
General Fund		
General	\$ –	\$ 146,817
ROE/ISC Operations	193,541	–
Education Fund		
Regional Safe Schools and General State Aid	–	21,397
Truants Minors in Need of Supervision (TMINS)	21,397	–
Standards Aligned Classroom	–	15,215
National Board Professional Preparation and Teacher Support System	–	31,509
Nonmajor Special Revenue Funds		
Suburban Council of Reading Consultants	–	92
Regional Summit	–	2,000
Institute Fund	6,791	–
Nonmajor Proprietary Funds		
Local Services	–	18,650
Criminal Background Investigation	13,951	–
Total	<u>\$ 235,680</u>	<u>\$ 235,680</u>

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS

(a) Defined Benefit Plan - DuPage County Health Plan

The ROE No. 19 participates in the DuPage County Health Insurance Plan (OPEB Plan) that provides limited health-care insurance for certain eligible retired employees. The OPEB Plan provides an explicit premium subsidy to certain employees who meet eligibility conditions, and other coverage to certain employees as a function of their early retirement agreements. Membership in the OPEB Plan consisted of 3,374 total members, out of which 18 members are employees of the ROE No. 19.

The actuarial valuation of liabilities under the OPEB Plan is calculated using the entry age actuarial cost method as of the December 31, 2008 actuarial valuation (latest available information). This method requires the calculation of an unfunded actuarial liability, OPEB cost and OPEB obligation for DuPage County which amounted to \$6,176,135, \$24,214 and \$84,725 as of December 31, 2009, respectively. The ROE No.

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

19's portion of the unfunded actuarial liability, OPEB cost and OPEB obligation are not separately determinable from the DuPage County actuarial study.

The ROE No. 19 has estimated its portion of the DuPage County's net OPEB obligation using the ratio of full-time equivalent employees of the ROE No. 19 compared to full-time equivalent employees of DuPage County. Due to the small number of ROE No. 19 employees who participate in the OPEB Plan (0.53% of total members), the ROE No. 19's estimated net OPEB liability was determined to be very minimal.

Details of the OPEB Plan are available in DuPage County's audit report for the year ended November 30, 2009. The report may be obtained by writing to the Finance Department, DuPage County, 421 North County Farm Road, Wheaton, Illinois 60187.

(b) Teacher Health Insurance Security Fund

The ROE No. 19 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the TRS. Annuitants may participate in the State administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. The director of HFS determines the rates and premiums for annuitants and dependent beneficiaries and establishes the cost-sharing parameters. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the State make a contribution to THIS.

The percentage of employer required contributions in the future will be determined by the director of HFS and will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

- **On behalf contributions to THIS Fund.** The State of Illinois makes employer retiree health insurance contributions on behalf of the ROE No. 19. State contributions are intended to match contributions to THIS Fund from active members which were 0.84 percent of pay during the year ended June 30, 2010. State of Illinois contributions were \$9,851, and the ROE No. 19 recognized revenue and expenditures of this amount during the year. Had the ROE No. 19 recognized revenue and expenditures for State contributions intended to match active member contributions during the years ended

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

June 30, 2009 and June 30, 2008, under the current standards, the contribution match would have been 0.84 percent of pay or \$10,989 and \$12,694, respectively.

- **Employer contributions to THIS Fund.** The ROE No. 19 also makes contributions to THIS Fund. The ROE No. 19's THIS Fund contribution was 0.63 percent during the years ended June 30, 2010, June 30, 2009, and June 30, 2008. For the year ended June 30, 2010, the ROE No. 19 paid \$6,182 to the THIS Fund. For the years ended June 30, 2009 and June 30, 2008, the ROE No. 19 paid \$7,036 and \$8,254 to the THIS Fund, respectively, which was 100 percent of the required contribution.

The publicly available financial report of the THIS Fund may be obtained by writing to the Department of Healthcare and Family Services, 201 S. Grand Avenue, Springfield, IL 62763-3838.

SUPPLEMENTARY INFORMATION

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
GENERAL FUND
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2010**

SCHEDULE 1

	<u>General</u>	<u>ROE/ISC Operations</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 51,452	\$ 51,452
Due from other funds	38,787	-	38,787
Due from other governmental units	-	146,219	146,219
TOTAL ASSETS	<u>38,787</u>	<u>197,671</u>	<u>236,458</u>
LIABILITIES AND FUND BALANCES (DEFICIT)			
LIABILITIES			
Accounts payable and accrued expenses	92,804	3,406	96,210
Due to other funds	-	150	150
Deferred revenues	-	97,481	97,481
TOTAL LIABILITIES	<u>92,804</u>	<u>101,037</u>	<u>193,841</u>
FUND BALANCES (DEFICIT)			
Unreserved	<u>(54,017)</u>	<u>96,634</u>	<u>42,617</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 38,787</u>	<u>\$ 197,671</u>	<u>\$ 236,458</u>

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE 2

	<u>General</u>	<u>ROE/ISC Operations</u>	<u>Total</u>
REVENUES			
Federal sources	\$ -	\$ 93,299	\$ 93,299
State sources	419,842	146,214	566,056
On-behalf payments	1,335,915	-	1,335,915
	<u>1,755,757</u>	<u>239,513</u>	<u>1,995,270</u>
EXPENDITURES			
Salaries	108,629	267,318	375,947
Benefits	7,130	54,141	61,271
Purchased services	149,449	9,306	158,755
Supplies and materials	29,157	3,966	33,123
On-behalf payments	1,335,915	-	1,335,915
Capital expenditures	-	1,689	1,689
	<u>1,630,280</u>	<u>336,420</u>	<u>1,966,700</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	125,477	(96,907)	28,570
OTHER FINANCING SOURCES (USES)			
Repayment of long-term lease payable	(6,989)	-	(6,989)
Financing cost	(3,185)	-	(3,185)
Transfers in (out)	(146,817)	193,541	46,724
	<u>(156,991)</u>	<u>193,541</u>	<u>36,550</u>
NET CHANGE IN FUND BALANCES	(31,514)	96,634	65,120
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>(22,503)</u>	<u>-</u>	<u>(22,503)</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ (54,017)</u>	<u>\$ 96,634</u>	<u>\$ 42,617</u>

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010**

SCHEDULE 3

	ROE/ISC Operations		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Federal sources	\$ -	\$ 93,299	\$ 93,299
State sources	243,695	146,214	(97,481)
Total revenues	<u>243,695</u>	<u>239,513</u>	<u>(4,182)</u>
EXPENDITURES			
Salaries	195,823	267,318	(71,495)
Benefits	45,453	54,141	(8,688)
Purchased services	2,419	9,306	(6,887)
Supplies and materials	-	3,966	(3,966)
Capital expenditures	-	1,689	(1,689)
Total expenditures	<u>243,695</u>	<u>336,420</u>	<u>(92,725)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>(96,907)</u>	<u>\$ (96,907)</u>
OTHER FINANCING SOURCE			
Transfers in		<u>193,541</u>	
NET CHANGE IN FUND BALANCE		96,634	
FUND BALANCE, BEGINNING OF YEAR		<u>-</u>	
FUND BALANCE, END OF YEAR		<u>\$ 96,634</u>	

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2010**

SCHEDULE 4

	<u>Early Childhood Parenting Program</u>	<u>Truants' Alternative Program</u>	<u>McKinney Education for Homeless</u>	<u>Regional Safe Schools and General State Aid</u>	<u>Workforce Investment Act</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 5,372	\$ -	\$ -
Due from other governmental units	40,555	79,115	-	1,085,532	43,048
TOTAL ASSETS	<u>40,555</u>	<u>79,115</u>	<u>5,372</u>	<u>1,085,532</u>	<u>43,048</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	2,787	10,864	8,173	53,992	8,423
Due to other funds	36,413	86,774	-	801,400	20,205
Due to other governmental units	-	-	-	-	-
Deferred revenues	20,279	39,560	4,785	241,045	-
TOTAL LIABILITIES	<u>59,479</u>	<u>137,198</u>	<u>12,958</u>	<u>1,096,437</u>	<u>28,628</u>
FUND BALANCES (DEFICIT)					
Unreserved	(18,924)	(58,083)	(7,586)	(10,905)	14,420
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 40,555</u>	<u>\$ 79,115</u>	<u>\$ 5,372</u>	<u>\$ 1,085,532</u>	<u>\$ 43,048</u>

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2010**

**SCHEDULE 4
 (CONTINUED)**

	Truants Minors in Need of Supervision (TMINS)	Standards Aligned Classroom	System of Support (RESPRO)	Technology for Success	Physical Education Program
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governmental units	-	-	157,236	32,481	-
TOTAL ASSETS	-	-	157,236	32,481	-
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	8,455	-	17,879	6,200	-
Due to other funds	18,085	-	91,765	19,660	-
Due to other governmental units	-	-	-	-	-
Deferred revenues	-	-	-	9,211	-
TOTAL LIABILITIES	26,540	-	109,644	35,071	-
FUND BALANCES (DEFICIT)					
Unreserved	(26,540)	-	47,592	(2,590)	-
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ -	\$ -	\$ 157,236	\$ 32,481	\$ -

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2010

SCHEDULE 4
 (CONTINUED)

	National Board Professional Preparation and Teacher Support System	Social Emotional Learning Standards Professional Development Program (SEL-PDP)	Preschool for All	Reading Improvement	Illinois New Principal Mentoring
ASSETS					
Cash and cash equivalents	\$ -	\$ 39,439	\$ -	\$ -	\$ -
Due from other governmental units	-	-	12,359	33,356	500
TOTAL ASSETS	-	39,439	12,359	33,356	500
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	-	6,464	-	9,870	2,820
Due to other funds	-	-	43,393	20,186	154
Due to other governmental units	-	-	-	3,300	-
Deferred revenues	-	36,041	-	-	-
TOTAL LIABILITIES	-	42,505	43,393	33,356	2,974
FUND BALANCES (DEFICIT)					
Unreserved	-	(3,066)	(31,034)	-	(2,474)
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ -	\$ 39,439	\$ 12,359	\$ 33,356	\$ 500

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2010**

**SCHEDULE 4
 (CONTINUED)**

	Teacher Mentoring & Mentoring Pilot Program	Physical Fitness Assessment	Gifted Education	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 289,293	\$ 334,104
Due from other governmental units	80,826	-	-	1,565,008
TOTAL ASSETS	80,826	-	289,293	1,899,112
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	-	-	4,443	140,370
Due to other funds	38,518	-	31,805	1,208,358
Due to other governmental units	40,958	-	12,000	56,258
Deferred revenues	75,559	-	241,045	667,525
TOTAL LIABILITIES	155,035	-	289,293	2,072,511
FUND BALANCES (DEFICIT)				
Unreserved	(74,209)	-	-	(173,399)
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 80,826	\$ -	\$ 289,293	\$ 1,899,112

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
EDUCATION FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010**

SCHEDULE 5

	Early Childhood Parenting Program	Truants' Alternative Program	McKinney Education for Homeless	Regional Safe Schools and General State Aid	Workforce Investment Act
REVENUES					
Federal sources	\$ -	\$ -	\$ 37,850	\$ 451,012	\$ 113,178
State sources	81,104	92,295	-	2,871,469	-
Local sources					
Intergovernmental	-	-	-	-	-
Miscellaneous	-	-	-	4,299	-
Total revenues	<u>81,104</u>	<u>92,295</u>	<u>37,850</u>	<u>3,326,780</u>	<u>113,178</u>
EXPENDITURES					
Salaries	73,819	95,128	-	680,748	80,721
Benefits	25,163	29,593	-	159,087	23,525
Purchased services	7,108	5,796	40,129	215,610	4,750
Supplies and materials	44	3,070	179	43,576	433
Capital expenditures	-	-	-	2,018	-
Payments to other governments	-	-	-	2,568,904	-
Total expenditures	<u>106,134</u>	<u>133,587</u>	<u>40,308</u>	<u>3,669,943</u>	<u>109,429</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(25,030)	(41,292)	(2,458)	(343,163)	3,749
OTHER FINANCING SOURCES (USES)					
Repayment of long-term lease payable	-	-	-	(6,993)	-
Financing cost	-	-	-	(2,028)	-
Transfers in (out)	-	-	-	(21,397)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,418)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(25,030)	(41,292)	(2,458)	(373,581)	3,749
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>6,106</u>	<u>(16,791)</u>	<u>(5,128)</u>	<u>362,676</u>	<u>10,671</u>

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
EDUCATION FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010**

**SCHEDULE 5
(CONTINUED)**

	Truants Minors in Need of Supervision (TMINS)	Standards Aligned Classroom	System of Support (RESPRO)	Technology for Success	Physical Education Program
REVENUES					
Federal sources	\$ -	\$ -	\$ 761,381	\$ -	\$ 68,159
State sources	101,635	-	75,176	81,445	-
Local sources					
Intergovernmental	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>101,635</u>	<u>-</u>	<u>836,557</u>	<u>81,445</u>	<u>68,159</u>
EXPENDITURES					
Salaries	69,695	-	30,887	-	-
Benefits	5,983	-	27,667	-	-
Purchased services	4,286	-	476,828	88,762	77,103
Supplies and materials	1,112	-	101,162	1,894	-
Capital expenditures	-	-	-	-	-
Payments to other governments	-	-	160,790	-	-
Total expenditures	<u>81,076</u>	<u>-</u>	<u>797,334</u>	<u>90,656</u>	<u>77,103</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	20,559	-	39,223	(9,211)	(8,944)
OTHER FINANCING SOURCES (USES)					
Repayment of long-term lease payable	-	-	-	-	-
Financing cost	-	-	-	-	-
Transfers in (out)	21,397	(15,215)	-	-	-
Total other financing sources (uses)	<u>21,397</u>	<u>(15,215)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	41,956	(15,215)	39,223	(9,211)	(8,944)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>(68,496)</u>	<u>15,215</u>	<u>8,369</u>	<u>6,621</u>	<u>8,944</u>

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 EDUCATION FUND ACCOUNTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2010**

**SCHEDULE 5
 (CONTINUED)**

	National Board Professional Preparation and Teacher Support System	Social Emotional Learning Standards Professional Development Program (SEL-PDP)	Preschool for All	Reading Improvement	Illinois New Principal Mentoring
REVENUES					
Federal sources	\$ -	\$ -	\$ -	\$ 33,356	\$ -
State sources	-	79,359	-	-	-
Local sources					
Intergovernmental	16,850	-	16,495	-	64,540
Miscellaneous	-	-	-	-	-
Total revenues	<u>16,850</u>	<u>79,359</u>	<u>16,495</u>	<u>33,356</u>	<u>64,540</u>
EXPENDITURES					
Salaries	-	-	-	-	-
Benefits	-	3,435	-	-	116
Purchased services	-	58,724	43,157	26,347	66,339
Supplies and materials	-	3,428	-	7,009	559
Capital expenditures	-	13,772	-	-	-
Payments to other governments	275	-	-	-	-
Total expenditures	<u>275</u>	<u>79,359</u>	<u>43,157</u>	<u>33,356</u>	<u>67,014</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	16,575	-	(26,662)	-	(2,474)
OTHER FINANCING SOURCES (USES)					
Repayment of long-term lease payable	-	-	-	-	-
Financing cost	-	-	-	-	-
Transfers in (out)	(31,509)	-	-	-	-
Total other financing sources (uses)	<u>(31,509)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(14,934)	-	(26,662)	-	(2,474)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	14,934	(3,066)	(4,372)	-	-

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 EDUCATION FUND ACCOUNTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2010**

**SCHEDULE 5
 (CONTINUED)**

	Teacher Mentoring & Mentoring Pilot Program	Physical Fitness Assessment	Gifted Education	Total
REVENUES				
Federal sources	\$ -	\$ 56,130	\$ -	\$ 1,521,066
State sources	54,200	-	123,060	3,559,743
Local sources				
Intergovernmental	-	-	-	97,885
Miscellaneous	-	-	-	4,299
Total revenues	<u>54,200</u>	<u>56,130</u>	<u>123,060</u>	<u>5,182,993</u>
EXPENDITURES				
Salaries	-	-	-	1,030,998
Benefits	-	-	-	274,569
Purchased services	61,448	7,240	81,169	1,264,796
Supplies and materials	110	-	17,507	180,083
Capital expenditures	-	-	864	16,654
Payments to other governments	68,201	48,890	23,520	2,870,580
Total expenditures	<u>129,759</u>	<u>56,130</u>	<u>123,060</u>	<u>5,637,680</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(75,559)	-	-	(454,687)
OTHER FINANCING SOURCES (USES)				
Repayment of long-term lease payable	-	-	-	(6,993)
Financing cost	-	-	-	(2,028)
Transfers in (out)	-	-	-	(46,724)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,745)</u>
NET CHANGE IN FUND BALANCES	(75,559)	-	-	(510,432)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>1,350</u>	<u>-</u>	<u>-</u>	<u>337,033</u>

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 EDUCATION FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE 6

	Early Childhood Parenting Program			Truants' Alternative Program			Regional Safe Schools and General State Aid		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES									
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 451,012	\$ 451,012
State sources	101,383	81,104	(20,279)	131,855	92,295	(39,560)	1,206,349	2,871,469	1,665,120
Local sources									
Intergovernmental	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	4,299	4,299
Total revenues	<u>101,383</u>	<u>81,104</u>	<u>(20,279)</u>	<u>131,855</u>	<u>92,295</u>	<u>(39,560)</u>	<u>1,206,349</u>	<u>3,326,780</u>	<u>2,120,431</u>
EXPENDITURES									
Salaries	72,692	73,819	(1,127)	94,474	95,128	(654)	706,078	680,748	25,330
Benefits	23,048	25,163	(2,115)	28,165	29,593	(1,428)	119,501	159,087	(39,586)
Purchased services	5,491	7,108	(1,617)	9,216	5,796	3,420	285,768	215,610	70,158
Supplies and materials	152	44	108	-	3,070	(3,070)	89,502	43,576	45,926
Capital expenditures	-	-	-	-	-	-	5,500	2,018	3,482
Payments to other governments	-	-	-	-	-	-	-	2,568,904	(2,568,904)
Total expenditures	<u>101,383</u>	<u>106,134</u>	<u>(4,751)</u>	<u>131,855</u>	<u>133,587</u>	<u>(1,732)</u>	<u>1,206,349</u>	<u>3,669,943</u>	<u>(2,463,594)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES									
	<u>\$ -</u>	<u>(25,030)</u>	<u>\$ (25,030)</u>	<u>\$ -</u>	<u>(41,292)</u>	<u>\$ (41,292)</u>	<u>\$ -</u>	<u>(343,163)</u>	<u>\$ (343,163)</u>
OTHER FINANCING SOURCES (USES)									
Repayment of long-term lease payable		-			-			(6,993)	
Financing cost		-			-			(2,028)	
Transfers in (out)		-			-			(21,397)	
Total other financing uses		<u>-</u>			<u>-</u>			<u>(30,418)</u>	
NET CHANGE IN FUND BALANCES									
		(25,030)			(41,292)			(373,581)	
FUND BALANCES (DEFICIT), BEGINNING OF YEAR									
		<u>6,106</u>			<u>(16,791)</u>			<u>362,676</u>	
FUND BALANCES (DEFICIT), END OF YEAR									
		<u>\$ (18,924)</u>			<u>\$ (58,083)</u>			<u>\$ (10,905)</u>	

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 EDUCATION FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE 6
 (CONTINUED)

	Technology for Success			Reading Improvement			Teacher Mentoring & Mentoring Pilot Program		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES									
Federal sources	\$ -	\$ -	\$ -	\$ 93,153	\$ 33,356	\$ (59,797)	\$ -	\$ -	\$ -
State sources	117,265	81,445	(35,820)	-	-	-	108,400	54,200	(54,200)
Local sources									
Intergovernmental	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	117,265	81,445	(35,820)	93,153	33,356	(59,797)	108,400	54,200	(54,200)
EXPENDITURES									
Salaries	-	-	-	-	-	-	-	-	-
Benefits	-	-	-	-	-	-	-	-	-
Purchased services	116,747	88,762	27,985	78,032	26,347	51,685	41,400	61,448	(20,048)
Supplies and materials	518	1,894	(1,376)	15,121	7,009	8,112	-	110	(110)
Capital expenditures	-	-	-	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-	67,000	68,201	(1,201)
Total expenditures	117,265	90,656	26,609	93,153	33,356	59,797	108,400	129,759	(21,359)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES									
	\$ -	(9,211)	\$ (9,211)	\$ -	-	\$ -	\$ -	(75,559)	\$ (75,559)
OTHER FINANCING SOURCES (USES)									
Repayment of long-term lease payable		-			-			-	
Financing cost		-			-			-	
Transfers in (out)		-			-			-	
Total other financing uses		-			-			-	
NET CHANGE IN FUND BALANCES									
		(9,211)			-			(75,559)	
FUND BALANCES (DEFICIT), BEGINNING OF YEAR									
		6,621			-			1,350	
FUND BALANCES (DEFICIT), END OF YEAR									
		\$ (2,590)			\$ -			\$ (74,209)	

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 EDUCATION FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE 6
 (CONTINUED)

	Gifted Education			Total		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Federal sources	\$ -	\$ -	\$ -	\$ 93,153	\$ 484,368	\$ 391,215
State sources	364,105	123,060	(241,045)	2,029,357	3,303,573	1,274,216
Local sources						
Intergovernmental	-	-	-	-	-	-
Miscellaneous	-	-	-	-	4,299	4,299
Total revenues	<u>364,105</u>	<u>123,060</u>	<u>(241,045)</u>	<u>2,122,510</u>	<u>3,792,240</u>	<u>1,669,730</u>
EXPENDITURES						
Salaries	18,205	-	18,205	891,449	849,695	41,754
Benefits	-	-	-	170,714	213,843	(43,129)
Purchased services	132,000	81,169	50,831	668,654	486,240	182,414
Supplies and materials	184,130	17,507	166,623	289,423	73,210	216,213
Capital expenditures	-	864	(864)	5,500	2,882	2,618
Payments to other governments	29,770	23,520	6,250	96,770	2,660,625	(2,563,855)
Total expenditures	<u>364,105</u>	<u>123,060</u>	<u>241,045</u>	<u>2,122,510</u>	<u>4,286,495</u>	<u>(2,163,985)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(494,255)</u>	<u>\$ (494,255)</u>
OTHER FINANCING SOURCES (USES)						
Repayment of long-term lease payable		-			(6,993)	
Financing cost		-			(2,028)	
Transfers in (out)		-			(21,397)	
Total other financing uses		<u>-</u>			<u>(30,418)</u>	
NET CHANGE IN FUND BALANCES						
		-			(524,673)	
FUND BALANCES (DEFICIT), BEGINNING OF YEAR						
		<u>-</u>			<u>359,962</u>	
FUND BALANCES (DEFICIT), END OF YEAR						
		<u>\$ -</u>			<u>\$ (164,711)</u>	

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010**

SCHEDULE 7

	General Education Development	Bus Driver Training	Supervisory	Area I	Suburban Council of Reading Consultants	Regional Summit	Total
ASSETS							
Cash and cash equivalents	\$ 5,918	\$ 7,394	\$ 343	\$ 1,159	\$ -	\$ -	\$ 14,814
Due from other funds	-	125,291	-	150	-	-	125,441
Due from other governmental units	290	-	-	-	-	-	290
TOTAL ASSETS	6,208	132,685	343	1,309	-	-	140,545
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and accrued expenses	-	1,516	-	-	-	-	1,516
FUND BALANCES							
Unreserved	6,208	131,169	343	1,309	-	-	139,029
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,208	\$ 132,685	\$ 343	\$ 1,309	\$ -	\$ -	\$ 140,545

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE 8

	General Education Development	Bus Driver Training	Supervisory	Area I	Suburban Council of Reading Consultants	Regional Summit	Total
REVENUES							
State sources	\$ -	\$ 3,764	\$ 1,000	\$ -	\$ -	\$ -	\$ 4,764
Local sources							
Intergovernmental	-	-	-	2,250	-	-	2,250
Fees and charges for services	3,366	16,753	-	-	-	-	20,119
Miscellaneous	302	-	-	150	-	-	452
Total revenues	3,668	20,517	1,000	2,400	-	-	27,585
EXPENDITURES							
Purchased services	-	12,678	426	2,300	-	-	15,404
Supplies and materials	353	-	-	219	-	-	572
Capital expenditures	1,393	-	-	-	-	-	1,393
Total expenditures	1,746	12,678	426	2,519	-	-	17,369
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,922	7,839	574	(119)	-	-	10,216
OTHER FINANCING USES							
Transfers out	-	-	-	-	(92)	(2,000)	(2,092)
NET CHANGE IN FUND BALANCES	1,922	7,839	574	(119)	(92)	(2,000)	8,124
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	4,286	123,330	(231)	1,428	92	2,000	130,905
FUND BALANCES, END OF YEAR	\$ 6,208	\$ 131,169	\$ 343	\$ 1,309	\$ -	\$ -	\$ 139,029

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2010**

SCHEDULE 9

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>Local Services</u>	<u>Criminal Background Investigation</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 53,299	\$ -	\$ 53,299
Due from other funds	1,044,163	117	1,044,280
Due from other governmental units	59,944	16,440	76,384
Total current assets	<u>1,157,406</u>	<u>16,557</u>	<u>1,173,963</u>
Noncurrent assets			
Capital assets, net	<u>9,160</u>	<u>2,123</u>	<u>11,283</u>
TOTAL ASSETS	<u>1,166,566</u>	<u>18,680</u>	<u>1,185,246</u>
LIABILITIES			
Accounts payable and accrued expenses	<u>32,655</u>	<u>-</u>	<u>32,655</u>
NET ASSETS			
Investment in capital assets, net of related debt	9,160	2,123	11,283
Unrestricted	<u>1,124,751</u>	<u>16,557</u>	<u>1,141,308</u>
TOTAL NET ASSETS	<u>\$ 1,133,911</u>	<u>\$ 18,680</u>	<u>\$ 1,152,591</u>

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE 10

	Business Type Activities - Enterprise Funds		
	Local Services	Criminal Background Investigation	Total
OPERATING REVENUES			
Intergovernmental	\$ 147,498	\$ 51,791	\$ 199,289
Fees and charges for services	815,191	16,557	831,748
Total operating revenues	<u>962,689</u>	<u>68,348</u>	<u>1,031,037</u>
OPERATING EXPENSES			
Salaries	246,438	-	246,438
Benefits	38,402	-	38,402
Purchased services	485,668	76,247	561,915
Supplies and materials	22,652	-	22,652
Depreciation	674	394	1,068
Total operating expenses	<u>793,834</u>	<u>76,641</u>	<u>870,475</u>
OPERATING INCOME (LOSS)	168,855	(8,293)	160,562
NONOPERATING REVENUES			
Interest and investment income	<u>22,050</u>	<u>-</u>	<u>22,050</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	190,905	(8,293)	182,612
OPERATING TRANSFERS			
Transfers in (out)	<u>(18,650)</u>	<u>13,951</u>	<u>(4,699)</u>
CHANGE IN NET ASSETS	172,255	5,658	177,913
NET ASSETS, BEGINNING OF YEAR	<u>961,656</u>	<u>13,022</u>	<u>974,678</u>
NET ASSETS, END OF YEAR	<u>\$ 1,133,911</u>	<u>\$ 18,680</u>	<u>\$ 1,152,591</u>

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**

SCHEDULE 11

	Business Type Activities - Enterprise Funds		
	Local Services	Criminal Background Investigation	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts for workshops and services	\$ (137,313)	\$ 62,296	\$ (75,017)
Payments to suppliers and providers of goods and services	(486,569)	(76,247)	(562,816)
Payments to employees	(284,840)	-	(284,840)
Net cash used in operating activities	<u>(908,722)</u>	<u>(13,951)</u>	<u>(922,673)</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITY			
Transfers from/to other funds	(18,650)	13,951	(4,699)
Net cash provided by (used in) noncapital financing activity	<u>(18,650)</u>	<u>13,951</u>	<u>(4,699)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITY			
Purchase of equipment	(7,713)	-	(7,713)
Net cash used in capital financing activity	<u>(7,713)</u>	<u>-</u>	<u>(7,713)</u>
CASH FLOWS FROM INVESTING ACTIVITY			
Interest and investment income	22,050	-	22,050
Net cash provided by investing activity	<u>22,050</u>	<u>-</u>	<u>22,050</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(913,035)	-	(913,035)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>966,334</u>	<u>-</u>	<u>966,334</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 53,299</u>	<u>\$ -</u>	<u>\$ 53,299</u>
Reconciliation of operating income (loss) to net cash used by operating activities:			
Operating income (loss)	\$ 168,855	\$ (8,293)	\$ 160,562
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Depreciation	674	394	1,068
Effects of changes in assets and liabilities:			
Due from other funds	(1,044,163)	10,388	(1,033,775)
Due from other governmental units	(55,839)	(16,440)	(72,279)
Accounts payable and accrued expenses	21,751	-	21,751
Net cash used in operating activities	<u>\$ (908,722)</u>	<u>\$ (13,951)</u>	<u>\$ (922,673)</u>

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2010**

SCHEDULE 12

	<u>Distributive</u>	<u>DuPage Career Education Center (DCEC)</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 8,112	\$ 8,112
LIABILITIES			
Due to other governmental units	\$ -	\$ 8,112	\$ 8,112

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2010**

SCHEDULE 13

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>DISTRIBUTIVE</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 80,807	\$ 80,807	\$ -
LIABILITIES				
Distributive payable	\$ -	\$ 80,807	\$ 80,807	\$ -
<u>DUPAGE CAREER EDUCATION CENTER (DCEC)</u>				
ASSETS				
Cash and cash equivalents	\$ 22,531	\$ 158,199	\$ 172,618	\$ 8,112
LIABILITIES				
Due to other governmental units	\$ 22,531	\$ 158,199	\$ 172,618	\$ 8,112
<u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 22,531	\$ 239,006	\$ 253,425	\$ 8,112
LIABILITIES				
Distributive payable	-	80,807	80,807	-
Due to other governmental units	22,531	158,199	172,618	8,112
Total liabilities	\$ 22,531	\$ 239,006	\$ 253,425	\$ 8,112

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

SCHEDULE 14

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/ Contract Number	FY 2010 Expenditures
STATE FISCAL STABILIZATION FUND CLUSTER:			
<u>DEPARTMENT OF EDUCATION</u>			
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act			
Passed-Through Illinois State Board of Education			
<i>General State Aid (Education Stabilization Fund)</i>	(M) 84.394A	2010-4850-93	\$ 69,974
<i>General State Aid (Education Stabilization Fund)</i>	(M) 84.394A	2010-4850-95	<u>337,844</u>
			<u>407,818</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act			
Passed-Through Illinois State Board of Education			
<i>General State Aid (Government Stabilization Fund)</i>	(M) 84.397A	2010-4870-93	23,325
<i>General State Aid (Government Stabilization Fund)</i>	(M) 84.397A	2010-4870-95	<u>112,615</u>
			<u>135,940</u>
TOTAL DEPARTMENT OF EDUCATION			\$ 543,758
TOTAL STATE FISCAL STABILIZATION FUND CLUSTER			\$ 543,758
OTHER PROGRAMS:			
<u>DEPARTMENT OF EDUCATION</u>			
Fund for the Improvement of Education			
<i>Physical Education Program</i>	84.215F	Q215F060369	<u>\$ 68,159</u>
Reading First State Grants			
Passed-Through Illinois State Board of Education			
<i>Title I - Reading First Part B SEA</i>	84.357A	2010-4337-00	<u>33,356</u>
Improving Teacher Quality State Grants			
Passed-Through Illinois State Board of Education			
<i>Title II - Teacher Quality</i>	84.367A	2010-4932-00	553
Passed-Through Will County Regional Office of Education No. 56			
<i>Title II - Teacher Quality - Leadership Grant</i>	84.367A	2009-4935-SS	56,369
<i>Title II - Teacher Quality - Leadership Grant</i>	84.367A	2010-4935-SS	<u>38,354</u>
			<u>95,276</u>
Title I Grants to Local Educational Agencies			
Passed-Through Will County Regional Office of Education No. 56			
<i>Title I - School Improvement and Accountability</i>	84.010A	2009-4331-SS	326,305
<i>Title I - School Improvement and Accountability</i>	84.010A	2010-4331-SS	<u>340,353</u>
			<u>666,658</u>
Education for Homeless Children and Youth			
Passed-Through Will County Regional Office of Education No. 56			
<i>McKinney Education for Homeless Children</i>	84.196A	2010-4920-00	<u>37,850</u>
TOTAL DEPARTMENT OF EDUCATION			\$ 901,299

The accompanying notes are an integral part of this schedule.

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2010**

**SCHEDULE 14
 (CONTINUED)**

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through/ Contract Number	FY 2010 Expenditures
OTHER PROGRAMS: (Continued)			
<u>DEPARTMENT OF LABOR</u>			
WIA Youth Activities Passed-Through County of DuPage <i>WIA Youth Program</i>	17.259	PY2008-05-Mod#1	109,429
TOTAL DEPARTMENT OF LABOR			\$ 109,429
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs <i>DuPage County Physical Fitness Assessment Initiative</i>	93.946	IH75DP001870-01	\$ 56,130
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 56,130
TOTAL OTHER PROGRAMS			\$ 1,066,858
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,610,616

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

Note 1. Reporting Entity Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the DuPage County Regional Office of Education No. 19 (ROE No. 19) and is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2. Subrecipients

The ROE No. 19 did not provide federal payments to subrecipients.

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

ARRA - General State Aid was allocated through the State Fiscal Stabilization Funds (SFSF) section of the American Recovery and Reinvestment Act (ARRA). These funds will help stabilize the possible impact of the State's current fiscal deficit upon payment of general State aid to school districts.

Note 4. Non-Cash Assistance

The ROE No. 19 did not receive any federal non-cash assistance.

Note 5. Loans and Insurance

There were no federal awards received or disbursed by the ROE No. 19 for the purpose of loans or insurance.