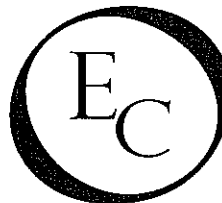


**STATE OF ILLINOIS  
GRUNDY/KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

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

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



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

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**

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**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**

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**GRUNDY/KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24  
OFFICIALS**

Regional Superintendent  
(current and during the audit period)

Mr. Thomas J. Centowski

Assistant Regional Superintendent  
(current and during the audit period)

Mr. Paul Nordstrom

Office is located at:

1320 Union Street  
Morris, Illinois 60450

**GRUNDY/KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24  
COMPLIANCE REPORT SUMMARY**

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

**AUDITORS' REPORTS**

The auditors' reports on compliance and on internal control 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	3	4
Repeated audit findings	2	2
Prior recommendations implemented or not repeated	2	1

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

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Prior Finding Code</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
06-1	12	Controls Over Compliance with Laws and Regulations	05-1
06-2	16	Failure to Fully Secure and Collateralize Cash Balance in Excess of \$100,000	05-4
06-3	18	Inaccurate Time Sheets	N/A

FINDINGS AND QUESTIONED COSTS  
(FEDERAL COMPLIANCE)  
None

PRIOR FINDINGS NOT REPEATED  
(GOVERNMENT AUDITING STANDARDS)

05-2	25	Inadequate Controls Over Cash
05-3	25	Inadequate Segregation of Duties

PRIOR FINDINGS NOT REPEATED  
(FEDERAL COMPLIANCE)  
None

**GRUNDY/KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24  
JUNE 30, 2006**

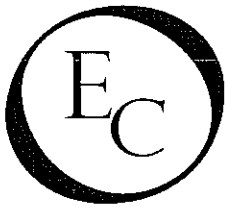
**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on January 4, 2007 held at the Grundy/Kendall Counties Regional Office of Education No. 24, 1320 Union Street, Morris, Illinois 60450. Representing the ROE were Thomas Centowski, Regional Superintendent, Paul Nordstrom, Assistant Regional Superintendent, Jean Koerner, Bookkeeper, Susan Lynn, Bookkeeper, Martha Blankenship, Bookkeeper and Dana Agnich, Administrative Assistant. Representing E. C. Ortiz & Co., LLP were Stella B. Santos, Partner, and Leilani N. Rodrigo, Manager. Responses to the recommendations were provided by Thomas Centowski in a letter dated January 4, 2007.

**GRUNDY/KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24  
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Grundy/Kendall Counties Regional Office of Education No. 24 was performed by E. C. Ortiz and Co., LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Grundy/Kendall Counties Regional Office of Education No. 24'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 Grundy/Kendall Counties Regional Office of Education No. 24, as of and for the year ended June 30, 2006, which collectively comprise the Grundy/Kendall Counties Regional Office of Education No. 24's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Grundy/Kendall Counties Regional Office of Education No. 24's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Grundy/Kendall Counties Regional Office of Education No. 24, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 18, 2006 on our consideration of the Grundy/Kendall Counties Regional Office of Education No. 24's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an



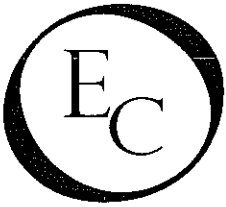
integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 26 to 31 and page 61 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grundy/Kendall Counties Regional Office of Education No. 24's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Others are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Grundy/Kendall Counties Regional Office of Education No. 24. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Others, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*E. C. Guttz § Co. LLP*

Chicago, Illinois  
October 18, 2006



**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 Grundy/Kendall Counties Regional Office of Education No. 24, as of and for the year ended June 30, 2006, which collectively comprise the Grundy/Kendall Counties Regional Office of Education No. 24's basic financial statements and have issued our report thereon dated October 18, 2006. 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 Grundy/Kendall Counties Regional Office of Education No. 24's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting which we reported on the accompanying Schedule of Findings and Questioned Costs as items 06-2 and 06-3.

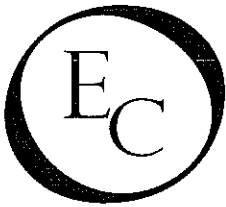
## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Grundy/Kendall Counties Regional Office of Education No. 24's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance which we reported on the accompanying Schedule of Findings and Questioned Costs as item 06-1.

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

*E. C. Guthrie & Co. LLP*

Chicago, Illinois  
October 18, 2006



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

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

We have audited the compliance of the Grundy/Kendall Counties Regional Office of Education No. 24 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The Grundy/Kendall Counties Regional Office of Education No. 24's major federal programs are identified in the summary of auditor's 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 Grundy/Kendall Counties Regional Office of Education No. 24's management. Our responsibility is to express an opinion on the Grundy/Kendall Counties Regional Office of Education No. 24'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 Grundy/Kendall Counties Regional Office of Education No. 24'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 Grundy/Kendall Counties Regional Office of Education No. 24's compliance with those requirements.

In our opinion, the Grundy/Kendall Counties Regional Office of Education No. 24 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

## Internal Control Over Compliance

The management of the Grundy/Kendall Counties Regional Office of Education No. 24 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 Grundy/Kendall Counties Regional Office of Education No. 24's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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

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

*E. C. Getz & Co. LLP*

Chicago, Illinois  
October 18, 2006

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006**

**Part I: Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

**Federal Awards**

Internal control over major programs:

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

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

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

**Identification of major programs:**

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
17.259	Workforce Investment Act (WIA) - Kendall County
17.259	Workforce Investment Act (WIA) - Premier Youth
17.259	Workforce Investment Act (WIA) - Grundy Works

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

Auditee qualified as low-risk auditee?   X   Yes \_\_\_\_\_ No

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006**

**PART II: Findings Related to the Basic Financial Statements**

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

*Criteria/Specific Requirements:*

- A. The Illinois School Code 105 ILCS 5/3-14.11 states that the Regional Superintendent shall examine at least once each year all books, accounts, and vouchers of every school treasurer in his educational service region, and if he finds any irregularities in them, to report them at once, in writing, to the trustees in Class II county school units, to the respective school boards of those school districts which form a part of a Class II county school unit but which are not subject to the jurisdiction of the trustees of schools of any township in which any such district is located, or to the respective school boards of the district in Class I county school units whose duty it shall be to take immediately such action as the case demands. (This mandate has existed in its current form since at least 1953.)
- B. The Illinois School Code 105 ILCS 5/3-5 states that the county superintendent shall present under oath or affirmation to the county board at its meeting in September and as nearly quarterly thereafter as it may have regular or special meetings, a report of all his acts as county superintendent, including a list of all the schools visited with the dates of visitation. (This mandate has existed in its current form since at least 1953.)
- C. The Illinois School Code 105 ILCS 5/3-14.5 requires the Regional Superintendent to visit each public school in the county at least once a year, noting the methods of instruction, the branches taught, the text-books used, and the discipline, government and general condition of the schools. (This mandate has existed in its current form since at least 1953.)
- D. The Illinois School Code 105 ILCS 5/3-7 states that each school district shall, as of June 30 each year, cause an audit to be made of its accounts. Each school district shall on or before October 15 of each year, submit an original and one copy of such audit to the Regional Superintendent. If any school district fails to supply the Regional Superintendent with a copy of such audit report on or before October 15, or within such time extended by the Regional Superintendent from that date, not to exceed 60 days, then it shall be the responsibility of the Regional Superintendent to cause such audit to be made.

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006**

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

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

*Conditions:*

- A. The Regional Office of Education No. 24 is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent has been examining school district financial statements on an annual basis.
- B. The Regional Office of Education No. 24 did not present at the September county board meeting and as nearly quarterly thereafter, a report of all his acts including a list of all the schools visited and dates of visitation. The Regional Superintendent submitted to the county board his annual report. The annual report included statistics on major areas of activities of the ROE, including the inspections of school buildings within its region. Details of the dates of visits and other statistics are provided to the board upon request.
- C. The Regional Office of Education No. 24 performs compliance inspections for each public school in his region on a rotational basis every five years instead of annually. While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.
- D. In our review of the annual reports submitted to the ROE, we noted that four school districts did not submit their audited reports by October 15, 2005 and there were no extension forms on file approved by the Superintendent.

*Effect:*

The Regional Office of Education No. 24 did not comply with statutory requirements.

*Causes:*

- A. The Regional Office of Education No. 24 management stated that the procedures currently being performed are deemed sufficient to comply with this mandate and that this mandate is outdated.



**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006**

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

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

*Causes (Continued):*

- B. According to the Regional Superintendent, the ROE submits the annual report to the counties every year. The annual report is believed to have all the pertinent information about the ROE's operations and details of any visits and dates of visitation are available upon request.
- C. The Regional Superintendent stated that the periodic compliance visits on a cycle basis completed at the public schools were sufficient to satisfy the statutory requirement. In addition, due to the magnitude of the task and the limited budget, the visit could not be performed for each public school in the district on an annual basis.
- D. According to the Regional Superintendent, requests for extensions were received by phone and approved by him. No further documentation was deemed necessary.

*Recommendations:*

- A. The Regional Office of Education No. 24 should comply with the requirements of 105 ILCS 5/3-14.11.
- B. The Regional Superintendent should attend the county board meeting in September and quarterly thereafter as it may have regular or special meetings, and present a report of all his acts as county superintendent, including a list of all the schools visited with the dates of visitation as required by 105 ILCS 5/3-5.
- C. The Regional Superintendent should visit each public school annually to review all items required by 105 ILCS 5/3-14.5.
- D. The ROE should require school districts to formally submit a request for extension of time to submit their annual audit reports. The request should specify the date for the submission. The Superintendent should formally document his approval of the request and ensure that the date requested does not exceed 60 days from October 15.

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

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006**

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

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

*Management's Responses:*

- A. The Illinois Association of Regional Superintendents of Schools and the Illinois State Board of Education have agreed to seek legislation to remove duplicative and/or obsolete sections of the Illinois School Code. Both parties agree that section 5/3-7 of the Illinois School Code is a more current, thorough, and comprehensive requirement concerning a public school district's financial transactions. As a result, the two parties working together will seek legislation to repeal section 5/3-14.11 of the Illinois School Code.
- B. The Regional Superintendent, having served as Assistant Regional Superintendent for twenty-four years, followed previous practice within the region. When possible, the Regional Superintendent will, in addition to the annual report and monthly meetings with the county's oversight committee, attempt to comply with a law which appears to be duplicative of the legal requirement for an annual report. (Perhaps this is another law which needs to be reviewed by the Illinois Association of Regional Superintendents of Schools and legislative modification be sought.)
- C. The Illinois Association of Regional Superintendents of Schools and the Illinois State Board of Education have agreed to seek legislation to remove duplicative and/or obsolete sections of the Illinois School Code. Both parties agree that section 1.20 of the 23rd Illinois Administrative Code is a more current, thorough, and comprehensive requirement concerning visitation of public schools by the Regional Superintendent. As a result, the two parties working together will seek legislation to repeal section 5/3-14.5 of the Illinois School Code.
- D. The Regional Superintendent will inform the school districts that all requests for extensions of time shall be submitted in writing. The Regional Superintendent will document approvals/disapprovals of all requests. In cases where the extensions requested exceed the 60-day time element, consultation with the Illinois State Board of Education will be made and so documented. (This does occur from time to time.)

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006**

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

**FINDING NO. 06-2 - Failure to Fully Secure and Collateralize Cash Balance in Excess of \$100,000 (Repeated from 2005 - Finding No. 05-4)**

*Criteria/Specific Requirements:*

The Public Funds Deposit Act (30 ILCS 225/1) gives the authorization for deposits in excess of the federally insured limit to be covered by pledged collateral held by the financial institutions' trust departments in the Regional Office of Education No. 24's name. In addition, prudent business practice requires that all cash and investments held by financial institutions for the ROE be adequately covered by depository insurance or collateral.

*Condition:*

As of June 30, 2006, cash account balances of two accounts with one bank totaled \$220,240. The Federal Deposit Insurance Corporation (FDIC) covers up to a maximum of \$100,000. Additional collateral totaling \$90,682 was received as of June 30, 2006. No additional collateral was obtained for the balance of \$29,558.

*Effect:*

Failure to secure full collateral on cash and investment balances may result in monetary losses to the ROE.

*Cause:*

According to the ROE management, the shortfall of the collateral/pledge was due to oversight.

*Recommendation:*

The Grundy/Kendall Counties Regional Office of Education No. 24 should monitor collateral requirements for its bank accounts. The ROE should also establish controls for confirming amounts pledged by the bank on a regular basis, especially when the cash balances exceed the FDIC level. The Regional Office should consider making a formal arrangement with the bank to automatically pledge securities for any deposit amounts in excess of the FDIC insured amount.

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006**

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

**FINDING NO. 06-2 - Failure to Fully Secure and Collateralize Cash Balance in Excess of \$100,000 (Repeated from 2005 - Finding No. 05-4) (Continued)**

*Management's Response:*

The two accounts in question (Education Service Network accounts) are separate. The finding is a result of an oversight and unusual cash flow balances. The Education Service Network has made arrangements with the bank which will automatically pledge securities on a quarterly basis to cover amounts in excess of the FDIC insured amount.

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006**

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

**FINDING NO. 06-3 - Inaccurate Time Sheets**

*Criteria/Specific Requirements:*

The Grundy/Kendall Counties Regional Office of Education No. 24 personnel policy states that timesheets should account for all time worked for a certain pay period. Staff are to work the number of hours stated in their employment contract or letter of understanding, unless otherwise approved, in advance, by the Program Director.

Sound internal controls require that time sheets be accurately reported and payroll computed based on accurate time sheets. Timecards/Attendance records should be checked for computations of payroll period hours and appropriate control totals should be maintained in the timesheets for reconciliation with timecards/attendance records.

*Condition:*

We selected 20 employees and six pay periods for our detailed testing of payroll. We noted that the total hours worked per detailed time sheet did not agree to the total hours worked indicated in the time sheet summary for four employees in five pay periods as follows:

Sample No.	Pay Period	Hours Worked		Over (Under)
		Per Details	Per Summary	
1	5/15-5/19/05	32.5	37.5	(5.0)
	5/22-5/26/05	40.0	37.5	2.5
2	5/3-5/8/05	37.0	40.0	(3.0)
3	9/12-9/18/05	33.5	34.0	(0.5)
4	2/8-2/13/06	46.0	51.5	(5.5)

The timesheets were approved by the respective supervisors and program directors and the summary portion is used to calculate the payroll.

*Effect:*

Inaccurate time sheets may result in inaccurate payroll computations. Inaccurate payroll computations results in an incorrect allocation of salary costs by program which may result in unallowable program costs.

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006**

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

**FINDING NO. 06-3 - Inaccurate Time Sheets (Continued)**

*Cause:*

According to the ROE management, the number of hours as indicated in the timesheet summary, is the correct number of hours worked. The time sheet details did not agree to this summary because the time sheet format which directs employees to shade the blocks of time worked during the day rather than write the actual number of hours worked allowed for inaccuracies. On the timesheet, employees also complete a summary of their hours worked which translates the shaded hours worked into actual number of hours worked. Employees, supervisors and directors regard the total hours worked in the timesheet summary section as the actual hours worked and not the shaded portions of the timesheets.

*Recommendation:*

The Grundy/Kendall Counties Regional Office of Education No. 24 should ensure that timesheets are accurately completed by employees. Supervisors and directors should review the timesheets for accuracy in its entirety. The ROE should consider revising the timesheet form and provide clear instructions to employees on how to complete it.

*Management's Response:*

Procedures for timesheets have already been revised. At the Management Team meeting of November 13, 2006, all coordinators were trained in the new time sheet procedures. All coordinators in turn were to train their respective staff members in the new time sheet procedures and all time sheets were to be accurate by December 1, 2006.

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006**

**Part III: Findings and Questioned Costs for Federal Awards**

**INSTANCES OF NONCOMPLIANCE:**

None

**REPORTABLE CONDITIONS:**

None

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
JUNE 30, 2006**

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

*Conditions:*

- A. The Regional Office of Education No. 24 is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent has been examining school district financial statements on an annual basis.
- B. The Regional Office of Education No. 24 did not present at the September county board meeting and as nearly quarterly thereafter, a report of all his acts including a list of all the schools visited and dates of visitation. The Regional Superintendent submitted to the county board his annual report. The annual report included statistics on major areas of activities of the ROE, including the inspections of school buildings within its region. Details of the dates of visits and other statistics are provided to the board upon request.
- C. The Regional Office of Education No. 24 performs compliance inspections for each public school in his region on a rotational basis every five years instead of annually. While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.
- D. In our review of the annual reports submitted to the ROE, we noted that four school districts did not submit their audited reports by October 15, 2005 and there were no extension forms on file approved by the Superintendent.

*Plans:*

- A. The Illinois Association of Regional Superintendents of Schools and the Illinois State Board of Education will seek legislation to repeal section 5/3-14.11 of the Illinois School Code.
- B. When possible, the Regional Superintendent will, in addition to the annual report and monthly meetings with the county's oversight committee, attempt to comply with a law which appears to be duplicative of the legal requirement for an annual report.



**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
JUNE 30, 2006**

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

*Plans (Continued):*

- C. The Illinois Association of Regional Superintendents of Schools and the Illinois State Board of Education will seek legislation to repeal section 5/3-14.5 of the Illinois School Code.
- D. The Regional Superintendent will inform the school districts that all requests for extensions of time shall be submitted in writing. The Regional Superintendent will document approvals/disapprovals of all requests. In cases where the extensions requested exceed the 60-day time element, consultation with the Illinois State Board of Education will be made and so documented.

*Anticipated Completion Dates:*

As soon as practicable in each of the above items. Mid-summer at the earliest for items A through C. Item D will be dealt with at an annual meeting of district superintendents shortly after the beginning of the new school year (at which time school districts will be dealing with their annual audits and reports).

*Name of Contact Person:*

Thomas J. Centowski  
Regional Superintendent of Schools  
(815) 941-3247

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
JUNE 30, 2006**

**FINDING NO. 06-2 - Failure to Fully Secure and Collateralize Cash Balance in Excess of \$100,000 (Repeated from 2005 - Finding No. 05-4)**

*Condition:*

As of June 30, 2006, cash account balances of two accounts with one bank totaled \$220,240. The Federal Deposit Insurance Corporation (FDIC) covers up to a maximum of \$100,000. Additional collateral totaling \$90,682 was received as of June 30, 2006. No additional collateral was obtained for the balance of \$29,558.

*Plan:*

The Education Service Network has made arrangements with the bank which will automatically pledge securities on a quarterly basis to cover amounts in excess of the FDIC insured amount.

*Anticipated Completion Date:*

This has already been taken care of as indicated in the "Plan" above.

*Name of Contact Person:*

Thomas J. Centowski  
Regional Superintendent of Schools  
(815) 941-3247

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
JUNE 30, 2006**

**FINDING NO. 06-3 - Inaccurate Time Sheets**

*Condition:*

We selected 20 employees and six pay periods for our detailed testing of payroll. We noted that the total hours worked per detailed time sheet did not agree to the total hours worked indicated in the time sheet summary for four employees in five pay periods as follows:

<u>Sample No.</u>	<u>Pay Period</u>	<u>Hours Worked</u>		<u>Over (Under)</u>
		<u>Per Details</u>	<u>Per Summary</u>	
1	5/15-5/19/05	32.5	37.5	(5.0)
	5/22-5/26/05	40.0	37.5	2.5
2	5/3-5/8/05	37.0	40.0	(3.0)
3	9/12-9/18/05	33.5	34.0	(0.5)
4	2/8-2/13/06	46.0	51.5	(5.5)

The timesheets were approved by the respective supervisors and program directors and the summary portion is used to calculate the payroll.

*Plan:*

Procedures for timesheets have already been revised. At the Management Team meeting of November 13, 2006, all coordinators were trained in the new time sheet procedures. All coordinators in turn were to train their respective staff members in the new time sheet procedures and all time sheets were to be accurate by December 1, 2006.

*Anticipated Completion Date:*

December 1, 2006

*Name of Contact Person:*

Thomas J. Centowski  
Regional Superintendent of Schools  
(815) 941-3247

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2006**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
05-1	Controls Over Compliance with Laws and Regulations	Repeated
05-2	Inadequate Controls Over Cash	Resolved
05-3	Inadequate Segregation of Duties	Resolved
05-4	Failure to Fully Secure and Collateralize Cash Balance in Excess of \$100,000	Repeated

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2006**

The Grundy/Kendall Counties Regional Office of Education No. 24 (ROE No. 24) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2006 with comparative information for the year ended June 30, 2005. Readers are encouraged to consider the information in conjunction with the ROE No. 24's financial statements that follow.

**2006 Financial Highlights**

- Within the Governmental Funds, the General Fund revenues increased by \$23,234 (6%) from \$368,685 in FY 2005 to \$391,919 in fiscal year 2006. General Fund expenditures increased by \$17,274 (5%) from \$355,645 in FY 2005 to \$372,919 in FY 2006.
- Within the Governmental Funds, the Special Fund revenue increased by \$678,038 (18%) from \$3,713,459 in FY 2005 to \$4,391,497 in FY 2006. The Special Fund expenditures increased by \$495,425 (13%) from \$3,798,267 in FY 2005 to \$4,293,692 in FY 2006.
- The Enterprise Fund revenues increased by \$25,565 (226%) from \$11,329 in FY 2005 to \$36,894 in FY 2006. The Enterprise Fund expenditures increased by \$11,401 (72%) from \$15,732 in FY 2005 to \$27,133 in FY 2006.
- The ROE No. 24 has no long term debt.

**Using This Report**

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

- *Management's Discussion and Analysis* introduces financial statements and provides an analytical overview of the ROE No. 24'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. 24 as a whole and present an overall view of the Office's finances.
- *Fund financial statements* report the ROE No. 24'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.

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2006**

**Reporting the Grundy/Kendall Counties Regional Office as a Whole**

It is important to note that the ROE No. 24 is reported together with the following component units: Education Service Network and Community Works Foundation, Inc.

**The Statement of Net Assets and the Statement of Activities**

The Government-wide statements report information about the ROE No. 24 as a whole. The Statement of Net Assets includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid using Generally Accepted Accounting Principles and GASB 34.

The Government-wide statements report the Office's net assets and how they have changed. Net assets - the difference between assets and liabilities - are one way to measure the Office's financial health or position.

- Over time, increases or decreases in the net assets can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office's overall health, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the state level need to be considered.

**Fund Financial Statements**

The fund financial statements provide detailed information about the ROE No. 24'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. 24 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

- (1) Governmental funds account for those funds through which most governmental functions of the Office 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 are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Office's programs. The Office's Governmental Funds include: the General Fund and the Special Revenue Fund.

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

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2006**

- (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 Statement of Cash Flows.
- (3) Fiduciary funds are used to account for assets held by the ROE No. 24 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. 24. The net assets at the end of FY 2006 and FY 2005 totaled \$386,033 and \$254,244, respectively. The analysis that follows provides a summary of the ROE No. 24's net assets as of June 30.

CONDENSED STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>ASSETS</b>						
Current assets	\$ 687,668	\$ 648,407	\$ 8,131	(\$ 330)	\$ 695,799	\$ 648,077
Capital assets, net of depreciation	62,939	57,716	-	-	62,939	57,716
<b>TOTAL ASSETS</b>	<b>750,607</b>	<b>706,123</b>	<b>8,131</b>	<b>(330)</b>	<b>758,738</b>	<b>705,793</b>
Current liabilities	372,266	449,810	439	1,739	372,705	451,549
<b>TOTAL LIABILITIES</b>	<b>372,266</b>	<b>449,810</b>	<b>439</b>	<b>1,739</b>	<b>372,705</b>	<b>451,549</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	62,939	57,716	-	-	62,939	57,716
Restricted	177,097	144,388	-	-	177,097	144,388
Unrestricted	138,305	54,209	7,692	(2,069)	145,997	52,140
<b>TOTAL NET ASSETS</b>	<b>\$ 378,341</b>	<b>\$ 256,313</b>	<b>\$ 7,692</b>	<b>(\$ 2,069)</b>	<b>\$ 386,033</b>	<b>\$ 254,244</b>

The ROE No. 24's net assets increased by \$131,789 (52%) from FY 2005. The increase occurred in the Proprietary Fund and Education Fund due to excess of revenues over expenses for grant activities and workshops conducted by the ROE. In addition, net assets related to the Teacher Institute Fund are considered restricted for teacher professional development.

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2006**

**CHANGES IN NET ASSETS**

The following analysis shows the changes in net assets for the years ended June 30, 2005 and 2006.

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 54,556	\$ 51,103	\$ 35,897	\$ 10,516	\$ 90,453	\$ 61,619
Operating grants and contributions	4,330,538	3,631,472	-	-	4,330,538	3,631,472
General revenues:						
State and local sources	128,045	79,706	-	-	128,045	79,706
Interest income	6,403	1,978	997	813	7,400	2,791
On-behalf payments	263,874	288,979	-	-	263,874	288,979
<b>Total revenues</b>	<b>4,783,416</b>	<b>4,053,238</b>	<b>36,894</b>	<b>11,329</b>	<b>4,820,310</b>	<b>4,064,567</b>
Expenses:						
Salaries	2,267,359	1,951,643	2,045	-	2,269,404	1,951,643
Benefits	718,796	572,365	-	-	718,796	572,365
Purchased services	778,401	799,205	21,433	12,817	799,834	812,022
Supplies and materials	288,528	214,019	3,655	2,915	292,183	216,934
Capital outlay	59,648	55,631	-	-	59,648	55,631
Depreciation	15,020	8,596	-	-	15,020	8,596
Payments to other governmental units	269,762	249,620	-	-	269,762	249,620
On-behalf payments	263,874	288,979	-	-	263,874	288,979
<b>Total expenses</b>	<b>4,661,388</b>	<b>4,140,058</b>	<b>27,133</b>	<b>15,732</b>	<b>4,688,521</b>	<b>4,155,790</b>
Change in net assets	122,028	(86,820)	9,761	(4,403)	131,789	(91,223)
Net assets, beginning	256,313	343,133	(2,069)	2,334	254,244	345,467
Net assets, ending	<b>\$ 378,341</b>	<b>\$ 256,313</b>	<b>\$ 7,692</b>	<b>(\$ 2,069)</b>	<b>\$ 386,033</b>	<b>\$ 254,244</b>

**Governmental Activities**

Revenues for governmental activities were \$4,783,416 and expenses were \$4,661,388. Some grants increased while others decreased or were not funded in FY 2006. The General State Aid increased by \$521,604 (39%) due to the increase in the state funding level per student. The Will County Alternative Program and Regional Safe Schools Programs increased by \$99,451 (20%) due to the increase in the number of students in the programs, while the Truants Alternative Optional Education Program decreased by \$22,542 (6%). Workforce Investment Act (Kendall County, Premier Youth and Grundy Works) revenues increased by \$146,954 (37%). Expenses were proportionally increased or decreased to meet the funding level.



**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2006**

**Business-Type Activities**

Revenues for business-type activities were \$36,894 and expenditures were \$27,133. The increase in revenues and expenditures is due mainly to the increase in workshops as well as the increase in background investigations conducted in FY 2006.

**Financial Analysis of the ROE No. 24 Funds**

As previously noted, the ROE No. 24 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency's Governmental Funds reported combined fund balances were \$315,402.

**Governmental Fund Highlights**

- The dollar return on investments (certificate of deposit, short-term investments and interest earned on a float), were reduced because of the low interest rates.
- County support for the ROE No. 24 remained at the same funding level.
- There was an increase in the state aid foundation level to \$5,164 per student from \$4,964. This helped to off-set the reduction in the grant dollars provided for the Safe Schools Program.

**Proprietary Fund Highlights**

Total proprietary fund net assets increased by \$9,761 (472%) due to increase in assets. The increase in the proprietary fund revenues and expenses is due mainly to increases in workshops and criminal background investigations.

**Fiduciary Fund Highlights**

There was an increase of \$36,070 (36%) in total fiduciary funds for FY 2006. Transactions during FY 2006 represent mainly transfers in and out of funds for the Distributive Fund.

**Budgetary Highlights**

The ROE No. 24 annually adopts budgets for several funds. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Boards for their approval. The Office Operations Budget covers a fiscal year which runs from December 1 to November 30. All grant budgets are prepared by the Regional Office of Education No. 24 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency.

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2006**

**Capital Assets**

ROE No. 24's capital assets include office equipment, computers, audio-visual equipment, and building improvements. The ROE No. 24 maintains an inventory of capital assets which have been accumulated over time. The ROE No. 24 adopted a capitalization and depreciation threshold of \$5,000 for GASB 34. For FY 2006, total additions amounted to \$20,243 and there were no retirements. Depreciation expense for FY 2006 was \$15,020.

**Economic Factors and Next Years' Budget**

At the time these financial statements were prepared and audited, the ROE No. 24 was aware of several existing circumstances that could affect its financial condition in the future:

- The state aid foundation level has increased to \$5,164 per student.
- The interest rate on investments remains low and will impact interest earned.
- Most grants have remained near or at previous levels.
- County Board support for Regional Office of Education No. 24 remains the same for FY 2007.

**Contacting the Regional Office's Financial Management**

This financial report is designed to provide the ROE No 24's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the ROE No. 24 at 1320 Union Street, Morris, Illinois 60450.

## **BASIC FINANCIAL STATEMENTS**

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2006

EXHIBIT A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 265,490	\$ 11,298	\$ 276,788
Due from other funds	3,167	(3,167)	-
Due from other governmental units	419,011	-	419,011
Total current assets	<u>687,668</u>	<u>8,131</u>	<u>695,799</u>
<b>Noncurrent assets</b>			
Capital assets, net	<u>62,939</u>	<u>-</u>	<u>62,939</u>
<b>TOTAL ASSETS</b>	<u>750,607</u>	<u>8,131</u>	<u>758,738</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Loans payable	90,000	-	90,000
Accounts payable	271,342	439	271,781
Deferred revenues	10,924	-	10,924
<b>TOTAL LIABILITIES</b>	<u>372,266</u>	<u>439</u>	<u>372,705</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	62,939	-	62,939
Restricted	177,097	-	177,097
Unrestricted	138,305	7,692	145,997
<b>TOTAL NET ASSETS</b>	<u>\$ 378,341</u>	<u>\$ 7,692</u>	<u>\$ 386,033</u>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT B

	Program Revenues		Net Revenue (Expense) and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contribution	Primary Government		Total
				Governmental Activities	Business-Type Activities	
<b>FUNCTIONS/PROGRAMS</b>						
<b>Primary government</b>						
<b>Governmental activities:</b>						
<b>Instructional services</b>						
Salaries	\$ 2,267,359	\$ -	\$ 2,298,753	\$ 31,394	\$ -	\$ 31,394
Benefits	718,796	-	728,748	9,952	-	9,952
Purchased services	778,401	53,969	656,263	(68,169)	-	(68,169)
Supplies and materials	288,528	587	292,280	4,339	-	4,339
Capital expenditures	59,648	-	80,997	21,349	-	21,349
Depreciation expense	15,020	-	-	(15,020)	-	(15,020)
Payments to other governmental units	269,762	-	273,497	3,735	-	3,735
<b>Administrative</b>						
On-behalf payments	263,874	-	-	(263,874)	-	(263,874)
<b>Total governmental activities</b>	<b>4,661,388</b>	<b>54,556</b>	<b>4,330,538</b>	<b>(276,294)</b>	<b>-</b>	<b>(276,294)</b>
<b>Business-type activities:</b>						
Local workshops	27,133	35,897	-	-	8,764	8,764
<b>Total business-type activities</b>	<b>27,133</b>	<b>35,897</b>	<b>-</b>	<b>-</b>	<b>8,764</b>	<b>8,764</b>
<b>Total primary government</b>	<b>\$ 4,688,521</b>	<b>\$ 90,453</b>	<b>\$ 4,330,538</b>	<b>(276,294)</b>	<b>8,764</b>	<b>(267,530)</b>

<b>General revenues:</b>			
Local sources	128,045	-	128,045
Interest income	6,403	997	7,400
On-behalf payments	263,874	-	263,874
<b>Total general revenues</b>	<b>398,322</b>	<b>997</b>	<b>399,319</b>
<b>Change in net assets</b>	<b>122,028</b>	<b>9,761</b>	<b>131,789</b>
<b>Net assets - beginning</b>	<b>256,313</b>	<b>(2,069)</b>	<b>254,244</b>
<b>Net assets - ending</b>	<b>\$ 378,341</b>	<b>\$ 7,692</b>	<b>\$ 386,033</b>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 GOVERNMENTAL FUNDS  
 BALANCE SHEET  
 JUNE 30, 2006

EXHIBIT C

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 44,101	\$ 5,914	\$ 184,610	\$ 30,865	\$ 265,490
Due from other funds	91,167	-	2,000	-	93,167
Due from other governmental units	-	419,011	-	-	419,011
<b>TOTAL ASSETS</b>	<b>135,268</b>	<b>424,925</b>	<b>186,610</b>	<b>30,865</b>	<b>777,668</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Loans payable	90,000	-	-	-	90,000
Accounts payable	-	271,342	-	-	271,342
Due to other funds	-	90,000	-	-	90,000
Deferred revenues	-	1,411	9,513	-	10,924
Total liabilities	90,000	362,753	9,513	-	462,266
<b>FUND BALANCES</b>					
Restricted	-	-	177,097	-	177,097
Unrestricted	45,268	62,172	-	30,865	138,305
Total fund balances	45,268	62,172	177,097	30,865	315,402
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 135,268</b>	<b>\$ 424,925</b>	<b>\$ 186,610</b>	<b>\$ 30,865</b>	<b>\$ 777,668</b>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2006

EXHIBIT D

Total fund balances - governmental funds	\$	315,402
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		<u>62,939</u>
Net assets of governmental activities	\$	<u><u>378,341</u></u>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 GOVERNMENTAL FUNDS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2006

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
<b>REVENUES</b>					
Federal sources	\$ -	\$ 1,215,837	\$ -	\$ -	\$ 1,215,837
State sources	-	3,086,320	-	2,600	3,088,920
Local sources					
Fees for services	128,045	-	44,381	10,175	182,601
Intergovernmental	-	25,781	-	-	25,781
Interest	-	6,021	369	13	6,403
On-behalf payments	263,874	-	-	-	263,874
Total revenues	391,919	4,333,959	44,750	12,788	4,783,416
<b>EXPENDITURES</b>					
Current:					
Instructional Services:					
Salaries	-	2,267,359	-	-	2,267,359
Benefits	-	718,796	-	-	718,796
Purchased services	109,045	647,300	12,041	10,015	778,401
Supplies and materials	-	288,288	-	240	288,528
Capital expenditures	-	79,891	-	-	79,891
Payments to other governmental units	-	269,762	-	-	269,762
On-behalf payments	263,874	-	-	-	263,874
Total expenditures	372,919	4,271,396	12,041	10,255	4,666,611
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	19,000	62,563	32,709	2,533	116,805
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	26,268	(391)	144,388	28,332	198,597
<b>FUND BALANCES, END OF YEAR</b>	\$ 45,268	\$ 62,172	\$ 177,097	\$ 30,865	\$ 315,402

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



**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES -  
FOR THE YEAR ENDED JUNE 30, 2006**

**EXHIBIT F**

Net change in fund balances	\$	116,805
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlay	\$ 20,243	
Depreciation expense	<u>(15,020)</u>	<u>5,223</u>

Change in net assets of governmental activities	\$	<u><u>122,028</u></u>
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*The notes to the financial statements are an integral part of this statement.*

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 PROPRIETARY FUND  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2006

EXHIBIT G

	<u>Business-Type Activities - Enterprise Fund Local Revenues</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 11,298
<b>LIABILITIES</b>	
Accounts payable	439
Due to other funds	3,167
Total liabilities	<u>3,606</u>
<b>NET ASSETS</b>	
Unrestricted	<u>\$ 7,692</u>

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

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2006**

**EXHIBIT H**

	<u>Business-Type Activities - Enterprise Fund</u> <u>Local Revenues</u>
<b>OPERATING REVENUES</b>	
Local sources	\$ <u>35,897</u>
<b>OPERATING EXPENSES</b>	
Salaries and benefits	2,045
Purchased services	21,433
Supplies and materials	3,655
Total operating expenses	<u>27,133</u>
<b>OPERATING INCOME</b>	8,764
<b>NONOPERATING REVENUES</b>	
Interest income	<u>997</u>
<b>CHANGE IN NET ASSETS</b>	9,761
<b>TOTAL NET ASSETS, BEGINNING OF YEAR</b>	<u>(2,069)</u>
<b>TOTAL NET ASSETS, END OF YEAR</b>	<u>\$ <u>7,692</u></u>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT I

	<u>Business-Type Activities - Enterprise Fund</u>
	<u>Local Revenues</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts for workshops and services	\$ 35,897
Payments to suppliers and providers of goods and services	(28,828)
Payments to employees	(2,045)
Net cash provided by operating activities	<u>5,024</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY:</b>	
Interest	997
Net cash provided by investing activity	<u>997</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	6,021
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>5,277</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 11,298</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 8,764
Adjustments to reconcile income to net cash provided by operating activities:	
Effects of changes in assets and liabilities:	
Accounts payable	(1,300)
Due to other funds	(2,440)
Net cash provided by operating activities	<u>\$ 5,024</u>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2006

EXHIBIT J

ASSETS

Cash and cash equivalents	<u>\$ 136,693</u>
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LIABILITIES

Due to other governmental units	<u>\$ 136,693</u>
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*The notes to the financial statements are an integral part of this statement.*

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

Grundy/Kendall Counties Regional Office of Education No. 24 operates under the School Code (Articles 3 and 3A of Illinois Compiled Statutes, Chapter 105). Grundy/Kendall Counties Regional Office of Education No. 24 encompasses Grundy/Kendall Counties, Illinois. A Regional Superintendent of Schools serves as chief administrative officer of Grundy/Kendall Counties Regional Office No. 24, and is elected to the position for a four year term pursuant to Article 3 of Illinois Compiled Statutes, Chapter 105.

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 through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring of the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses. Further, the principal financial duty of the Regional Superintendent is to receive and distribute monies due to school districts from general state aid, state categorical grants and various other sources.

The Regional Office of Education has developed criteria to determine whether outside agencies with activities which benefit the citizens of Grundy/Kendall Counties, including school districts which serve pupils in Grundy/Kendall Counties Regional Office of Education No. 24, should be included within its financial reporting entity. The criteria include but are not limited to, whether Grundy/Kendall Counties Regional Office of Education No. 24 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.

*Blended Component Units*

The following component units are entities which are legally separate from Grundy/Kendall Counties Regional Office of Education No. 24, but are so intertwined with the Region that they are, in substance, the same as the Region. They are reported as part of Grundy/Kendall Counties Regional Office of Education No. 24 and blended into the appropriate funds.

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**  
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Grundy/Kendall Counties Regional Office of Education No. 24 acts as the administrative agent for the Grundy/Kendall Counties Regional Office of Education No. 24 Service Network (Network), which oversees the operations of several educational programs for the region. The Network has no governing body and all program budgets are approved by the Grundy/Kendall Counties Regional Office of Education No. 24. The Network has been determined to be a component unit of Grundy/Kendall Counties Regional Office of Education No. 24.

On January 10, 2000, The Community Works Foundation, Inc. was incorporated as a not-for-profit corporation in the State of Illinois exclusively for charitable and educational purposes within the meaning of Section 501 (c)(3) of the Internal Revenue Code. Further, The Community Works Foundation, Inc. is organized and operated for purposes that are beneficial to the public interest, such as advancement of education; combating community deterioration and juvenile delinquency; and relief of the poor, distressed or underprivileged. Per the corporation's by-laws, the Regional Superintendent of Education for Grundy/Kendall Counties shall always serve as the President of the Board of Directors and the Assistant Regional Superintendent of Education for the Grundy/Kendall Counties shall always serve as Vice-President.

Grundy/Kendall Counties Regional Office of Education No. 24 does not consider any other entities to be part of its reporting entity. Additionally, Grundy/Kendall Counties Regional Office of Education No. 24 does not consider itself to be a part of the County's or any other government's reporting entity.

**B. Government-wide and Fund Financial Statements**

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

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

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**  
**NOTES TO FINANCIAL STATEMENTS**  
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instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

Certain 2005 amounts have been reclassified to conform to the 2006 presentation. Peer Leadership and Title IV - 21st Century Community Learning Centers fund activities have been classified and reported in prior years as special revenue funds and are currently classified and reported as general fund.

C. New Accounting Pronouncements

Effective July 1, 2005, the Grundy/Kendall Counties Regional Office of Education No. 24 adopted the following accounting pronouncements:

- GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, which establishes standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries.
- GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section, an amendment of NCGA Statement 1*, which amends the portions of NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles*, that guide the preparation of the statistical section.
- GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation (an amendment of GASB Statement No. 34)*, which clarifies the definition of legal enforceability as it relates to net assets restricted by enabling legislation and requires disclosure of the amount of net assets restricted by enabling legislation.
- GASB Statement No. 47, *Accounting for Termination Benefits*, which establishes accounting and financial reporting standards for termination benefits.

There was no significant impact on the Grundy/Kendall Counties Regional Office of Education No. 24's financial statements as a result of adopting the above statements.

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

The financial statements of Grundy/Kendall Counties Regional Office of Education No. 24 are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Grundy/Kendall Counties Regional Office of Education No. 24 applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations,



**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**  
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Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

Governmental fund and fiduciary financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Grundy/Kendall Counties Regional Office of Education No. 24 considers revenues as available if they are collected within 60 days after year end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

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

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

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

E. Fund Accounting

The accounts of the Grundy/Kendall Counties Regional Office of Education No. 24 are organized on the basis of funds, each of which is considered a separate accounting entity.

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The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. The Grundy/Kendall Counties Regional Office of Education No. 24 maintains individual funds as required by the State of Illinois. The resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by types in the basic financial statements. The following summarizes the fund types used:

Governmental 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 - The general fund is used to account 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.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts) that are legally restricted to expenditures for specified purposes. Grundy/Kendall Counties Regional Office of Education No. 24 reported the following special revenue funds as major governmental funds:

Institute - Accounts for registration and renewal fees related to teachers' certificates. Funds collected from registration and renewal fees are expended to defray costs incidental to teachers' institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.

Education Fund - Accounts for grant funds which are restricted as to their use. Education funds include:

Title IV - Safe & Drug-Free Schools - Formula - Will County - Accounts for grant monies received for, and payment of expenditures for instructional program/materials for a support group for children of chemical-dependent parents. This program is passed through the Will County Regional Office of Education No. 56.

Title V - Innovative Programs - Formula - Will County - Accounts for funds received for, and payment of, expenditures of Title V - Innovative Programs

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passed through the Will County Regional Office of Education No. 56. The purpose of these programs is to provide a continuing source of innovation and educational improvement.

Will State Aid - Accounts for grant monies received for, and payment of expenditures for, regional learning academy supplements.

Grundy/Kendall State Aid - Accounts for grant monies received for, and payment of expenditures for, Regional Learning Academy supplements.

Will County Alternative Program - Accounts for grant monies received for, and payment of expenditures for, the Regional Safe Schools Program under Will County.

Regional Safe Schools - Accounts for the administration of monies to be used for the Regional Safe Schools Program Fund received from the Illinois State Board of Education. This fund is an alternative schooling program for disruptive youth, creating alternative placement for those students who are suspended and/or are deemed ineligible.

Truants Alternative Optional Education Program (TAOEP) - Accounts for grant monies received for, and payment of expenditures for TAOEP. This program provides assistance to students and families when students have excessive absenteeism.

Even Start - Accounts for the local grant monies received for, and payment of, expenditures incurred for the Even Start program.

Teen Reach - Housing Authority of Joliet - Accounts for monies received for, and payment of expenditures for, the Teen Reach program. This program consists of educational, recreational and vocational activities designed to improve youth's chances for success which is passed thru the Housing Authority of Joliet.

Teen Reach - IL Department of Human Services - Accounts for monies received for, and payment of expenditures for, the Teen Reach program. This program consists of educational, recreational and vocational activities designed to improve youth's chances for success.

Workforce Investment Act (WIA) - Kendall County - Accounts for monies received for, and payment of expenditures for, the Workforce Investment Act

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**  
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through Kendall County. This program provides basic math, reading and employment readiness skills to youth.

Workforce Investment Act (WIA) - Premier Youth - Accounts for monies received for, and payment of expenditures for, the Workforce Investment Act through the Department of Human Services.

Workforce Investment Act (WIA) - Grundy Works - Accounts for monies received for, and payment of expenditures for, the Workforce Investment Act through the Grundy, Livingston, Kankakee Workforce Board.

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

Addiction Prevention - Comprehensive - Accounts for grant monies received for, and payment of expenditures for, youth training in community service, ATOD (alcohol, tobacco and other drugs) prevention, and anti-social behavior programs sponsored by the Department of Human Services.

Addiction Prevention - In-Touch - Accounts for grant monies received for, and payment of expenditures for statewide prevention network assisting schools and communities with ATOD programming, sponsored by the Department of Human Services.

Title IV - Safe & Drug-Free Schools - Formula - Accounts for grant monies received for, and payment of expenditures for instructional program/materials for a support group for children of chemical-dependent parents.

Federal Drug-Free Communities - Accounts for grant monies received for, and payment of expenditures for a program to reduce substance abuse among youth and to strengthen anti-drug coalitions.

McKinney Education for Homeless Children - Kendall County - 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 passed through the Kane County Regional Office of Education No. 31.

Title V - Innovative Programs - Formula - Accounts for funds received for, and payment of, expenditures of Title V - Innovative Programs. The purpose

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of these programs is to provide a continuing source of innovation and educational improvement.

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

No Tolerance Task Force - Accounts for monies received for, and payment of expenditures for, the No Tolerance Task Force. This program is a community partnership for zero tolerance against drug abuse and gangs.

Chemical Abuse Services Program - Accounts for the grant monies received for, and payment of, expenditures incurred for the Parent Involvement Strategies in Relation to Botvin's *LifeSkills* program.

Nonmajor Special Revenue Funds - Grundy/Kendall Counties Regional Office of Education No. 24 reported the following special revenue funds as non-major governmental funds:

General Education Development (GED) - Accounts for the administration of the GED Testing Program. Revenues consist of fees collected for testing, diplomas and materials.

School Bus Driver Training - Accounts for bus drivers' permit fees which may be expended for bus drivers' refresher courses.

Supervisory - Accounts for State funding used to pay expenses for supervision of school districts in the jurisdiction.

Postage - Accounts for the revenues and expenses associated with postage fund.

Will/Grundy Counties Local Area Network - Accounts for the revenues and expenses associated with Will/Grundy Counties Local Area Network fund.

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

Local Revenues - Account for the revenues and expenses associated with workshops put on by the ROE.

Fiduciary Fund Types

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

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Agency Funds - Agency funds generally are used to account for assets held on behalf of others as their agent. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations. Grundy/Kendall Counties Regional Office of Education No. 24 maintains the following Agency Funds:

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

Outdoor Education Cooperative - Accounts for funds received and disbursed for the Outdoor Education Cooperative.

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

County Board of Trustees - Accounts for funds received and disbursed by the Superintendent as administrative agent for the County Board of Trustees.

**F. Revenues - Exchange and Non-exchange Transactions**

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

Non-exchange transactions, in which the ROE receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the ROE must provide local resources to be used for specific purpose, and expenditure requirements, in which the resources are provided to the ROE on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

**G. Cash and Cash Equivalents**

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

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equivalents. Investments with original maturities of more than three months are reported as investments.

H. Capital Assets

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

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

I. Deferred Revenues

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

J. Net Assets

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

*Invested in Capital Assets* - represents the ROE's total investment in capital assets. There is no outstanding debt related to these assets at this time.

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

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

K. Management Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**  
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L. Revenue from Federal and State Grants

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

M. Budgets and Budgetary Accounting

The Grundy/Kendall Counties Regional Office of Education No. 24 did not formally adopt a budget for the year ended June 30, 2006 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:

Special Revenue Funds:

- Regional Safe Schools
- Truants Alternative Optional Education Program
- Even Start
- Teen Reach - Housing Authority of Joliet
- Teen Reach - IL Department of Human Services
- Workforce Investment Act (WIA) - Grundy Works
- Early Childhood
- Addiction Prevention - Comprehensive
- Addiction Prevention - In-Touch
- Title IV - Safe & Drug-Free Schools - Formula
- Title V - Innovative Programs - Formula
- Title II - Teacher Quality

N. Interest Revenue

Interest earned in the ISBE Distributive Fund (an agency fund) by Grundy/Kendall Counties Regional Office of Education No. 24 on Illinois State Board of Education (ISBE) receipts is divided among the recipients of ISBE funds within Grundy/Kendall Counties Regional Office of Education No. 24 based on a written agreement which specifies the method for distribution of interest earnings.



**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**  
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**NOTE 2 - CASH AND INVESTMENTS**

The Grundy/Kendall Counties Regional Office of Education No. 24 utilizes several different bank accounts for its various activities. The book balance of such accounts is \$413,481 at June 30, 2006, while the bank balance was \$614,604. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2006.

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

Category 1 includes deposits covered by depository insurance or collateral held by Grundy/Kendall Counties Regional Office of Education No. 24 in its name.

Category 2 includes deposits covered by collateral held by the financial institutions in a pledged safekeeping account in the name of Grundy/Kendall Counties Regional Office of Education No. 24.

Category 3 includes deposits which are uncollateralized or the collateral is held by the financial institution trust department but not in the name of Grundy/Kendall Counties Regional Office of Education No. 24.

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

	<b>Bank Balance</b>
Category 1	\$ 290,736
Category 2	287,414
Category 3	29,558
Exempt	6,896
Total	\$ 614,604

The exempt funds are those deposited into the Illinois Funds.

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

Investments

The ROE's established investment policy follows the State of Illinois Public Funds Investment Act which authorizes the ROE 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 and the Illinois Funds.

The ROE 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, 2006, the ROE's investment is a certificate of deposit amounting to \$10,000.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The ROE's policy for reducing its exposure to the risk is to structure the ROE's portfolio so that securities mature to meet the ROE's cash requirements for ongoing operations. As of June 30, 2006, the investment has an investment maturity of less than one year.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ROE's policy for managing its exposure to the risk is to limit investments to those allowable by the Illinois Public Funds Investment Act. As of June 30, 2006, the ROE's investment in the State investment pool (Illinois Funds) was rated AAAM by Standard & Poor's.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The ROE's policy for mitigating the risk is to diversify the investment portfolio so that the failure of any one issue will not place an undue financial burden on the ROE. As of June 30, 2006, the ROE's investment is a certificate of deposit with a local bank.

Custodial Credit Risk for investments is the risk that, in the event of a failure of the counterparty, the ROE will not be able to recover the value of the investments that are in the possession of an outside party. Originally, GASB Statement No. 3 discussed three categories of custodial credit risk as follows:

Category 1 includes investments that are insured or collateralized with securities held by the Grundy/Kendall Counties Regional Office of Education No. 24 in its name.

Category 2 includes investments collateralized with securities held by the financial institution in the name of Grundy/Kendall Counties Regional Office of Education No. 24.

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

Category 3 includes uninsured and uncollateralized investments or the collateral is held by the financial institution trust department but not in the name of Grundy/Kendall Counties Regional Office of Education No. 24.

Although investments classified under the traditional risk categories 1 and 2 have been determined under GASB Statement No. 40 to be exposed to only minimal risk, and, based on this conclusion, the GASB chose to limit disclosure of custodial credit risk to investments that meet the definition of "Category 3", the ROE has decided to include categories 1 and 2 in the discussion. The ROE does not have a policy for custodial credit risk that further limits custodial arrangements from what is required by the State of Illinois Public Funds Investment Act. The following table reflects the ROE's level of risk as of June 30, 2006:

	Carrying Amount	Bank Balance	Category		
			1	2	3
Certificates of deposit	\$ 10,000	\$ 10,000	\$ 10,000	\$ -	\$ -

**NOTE 3 - ON BEHALF PAYMENTS**

The salaries of the Superintendent and Assistant Superintendent of Grundy/Kendall Counties Regional Office of Education No. 24 are paid for by the State of Illinois and TRS contributions are paid by the State of Illinois, in accordance with applicable State of Illinois Law. The breakdown of the on-behalf payments is as follows:

Regional Superintendent Salary	\$ 84,737
Assistant Regional Superintendent Salary	76,261
Regional Superintendent Fringe Benefits (includes State paid insurance)	11,054
Assistant Regional Superintendent Fringe Benefits (includes State paid insurance)	19,387
TRS Pension Contributions	<u>72,435</u>
Total	<u>\$ 263,874</u>

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education. The fringe benefits amounts include State paid insurance.

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**NOTE 4 - CAPITAL ASSETS ACTIVITY**

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

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2006</u>
Equipment	\$ 54,873	\$ 20,243	\$ -	\$ 75,116
Building improvement	22,450	-	-	22,450
	<u>77,323</u>	<u>20,243</u>	<u>-</u>	<u>97,566</u>
Less: accumulated depreciation	(19,607)	(15,020)	-	(34,627)
Capital assets, net	<u>\$ 57,716</u>	<u>\$ 5,223</u>	<u>\$ -</u>	<u>\$ 62,939</u>

Depreciation expense charged to governmental function - instructional services totaled \$15,020 for the year.

**NOTE 5 - RETIREMENT PLANS**

Teachers' Retirement System of the State of Illinois

The Grundy/Kendall Counties Regional Office of Education No. 24 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

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

The State of Illinois makes contributions directly to TRS on behalf of the Grundy/Kendall Counties Regional Office of Education No. 24's TRS-covered employees.

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

- **On-behalf Contributions.** The State of Illinois makes employer pension contributions on behalf of the Grundy/Kendall Counties Regional Office of Education No. 24. For the year ended June 30, 2006, the State of Illinois contributions were based on 7.06 percent of creditable earnings, and the Grundy/Kendall Counties Regional Office of Education No. 24 recognized revenue and expenditures for \$72,435 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2005 and June 30, 2004, the State of Illinois contribution rates as percentages of creditable earnings were 11.76 percent (\$99,158) and 13.98 percent (\$88,312), respectively.

The Grundy/Kendall Counties Regional Office of Education No. 24 makes three other types of employer contributions directly to TRS.

- **2.2 Formula Contributions.** Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ended June 30, 2006 were \$5,951. Contributions for the years ended June 30, 2005, and June 30, 2004, were \$4,890 and \$3,764 respectively.
- **Federal and Trust Fund Contributions.** When TRS members are paid from federal and trust funds administered by Grundy/Kendall Counties Regional Office of Education No. 24, there is a statutory requirement for the Grundy/Kendall Counties Regional Office of Education No. 24 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to TRS. For the year ended June 30, 2006, the employer pension contribution was 7.06 percent of salaries paid from federal and trust funds. For the two years ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2006, salaries totaling \$24,466 were paid from federal and trust funds that required employer contributions of \$1,727. For the years ended June 30, 2005 and June 30, 2004, required district contributions were \$2,714 and \$3,764, respectively.
- **Early Retirement Option.** Grundy/Kendall Counties Regional Office of Education No. 24 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires. Under Public Act 94-0004, a "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007. If members do not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the Pipeline ERO).

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

Under the ERO program that expired on June 30, 2005 and the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation. Under the Modified ERO, the maximum employer contribution is 117.5 percent. Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement. For the year ended June 30, 2006, the Grundy/Kendall Counties Regional Office of Education No. 24 paid \$0 to TRS for employer contributions under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2005 and June 30, 2004, the Grundy/Kendall Counties Regional Office of Education No. 24 paid \$0 and \$36,954, respectively.

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

Illinois Municipal Retirement Fund

The Grundy/Kendall Counties Regional Office of Education No. 24's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at [www.imrf.org/pubs/pubs\\_homepage.htm](http://www.imrf.org/pubs/pubs_homepage.htm) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by State statute. The Grundy/Kendall Counties Regional Office of Education No. 24 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2005 was 9.92% of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2005 was 5 years.

For December 31, 2005, the Grundy/Kendall Counties Regional Office of Education No. 24's annual pension cost of \$328,627 was equal to the Grundy/Kendall Counties Regional Office of Education No. 24's required and actual contributions. The required contribution

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2005 actuarial valuation were based on the 2002 - 2004 experience study.

**TREND INFORMATION**

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/05	\$ 328,627	100%	\$ -
12/31/04	236,681	100%	-
12/31/03	175,147	100%	-
12/31/02	132,611	100%	-
12/31/01	14,815	100%	-
12/31/00	96,425	100%	-
12/31/99	70,388	100%	-
12/31/98	32,062	100%	-
12/31/97	32,034	100%	-
12/31/96	33,284	100%	-

**NOTE 6 - DUE FROM OTHER GOVERNMENTAL UNITS**

The Grundy/Kendall Counties Regional Office of Education No. 24's Agency Funds and various grant programs have due from various governmental units which consist of the following:

Will County Regional Office of Education No. 56	\$ 227,812
Kane County Department of Employment Education	122,499
Illinois Department of Human Services	43,978
Housing Authority of Joliet	18,046
Illinois State Board of Education	4,906
Kane County Regional Office of Education No. 31	1,149
Kendall County Mental Health Board	621
Total	\$ 419,011

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**NOTE 7 - DEFICIT FUND BALANCE**

The Nonmajor Special Revenue Postage Fund has a deficit fund balance of \$1,789 as of June 30, 2006. The deficit fund balance is expected to be corrected through receipts from local sources and interest income in the next fiscal year.

**NOTE 8 - DUE FROM (TO) OTHER FUNDS**

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

<b>Fund</b>	<b><u>Due From Other Funds</u></b>	<b><u>Due To Other Funds</u></b>
General Fund	\$ 91,167	\$ -
Institute Fund	2,000	-
Education Fund - Will State Aid	-	90,000
Proprietary Fund - Local Revenues	-	3,167
Total	<u>\$ 93,167</u>	<u>\$ 93,167</u>

**NOTE 9 - LOANS PAYABLE**

As of June 30, 2006, a short-term loan amounting \$90,000 with an interest of 7% per annum was incurred for operating funds. A security interest in the deposit account in Grundy Bank was pledged as collateral of the loan. The principal and interest are payable on demand, but if no demand is made, then on September 27, 2006. The loan amount plus interest amounting to \$365 were paid as of July 17, 2006.



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

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2006**

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/05	\$3,138,445	\$3,520,735	\$ 382,290	89.14%	\$3,312,770	11.54%
12/31/04	2,536,670	2,826,531	289,861	89.74%	2,695,684	10.75%
12/31/03	2,312,658	2,473,594	160,936	93.49%	2,332,187	6.9%
12/31/02	2,032,608	2,035,882	3,274	99.84%	2,049,635	0.16%
12/31/01	1,766,056	1,641,634	(124,422)	107.58%	1,664,644	-%
12/31/00	1,562,395	1,302,936	(259,459)	119.91%	1,443,493	-%
12/31/99	1,308,952	1,114,940	(194,012)	117.40%	1,169,244	-%
12/31/98	1,049,610	1,068,453	18,843	98.24%	965,711	1.95%
12/31/97	965,209	909,671	(55,538)	106.11%	901,603	-%
12/31/96	1,004,064	889,725	(114,339)	112.85%	725,147	-%

On a market value basis, the actuarial value of assets as of December 31, 2005 is \$3,171,588.  
On a market basis, the funded ratio would be 90.08%.

**\*Digest of Changes**

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

The principal changes were:

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

**SUPPLEMENTARY INFORMATION**

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 EDUCATION FUND  
 COMBINING SCHEDULE OF ACCOUNTS  
 JUNE 30, 2006

SCHEDULE 1

	Title IV - Safe & Drug Free Schools Formula - Will County	Title V - Innovative Programs - Formula - Will County	Will State Aid	Grundy/Kendall State Aid	Will County Alternative Program	Regional Safe Schools
<b>ASSETS</b>						
Cash (overdrafts)	\$ -	\$ -	\$ (4,220)	\$ 80,245	\$ (30,704)	\$ 76,763
Due from other governmental units	-	-	196,058	-	31,754	-
<b>TOTAL ASSETS</b>	-	-	191,838	80,245	1,050	76,763
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	-	-	97,890	33,044	1,050	76,763
Due to other funds	-	-	90,000	-	-	-
Deferred revenues	-	-	-	-	-	-
Total liabilities	-	-	187,890	33,044	1,050	76,763
<b>FUND BALANCES</b>						
Fund balances, unrestricted	-	-	3,948	47,201	-	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	\$ -	\$ -	\$ 191,838	\$ 80,245	\$ 1,050	\$ 76,763

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 EDUCATION FUND  
 COMBINING SCHEDULE OF ACCOUNTS  
 JUNE 30, 2006

SCHEDULE 1  
 (CONTINUED)

	Truants Alternative Optional Education Program (TAOEP)	Even Start	Teen Reach - Housing Authority of Joliet	Teen Reach - IL, Department of Human Services	Workforce Investment Act (WIA) - Kendall County	Workforce Investment Act (WIA) - Premier Youth
Cash (overdrafts)	\$ 2,469	\$ 24,102	\$ (13,675)	\$ 99	\$ (35,533)	\$ (60,027)
Due from other governmental units	-	-	18,046	6,900	41,027	75,177
<b>TOTAL ASSETS</b>	<b>2,469</b>	<b>24,102</b>	<b>4,371</b>	<b>6,999</b>	<b>5,494</b>	<b>15,150</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	2,469	22,691	4,371	6,999	5,494	15,150
Due to other funds	-	-	-	-	-	-
Deferred revenues	-	1,411	-	-	-	-
Total liabilities	2,469	24,102	4,371	6,999	5,494	15,150
<b>FUND BALANCES</b>						
Fund balances, unrestricted	-	-	-	-	-	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,469</b>	<b>\$ 24,102</b>	<b>\$ 4,371</b>	<b>\$ 6,999</b>	<b>\$ 5,494</b>	<b>\$ 15,150</b>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 EDUCATION FUND  
 COMBINING SCHEDULE OF ACCOUNTS  
 JUNE 30, 2006

SCHEDULE 1  
 (CONTINUED)

	Workforce Investment Act (WIA) - Grundy Works	Early Childhood	Addiction Prevention - Comprehensive	Addiction Prevention - In- Touch	Title IV - Safe & Drug-Free Schools - Formula	Federal Drug- Free Communities
<b>ASSETS</b>						
Cash (overdrafts)	\$ (6,013)	\$ (4,186)	\$ (19,816)	\$ (14,622)	\$ 1,016	\$ -
Due from other governmental units	6,295	4,906	21,758	15,320	-	-
<b>TOTAL ASSETS</b>	<u>282</u>	<u>720</u>	<u>1,942</u>	<u>698</u>	<u>1,016</u>	<u>-</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	282	720	1,942	698	1,016	-
Due to other funds	-	-	-	-	-	-
Deferred revenues	-	-	-	-	-	-
Total liabilities	<u>282</u>	<u>720</u>	<u>1,942</u>	<u>698</u>	<u>1,016</u>	<u>-</u>
<b>FUND BALANCES</b>						
Fund balances, unrestricted	-	-	-	-	-	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 282</u>	<u>\$ 720</u>	<u>\$ 1,942</u>	<u>\$ 698</u>	<u>\$ 1,016</u>	<u>\$ -</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 EDUCATION FUND  
 COMBINING SCHEDULE OF ACCOUNTS  
 JUNE 30, 2006

SCHEDULE 1  
 (CONTINUED)

	McKinney Education for Homeless Children - Kendall Co.	Title V - Innovative Programs - Formula	Title II - Teacher Quality	No Tolerance Task Force	Chemical Abuse Services Program	Total
Cash (overdrafts)	\$ (672)	\$ -	\$ -	\$ 10,479	\$ 209	\$ 5,914
Due from other governmental units	1,149	-	-	-	621	419,011
<b>TOTAL ASSETS</b>	<b>477</b>	<b>-</b>	<b>-</b>	<b>10,479</b>	<b>830</b>	<b>424,925</b>

**LIABILITIES AND FUND BALANCES**

**LIABILITIES**

Accounts payable	477	-	-	286	-	271,342
Due to other funds	-	-	-	-	-	90,000
Deferred revenues	-	-	-	-	-	1,411
Total liabilities	477	-	-	286	-	362,753

**FUND BALANCES**

Fund balances, unrestricted	-	-	-	10,193	830	62,172
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 477</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,479</b>	<b>\$ 830</b>	<b>\$ 424,925</b>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 EDUCATION FUND

SCHEDULE 2

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2006

	Title IV - Safe & Drug Free Schools Formula - Will County	Title V - Innovative Programs - Formula - Will County	Will State Aid	Grundy/Kendall State Aid	Will County Alternative Program	Regional Safe Schools
<b>REVENUES</b>						
Federal sources	\$ 455	\$ 467	\$ -	\$ -	\$ -	\$ -
State sources	-	-	1,365,605	501,070	365,151	219,268
Local sources	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest	-	9	4,076	-	-	1,936
Total revenues	455	476	1,369,681	501,070	365,151	221,204
<b>EXPENDITURES</b>						
Salaries	-	-	569,656	199,803	258,593	48,416
Benefits	-	-	189,093	80,544	100,253	20,470
Purchased services	-	-	324,958	62,170	5,831	1,809
Supplies and materials	455	476	192,780	34,411	474	2,101
Payments to other governments	-	-	-	80,681	-	148,408
Capital expenditures	-	-	59,882	13,398	-	-
Total expenditures	455	476	1,336,369	471,007	365,151	221,204
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	33,312	30,063	-	-
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	-	-	(29,364)	17,138	-	-
<b>FUND BALANCES, END OF YEAR</b>	\$ -	\$ -	\$ 3,948	\$ 47,201	\$ -	\$ -



GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
EDUCATION FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2006

	Truants Alternative Optional Education Program (TAOEP)	Even Start	Teen Reach - Housing Authority of Joliet	Teen Reach - IL Department of Human Services	Workforce Investment Act (WIA) - Kendall County	Workforce Investment Act (WIA) - Premier Youth
<b>REVENUES</b>						
Federal sources	\$ -	\$ 159,474	\$ 87,129	\$ 93,098	\$ 105,632	\$ 328,323
State sources	353,158	-	-	1,568	-	-
Local sources	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total revenues	353,158	159,474	87,129	94,666	105,632	328,323
<b>EXPENDITURES</b>						
Salaries	256,018	63,324	70,774	63,328	72,073	213,029
Benefits	75,436	19,347	8,295	17,243	19,309	50,303
Purchased services	20,551	30,159	3,043	5,515	9,859	49,604
Supplies and materials	1,153	5,971	5,017	4,975	4,391	15,387
Payments to other governments	-	40,673	-	-	-	-
Capital expenditures	-	-	-	3,605	-	-
Total expenditures	353,158	159,474	87,129	94,666	105,632	328,323
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	-	-	-	-
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	-	-	-	-	-	-
<b>FUND BALANCES, END OF YEAR</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 EDUCATION FUND  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 2  
(CONTINUED)

	Workforce Investment Act (WIA) - Grundy Works	Early Childhood	Addition Prevention - Comprehensive	Addition Prevention - In- Touch	Title IV - Safe & Drug-Free Schools - Formula	Federal Drug- Free Communities
<b>REVENUES</b>						
Federal sources	\$ 107,148	\$ -	\$ 221,000	\$ 20,000	\$ 25	\$ 63,629
State sources	-	76,322	39,458	164,720	-	-
Local sources	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total revenues	107,148	76,322	260,458	184,720	25	63,629
<b>EXPENDITURES</b>						
Salaries	48,890	52,884	170,165	139,340	-	2,606
Benefits	9,264	16,443	66,042	35,176	-	865
Purchased services	45,692	4,659	22,774	8,167	-	48,493
Supplies and materials	3,302	2,336	1,418	1,550	25	9,146
Payments to other governments	-	-	-	-	-	-
Capital expenditures	-	-	-	487	-	2,519
Total expenditures	107,148	76,322	260,399	184,720	25	63,629
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	59	-	-	-
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	-	-	(59)	-	-	-
<b>FUND BALANCES, END OF YEAR</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
EDUCATION FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2006

	McKinney Education for Homeless Children - Kendall Co.	Title V - Innovative Programs - Formula	Title II - Teacher Quality	No Tolerance Task Force	Chemical Abuse Services Program	Total
<b>REVENUES</b>						
Federal sources	\$ 28,466	\$ 26	\$ 965	\$ -	\$ -	\$ 1,215,837
State sources	-	-	-	-	-	3,086,320
Local sources	-	-	-	-	-	
Intergovernmental	-	-	-	25,000	781	25,781
Interest	-	-	-	-	-	6,021
Total revenues	28,466	26	965	25,000	781	4,333,959
<b>EXPENDITURES</b>						
Salaries	20,079	-	-	18,381	-	2,267,359
Benefits	6,969	-	-	3,744	-	718,796
Purchased services	1,418	-	-	2,598	-	647,300
Supplies and materials	-	26	965	-	1,929	288,288
Payments to other governments	-	-	-	-	-	269,762
Capital expenditures	-	-	-	-	-	79,891
Total expenditures	28,466	26	965	24,723	1,929	4,271,396
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	-	277	(1,148)	62,563
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	-	-	-	9,916	1,978	(391)
<b>FUND BALANCES, END OF YEAR</b>	\$ -	\$ -	\$ -	\$ 10,193	\$ 830	\$ 62,172

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 EDUCATION FUND  
 BUDGETARY COMPARISON SCHEDULES  
 FOR THE YEAR ENDED JUNE 30, 2006

	Regional Safe Schools			Truants Alternative Optional Education Program (TAOEP)			Even Start		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>									
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,000	\$ 159,474	\$ (10,526)
State sources	219,268	219,268	-	353,158	353,158	-	-	-	-
Local sources:									
Interest	-	1,936	1,936	-	-	-	-	-	-
<b>Total revenues</b>	<b>219,268</b>	<b>221,204</b>	<b>1,936</b>	<b>353,158</b>	<b>353,158</b>	<b>-</b>	<b>170,000</b>	<b>159,474</b>	<b>(10,526)</b>
<b>EXPENDITURES</b>									
Salaries	46,853	48,416	(1,563)	248,591	256,018	(7,427)	67,310	63,324	3,986
Benefits	19,866	20,470	(604)	76,486	75,436	1,050	16,215	19,347	(3,132)
Purchased services	3,157	1,809	1,348	26,881	20,551	6,330	40,302	30,159	10,143
Supplies and materials	250	2,101	(1,851)	1,200	1,153	47	5,500	5,971	(471)
Payments to other governments	149,142	148,408	734	-	-	-	40,673	40,673	-
Capital expenditures	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>219,268</b>	<b>221,204</b>	<b>(1,936)</b>	<b>353,158</b>	<b>353,158</b>	<b>-</b>	<b>170,000</b>	<b>159,474</b>	<b>10,526</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>									
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 EDUCATION FUND  
 BUDGETARY COMPARISON SCHEDULES  
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 3  
 (CONTINUED)

	Teen Reach - Housing Authority of Joliet		Teen Reach - IL Department of Human Services		Workforce Investment Act (WIA) - Grundy Works		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	Budget	Actual	
<b>REVENUES</b>							
Federal sources	\$ 87,129	\$ -	\$ 93,098	\$ 93,098	\$ -	\$ 107,148	\$ (1,652)
State sources	-	-	1,568	1,568	-	-	-
Local sources:							
Interest	-	-	-	-	-	-	-
Total revenues	87,129	87,129	94,666	94,666	-	107,148	(1,652)
<b>EXPENDITURES</b>							
Salaries	80,954	70,774	63,316	63,328	(12)	48,870	(20)
Benefits	-	8,295	17,506	17,243	263	9,409	145
Purchased services	4,211	3,043	9,551	5,515	4,036	49,832	4,140
Supplies and materials	1,964	5,017	2,293	4,975	(2,682)	689	(2,613)
Payments to other governments	-	-	-	-	-	-	-
Capital expenditures	-	-	2,000	3,605	(1,605)	-	-
Total expenditures	87,129	87,129	94,666	94,666	-	108,800	1,652
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	-	-	-	-	-	-	-
<b>FUND BALANCES, END OF YEAR</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
EDUCATION FUND  
BUDGETARY COMPARISON SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2006

	Early Childhood			Addiction Prevention - Comprehensive			Addiction Prevention - In-Touch		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>									
Federal sources	\$ -	\$ -	\$ -	\$ 221,000	\$ 221,000	\$ -	\$ 20,000	\$ 20,000	\$ -
State sources	76,322	76,322	-	39,458	39,458	-	164,720	164,720	-
Local sources:									
Interest	-	-	-	-	-	-	-	-	-
Total revenues	<u>76,322</u>	<u>76,322</u>	-	<u>260,458</u>	<u>260,458</u>	-	<u>184,720</u>	<u>184,720</u>	-
<b>EXPENDITURES</b>									
Salaries	51,955	52,884	(929)	168,170	170,165	(1,995)	134,500	139,340	(4,840)
Benefits	13,031	16,443	(3,412)	66,762	66,042	720	35,657	35,176	481
Purchased services	9,353	4,659	4,694	21,826	22,774	(948)	10,003	8,167	1,836
Supplies and materials	1,983	2,336	(353)	3,700	1,418	2,282	3,560	1,550	2,010
Payments to other governments	-	-	-	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-	1,000	487	513
Total expenditures	<u>76,322</u>	<u>76,322</u>	-	<u>260,458</u>	<u>260,399</u>	<u>59</u>	<u>184,720</u>	<u>184,720</u>	-
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	\$ -	\$ -	\$ -	\$ -	\$ 59	\$ 59	\$ -	\$ -	\$ -
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	-	-	-	(59)	-	-	-	-	-
<b>FUND BALANCES, END OF YEAR</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 EDUCATION FUND  
 BUDGETARY COMPARISON SCHEDULES  
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 3  
 (CONTINUED)

	Title IV - Safe & Drug-Free Schools - Formula		Title V - Innovative Programs - Formula		Title II - Teacher Quality	
	Budget	Actual	Budget	Actual	Budget	Actual
<b>REVENUES</b>						
Federal sources	\$ 25	\$ 25	\$ 26	\$ 26	\$ 965	\$ 965
State sources	-	-	-	-	-	-
Local sources:						
Interest	-	-	-	-	-	-
Total revenues	25	25	26	26	965	965
<b>EXPENDITURES</b>						
Salaries	-	-	-	-	-	-
Benefits	-	-	-	-	-	-
Purchased services	-	-	-	-	-	-
Supplies and materials	25	25	26	26	965	965
Payments to other governments	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-
Total expenditures	25	25	26	26	965	965
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	-	-	-	-	-	-
<b>FUND BALANCES, END OF YEAR</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
EDUCATION FUND  
BUDGETARY COMPARISON SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2006

	Total		Variance Favorable (Unfavorable)
	Budget	Actual	(Unfavorable)
<b>REVENUES</b>			
Federal sources	\$ 701,043	\$ 688,865	\$ (12,178)
State sources	854,494	854,494	-
Local sources:			
Interest	-	1,936	1,936
Total revenues	1,555,537	1,545,295	(10,242)
<b>EXPENDITURES</b>			
Salaries	910,519	913,139	(2,620)
Benefits	254,932	267,716	(12,784)
Purchased services	175,116	142,369	32,747
Supplies and materials	22,155	28,839	(6,684)
Payments to other governments	189,815	189,081	734
Capital expenditures	3,000	4,092	(1,092)
Total expenditures	1,555,537	1,545,236	10,301
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	\$ -	\$ 59	\$ 59
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>		(59)	
<b>FUND BALANCES, END OF YEAR</b>		\$ -	



GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2006

SCHEDULE 4

	GED	School Bus Driver Training	Supervisory	Postage	Will/Grundy Counties Local Area Network	Total
ASSETS						
Cash (overdraft)	\$ 2,717	\$ 25,388	\$ 2,924	\$ (1,789)	\$ 1,625	\$ 30,865
FUND BALANCES						
Fund balances (deficit), unrestricted	\$ 2,717	\$ 25,388	\$ 2,924	\$ (1,789)	\$ 1,625	\$ 30,865

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

SCHEDULE 5

NONMAJOR SPECIAL REVENUE FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2006

	GED	School Bus Driver Training	Supervisory	Postage	Will/Grundy Counties Local Area Network	Total
<b>REVENUES</b>						
State sources	\$ -	\$ 600	\$ 2,000	\$ -	\$ -	\$ 2,600
Local sources						
Fees for services	5,009	3,278	-	1,888	-	10,175
Interest	-	-	-	-	13	13
Total revenues	5,009	3,878	2,000	1,888	13	12,788
<b>EXPENDITURES</b>						
Purchased services	5,604	997	2,000	1,414	-	10,015
Supplies and materials	-	-	-	-	240	240
Total expenditures	5,604	997	2,000	1,414	240	10,255
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(595)	2,881	-	474	(227)	2,533
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	3,312	22,507	2,924	(2,263)	1,852	28,332
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	\$ 2,717	\$ 25,388	\$ 2,924	\$ (1,789)	\$ 1,625	\$ 30,865

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 FIDUCIARY FUNDS  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 JUNE 30, 2006

SCHEDULE 6

	<u>Distributive</u>	<u>Outdoor Education Cooperative</u>	<u>Payroll</u>	<u>County Board of Trustees</u>	<u>Total</u>
<b>ASSETS</b>					
Cash	\$ 72,564	\$ 57,020	\$ 7,109	\$ -	\$ 136,693
<b>LIABILITIES</b>					
Due to other governmental units	\$ 72,564	\$ 57,020	\$ 7,109	\$ -	\$ 136,693

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 FIDUCIARY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS  
 JUNE 30, 2006

SCHEDULE 7

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2006</u>
<b>DISTRIBUTIVE</b>				
<b>ASSETS</b>				
Cash	\$ 65,373	\$ 5,655,894	\$ 5,648,703	\$ 72,564
<b>LIABILITIES</b>				
Due to other governmental units	\$ 65,373	\$ 5,655,894	\$ 5,648,703	\$ 72,564
<b>OUTDOOR EDUCATION COOPERATIVE</b>				
<b>ASSETS</b>				
Cash	\$ 31,027	\$ 130,331	\$ 104,338	\$ 57,020
<b>LIABILITIES</b>				
Due to other governmental units	\$ 31,027	\$ 130,331	\$ 104,338	\$ 57,020
<b>PAYROLL</b>				
<b>ASSETS</b>				
Cash	\$ 3,998	\$ 98,376	\$ 95,265	\$ 7,109
<b>LIABILITIES</b>				
Due to other governmental units	\$ 3,998	\$ 98,376	\$ 95,265	\$ 7,109
<b>COUNTY BOARD OF TRUSTEES</b>				
<b>ASSETS</b>				
Cash	\$ 225	\$ -	\$ 225	\$ -
<b>LIABILITIES</b>				
Due to other governmental units	\$ 225	\$ -	\$ 225	\$ -
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash	\$ 100,623	\$ 5,884,601	\$ 5,848,531	\$ 136,693
<b>LIABILITIES</b>				
Due to other governmental units	\$ 100,623	\$ 5,884,601	\$ 5,848,531	\$ 136,693

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 DISTRIBUTIVE FUND  
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHERS  
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 8

	Education Service Network	Kendall Co. Spec. Educ.	Grundy/Kendall General School Fund	Thomas Centowski	Total
In Touch Addiction Prevention	\$ 46,200	\$ -	\$ -	\$ -	\$ 46,200
Federal Special Education - IDEA Flow Through	-	2,322,393	-	-	2,322,393
Title II Eisenhower	965	-	-	-	965
Title V- Innovative Programs	26	-	-	-	26
Professional Fee Math Teacher Training	-	2,896	-	-	2,896
Gen State Aid	513,982	-	-	-	513,982
Fed. Spec. Ed. Pre School	-	44,264	-	-	44,264
Addiction Prevention Comp	414,378	-	-	-	414,378
ROE School Bus Driver Training	-	-	600	-	600
Truant Alt. Opt. Ed. Lump Sum	353,158	-	-	-	353,158
Special Ed. Personnel	-	1,268,974	-	-	1,268,974
Regional Safe Schools	219,268	-	-	-	219,268
Early Childhood Block Gr.	79,660	-	-	-	79,660
Supervisory Expense	-	-	-	2,000	2,000
Medicaid Matching Fund	-	54,419	-	-	54,419
Safe and Drug Free School	25	-	-	-	25
Federal Drug Free Com. Grant	67,144	-	-	-	67,144
Even Start	160,885	-	-	-	160,885
Homeless Liaison	2,483	-	-	-	2,483
Miscellaneous	-	-	317	-	317
Teen Reach	94,666	-	-	-	94,666
<b>Total</b>	<b>\$ 1,952,840</b>	<b>\$ 3,692,946</b>	<b>\$ 917</b>	<b>\$ 2,000</b>	<b>\$ 5,648,703</b>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 9

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Number	FY 2006 Expenditures
<b>DEPARTMENT OF EDUCATION</b>			
State Grants for Innovative Programs			
Passed-Through Illinois State Board of Education <i>Title V - Innovative Programs - Formula</i>	84.298A	2006-4100-00	\$ 26
Passed-Through Will County Regional Office of Education No. 56 <i>Title V - Innovative Programs - Formula</i>	84.298A	2006-4100-00	467
			<u>493</u>
Safe and Drug-Free Schools and Communities State Grants			
Passed-Through Will County Regional Office of Education No. 56 <i>Title IV - Safe &amp; Drug Free School - Formula</i>	84.186A	2006-4400-00	455
Passed-Through Illinois State Board of Education <i>Title IV - Safe &amp; Drug Free School - Formula</i>	84.186A	2006-4400-00	25
Passed-Through Illinois Department of Human Services <i>Safe and Drug Free Schools and Communities - State Grants</i>	84.186	256464900	214,600
			<u>215,080</u>
Even Start State Educational Agencies			
Passed-Through Illinois State Board of Education <i>Even Start</i>	84.213C	2006-4335-00	159,474
Gaining Early Awareness and Readiness for Undergraduate Programs			
Passed-Through Illinois Department of Human Services <i>Gear Up State Award</i>	84.334	823434900	16,266
Education for Homeless Children and Youth			
Passed-Through Kane County Regional Office of Education No. 31 <i>McKinney Education for Homeless Children</i>	84.196	2006-4920-00	28,466
Improving Teacher Quality State Grants			
Passed-Through Illinois State Board of Education <i>Title II - Teacher Quality</i>	84.367A	2006-4932-00	965
<b>TOTAL DEPARTMENT OF EDUCATION</b>			<b>\$ 420,744</b>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Temporary Assistance for Needy Families			
Passed-Through Illinois Department of Human Services <i>Teen Reach</i>	93.558	82001440H	\$ 76,832
Passed-Through Housing Authority of Joliet <i>Teen Reach</i>	93.558	11G6238000	87,129
			<u>163,961</u>
Block Grants for Prevention and Treatment of Substance Abuse			
Passed-Through Illinois Department of Human Services <i>Addiction Prevention - Comprehensive</i>	93.959	11G6216000	6,400
<i>Addiction Prevention - In-Touch</i>	93.959	11G6216000	20,000
			<u>26,400</u>
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>\$ 190,361</b>
<b>DEPARTMENT OF LABOR</b>			
Workforce Investment Act (WIA) Youth Activities			
Passed-Through Kane County Department of Employment and Education <i>Workforce Investment Act (WIA) - Kendall County</i>	(M) 17.259	05-006-Y	\$ 105,632
Passed-Through Workforce Investment Board of Will County <i>Workforce Investment Act (WIA) - Premier Youth</i>	(M) 17.259	2004-100	328,323
Passed-Through Grundy, Livingston, Kankakee Workforce Board <i>Workforce Investment Act (WIA) - Grundy Works</i>	(M) 17.259	-	107,148
<b>TOTAL DEPARTMENT OF LABOR</b>			<b>\$ 541,103</b>
<b>DEPARTMENT OF JUSTICE</b>			
Juvenile Justice and Delinquency Prevention Allocation to States			
Passed-Through Office of Juvenile Justice and Delinquency Prevention <i>Federal Drug-Free Communities</i>	16.540		\$ 63,629
<b>TOTAL DEPARTMENT OF JUSTICE</b>			<b>\$ 63,629</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 1,215,837</b>

(M) Program was audited as a major program.

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

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

**Note 1. Reporting Entity Basis of Presentation and Accounting**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Grundy/Kendall Counties Regional Office of Education No. 24 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. Description of Federal Programs Audited as a Major Program**

Workforce Investment Act (WIA) - Kendall County, Premier Youth and Grundy Works provide basic math, reading and employment readiness skills to youth in Grundy, Kendall, Livingston and Kankakee Counties and Premier Academy through the Illinois Department of Human Services. This program provides opportunities for training, continued supportive services, incentives for recognition and achievement and opportunities for leadership, development, decision making, citizenship and community service.

**Note 3. Subrecipients**

Not applicable.

**Note 4. Non-Cash Assistance**

Not applicable.

**Note 5. Amount of Insurance**

Not applicable.

**Note 6. Loan or Loan Guarantees**

Not applicable.