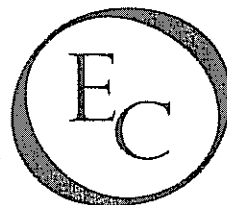


**STATE OF ILLINOIS  
GRUNDY/KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 24**

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

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  
OFFICIALS**

Regional Superintendent  
(July 1, 2007 to present)

Mr. Paul Nordstrom

Regional Superintendent  
(During the audit period)

Mr. Thomas J. Centowski

Assistant Regional Superintendent  
(July 1, 2007 to present)

Mr. Christopher Mehochko

Assistant Regional Superintendent  
(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 in this audit was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

**AUDITORS' REPORTS**

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

**SUMMARY OF AUDIT FINDINGS**

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	—	3
Repeated audit findings	—	2
Prior recommendations implemented or not repeated	3	2

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Prior Finding Code</u>
FINDINGS ( <i>GOVERNMENT AUDITING STANDARDS</i> )			
	12	None	
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)			
	12	None	
PRIOR FINDINGS NOT REPEATED ( <i>GOVERNMENT AUDITING STANDARDS</i> )			
	13	Controls Over Compliance with Laws and Regulations	06-1
	13	Failure to Fully Secure and Collateralize Cash Balance in Excess of \$100,000	06-2
	13	Inaccurate Time Sheets	06-3
PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)			
		None	

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
JUNE 30, 2007**

**EXIT CONFERENCE**

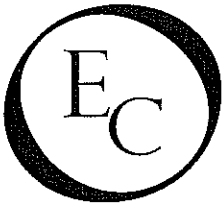
The Grundy/Kendall Counties Regional Office of Education No. 24 opted not to have an exit conference during the financial audit for the year ended June 30, 2007.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Grundy/Kendall Counties Regional Office of Education No. 24, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 9, 2008 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

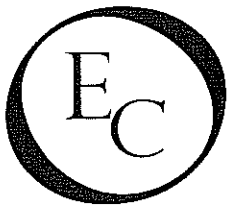
opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 14 to 19 and page 49 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. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Others, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

E. C. Ortiz & Co. LLP

Chicago, Illinois  
June 9, 2008



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

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Grundy/Kendall Counties Regional Office of Education No. 24, as of and for the year ended June 30, 2007, which collectively comprise the Grundy/Kendall Counties Regional Office of Education No. 24's basic financial statements and have issued our report thereon dated June 9, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Grundy/Kendall Counties Regional Office of Education No. 24's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Grundy/Kendall Counties Regional Office of Education No. 24's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Grundy/Kendall Counties Regional Office of Education No. 24's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

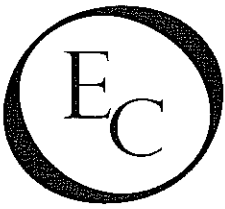
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

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. Ortig & Co. LLP

Chicago, Illinois  
June 9, 2008



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

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

We have audited the compliance of the 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, 2007. The Grundy/Kendall Counties Regional Office of Education No. 24's major federal programs are identified in the Summary of the Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the 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, 2007.

## 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Grundy/Kendall Counties Regional Office of Education No. 24's internal control over compliance.

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

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

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

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

E. C. Ortiz & Co. LLP

Chicago, Illinois  
June 9, 2008

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007**

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

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

**Federal Awards**

Internal control over major programs:

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

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

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

**Identification of major programs:**

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
17.259	Workforce Investment Act (WIA) - Kendall County
17.259	Workforce Investment Act (WIA) - Premier Youth
84.186	Safe and Drug Free Schools and Communities - State Grants

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

Auditee qualified as low-risk auditee?   ✓   Yes        No

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007**

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

None

**Part III: Federal Award Findings**

**Instances of Noncompliance:**

None

**Significant Deficiencies:**

None



**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**JUNE 30, 2007**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
06-1	<p>Controls Over Compliance with Laws and Regulations</p> <p>A. Public Act 95-496 repealed the requirements of 105 ILCS 5/3-14.11.</p> <p>B. The Regional Superintendent did not present to the county board meetings a report of all his acts and the list of all schools visited with the dates of visitation in compliance with the Illinois School Code 105 ILCS 5/3-5.</p> <p>C. Public Act 95-496 repealed the requirements of 105 ILCS 5/3-14.5.</p>	<p>Resolved</p> <p>Resolved</p> <p>Resolved</p>
06-2	<p>Failure to Fully Secure and Collateralize Cash Balance in Excess of \$100,000</p>	<p>Resolved</p>
06-3	<p>Inaccurate Time Sheets</p>	<p>Resolved</p>

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007**

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, 2007 with comparative information for the year ended June 30, 2006. Readers are encouraged to consider the information in conjunction with the ROE No. 24's financial statements that follow.

**2007 Financial Highlights**

- Within the Governmental Funds, the General Fund revenues decreased by \$17,930 (5%) from \$391,919 in FY 2006 to \$373,989 in FY 2007. General Fund expenditures decreased by \$10,416 (3%) from \$372,919 in FY 2006 to \$362,503 in FY 2007.
- Within the Governmental Funds, the Special Revenue Fund revenues increased by \$387,442 (9%) from \$4,391,497 in FY 2006 to \$4,778,939 in FY 2007. The Special Revenue Fund expenditures increased by \$454,116 (11%) from \$4,293,692 in FY 2006 to \$4,747,808 in FY 2007.
- The Enterprise Fund revenues decreased by \$3,128 (8%) from \$36,894 in FY 2006 to \$33,766 in FY 2007. The Enterprise Fund expenditures decreased by \$11,804 (44%) from \$27,133 in FY 2006 to \$15,329 in FY 2007.

**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, 2007**

**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 Education Service Network NFP, Inc.

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

Government-wide Financial Statements

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 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, 2007**

- (2) Proprietary funds account for resources from fees charged directly to those entities or individuals that use its services. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements. The proprietary funds required financial statements include a Statement of Net Assets, Statement of Revenues, Expenses and Changes in Fund Net Assets and a Statement of Cash Flows.
- (3) Fiduciary funds are used to account for assets held by the ROE No. 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 2007 and FY 2006 totaled \$444,431 and \$386,033, 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**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>						
Current assets	\$ 563,504	\$ 687,668	\$ 26,129	\$ 8,131	\$ 589,633	\$ 695,799
Capital assets, net of depreciation	60,283	62,939	-	-	60,283	62,939
<b>TOTAL ASSETS</b>	<b>623,787</b>	<b>750,607</b>	<b>26,129</b>	<b>8,131</b>	<b>649,916</b>	<b>758,738</b>
Current liabilities	205,485	372,266	-	439	205,485	372,705
<b>TOTAL LIABILITIES</b>	<b>205,485</b>	<b>372,266</b>	<b>-</b>	<b>439</b>	<b>205,485</b>	<b>372,705</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	60,283	62,939	-	-	60,283	62,939
Restricted for teacher professional development	200,457	177,097	-	-	200,457	177,097
Unrestricted	157,562	138,305	26,129	7,692	183,691	145,997
<b>TOTAL NET ASSETS</b>	<b>\$ 418,302</b>	<b>\$ 378,341</b>	<b>\$ 26,129</b>	<b>\$ 7,692</b>	<b>\$ 444,431</b>	<b>\$ 386,033</b>

The ROE No. 24's net assets increased by \$58,398 (15%) from FY 2006. The increase primarily occurred in the Local Revenue Funds due to excess of revenues over expenses for fingerprinting services provided 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, 2007**

**CHANGES IN NET ASSETS**

The following analysis shows the changes in net assets for the years ended June 30, 2006 and 2007.

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 47,031	\$ 54,556	\$ 32,603	\$ 35,897	\$ 79,634	\$ 90,453
Operating grants and contributions	4,718,310	4,330,538	-	-	4,718,310	4,330,538
General revenues:						
Local sources	69,934	128,045	-	-	69,934	128,045
Interest income	13,598	6,403	1,163	997	14,761	7,400
On-behalf payments	304,055	263,874	-	-	304,055	263,874
<b>Total revenues</b>	<b>5,152,928</b>	<b>4,783,416</b>	<b>33,766</b>	<b>36,894</b>	<b>5,186,694</b>	<b>4,820,310</b>
Expenses:						
Salaries	2,561,310	2,267,359	9,233	2,045	2,570,543	2,269,404
Benefits	768,754	718,796	-	-	768,754	718,796
Purchased services	678,086	778,401	4,783	21,433	682,869	799,834
Supplies and materials	475,700	288,528	1,313	3,655	477,013	292,183
Capital outlay	31,404	59,648	-	-	31,404	59,648
Depreciation	19,142	15,020	-	-	19,142	15,020
Payments to other governmental units	274,516	269,762	-	-	274,516	269,762
On-behalf payments	304,055	263,874	-	-	304,055	263,874
<b>Total expenses</b>	<b>5,112,967</b>	<b>4,661,388</b>	<b>15,329</b>	<b>27,133</b>	<b>5,128,296</b>	<b>4,688,521</b>
Change in net assets	39,961	122,028	18,437	9,761	58,398	131,789
Net assets, beginning	378,341	256,313	7,692	(2,069)	386,033	254,244
Net assets, ending	<b>\$ 418,302</b>	<b>\$ 378,341</b>	<b>\$ 26,129</b>	<b>\$ 7,692</b>	<b>\$ 444,431</b>	<b>\$ 386,033</b>

**Governmental Activities**

Revenues for governmental activities were \$5,152,928 and expenses were \$5,112,967. Some grants increased while others decreased or were not funded in FY 2007. The General State Aid and Will County Alternative Programs increased by \$500,212 (22%) due to the increase in the state funding level per student. The McKinney Education for Homeless Children and Teen Reach grants increased by \$34,626 (16%) due to the increase in the number of students in the programs. Programs that were not funded in FY 2007 include the Title IV - Safe and Drug-Free Schools Formula, Title V - Innovative Programs, Workforce Investment Act - Grundy Works, Federal Drug-Free Communities and Title II - Teacher Quality grants. State funding for the Even Start grant was reduced, thus revenues decreased by \$76,223 (48%). 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, 2007**

**Business-Type Activities**

Revenues for business-type activities were \$33,766 and expenditures were \$15,329. The increase in revenues and expenditures is attributed to the increase in fingerprinting services provided by ROE No. 24 to local school districts in FY 2007.

**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 of \$358,019.

**Governmental Fund Highlights**

- State funding of Regional Offices of Education has been stable in funding compared to the previous year.
- The dollar return on investments (certificate of deposit, short-term investments and interest earned on a float), remained minimal because of continuing low interest rates.
- County support for the ROE No. 24 remained at the same funding level.
- The Regional Safe Schools Program was able to maintain services due to an increase in the foundation level of General State Aid.

**Proprietary Fund Highlights**

Total proprietary fund net assets increased by \$18,437 (240%). The increase in net assets is due mainly to increase in fingerprinting services provided by ROE No. 24 related to its criminal background investigations.

**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 Board 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.

**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 acquired equipment and building improvements

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007**

totaling \$16,486 in FY 2007. There were no retirements in FY 2007 and depreciation expense was \$19,142.

**Economic Factors and Next Years' Budget**

At the time these financial statements were prepared and audited, the Grundy/Kendall Counties Regional Office of Education No. 24 was aware of several existing circumstances that could affect its financial condition in the future:

- The state aid foundation level for FY 2007 has increased to \$5,334 per student.
- County funds have increased 4.94% for FY 2007 versus 1.23% for FY 2006.
- The Region is experiencing student growth of 35.4% over the last three years, and 7.8% over the last year.
- The Regional Office of Education continues to experience double-digit health care cost increases for employees and escalating fuel prices.

**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 Schools, Grundy/Kendall Counties Regional Office of Education No. 24, 1320 Union Street, Morris, Illinois 60450.

## **BASIC FINANCIAL STATEMENTS**



GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2007

EXHIBIT A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 284,060	\$ 26,129	\$ 310,189
Due from other governmental units	279,444	-	279,444
Total current assets	563,504	26,129	589,633
<b>Noncurrent assets</b>			
Capital assets, net	60,283	-	60,283
<b>TOTAL ASSETS</b>	<b>623,787</b>	<b>26,129</b>	<b>649,916</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	105,725	-	105,725
Due to other governmental units	35,804	-	35,804
Deferred revenues	63,956	-	63,956
<b>TOTAL LIABILITIES</b>	<b>205,485</b>	<b>-</b>	<b>205,485</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	60,283	-	60,283
Restricted for teacher professional development	200,457	-	200,457
Unrestricted	157,562	26,129	183,691
<b>TOTAL NET ASSETS</b>	<b>\$ 418,302</b>	<b>\$ 26,129</b>	<b>\$ 444,431</b>

*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, 2007

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	\$ 2,561,310	\$ -	\$ 2,535,950	\$ (25,360)	\$ -	\$ (25,360)
Benefits	768,754	-	761,158	(7,596)	-	(7,596)
Purchased services	678,086	36,683	651,787	10,384	-	10,384
Supplies and materials	475,700	10,348	450,174	(15,178)	-	(15,178)
Capital expenditures	31,404	-	47,419	16,015	-	16,015
Depreciation expense	19,142	-	-	(19,142)	-	(19,142)
Payments to other governmental units	274,516	-	271,822	(2,694)	-	(2,694)
<b>Administrative</b>						
On-behalf payments	304,055	-	-	(304,055)	-	(304,055)
<b>Total governmental activities</b>	<b>5,112,967</b>	<b>47,031</b>	<b>4,718,310</b>	<b>(347,626)</b>	<b>-</b>	<b>(347,626)</b>
<b>Business-type activities:</b>						
Local workshops	15,329	32,603	-	-	17,274	17,274
<b>Total business-type activities</b>	<b>15,329</b>	<b>32,603</b>	<b>-</b>	<b>-</b>	<b>17,274</b>	<b>17,274</b>
<b>Total primary government</b>	<b>\$ 5,128,296</b>	<b>\$ 79,634</b>	<b>\$ 4,718,310</b>	<b>(347,626)</b>	<b>17,274</b>	<b>(330,352)</b>
<b>General revenues:</b>						
Local sources				69,934	-	69,934
Interest income				13,598	1,163	14,761
On-behalf payments				304,055	-	304,055
<b>Total general revenues</b>				<b>387,587</b>	<b>1,163</b>	<b>388,750</b>
<b>Change in net assets</b>				<b>39,961</b>	<b>18,437</b>	<b>58,398</b>
<b>Net assets - beginning</b>				<b>378,341</b>	<b>7,692</b>	<b>386,033</b>
<b>Net assets - ending</b>				<b>\$ 418,302</b>	<b>\$ 26,129</b>	<b>\$ 444,431</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, 2007

EXHIBIT C

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
Cash and cash equivalents (overdraft)	\$ 60,891	\$ (17,437)	\$ 209,610	\$ 30,996	\$ 284,060
Due from other funds	-	4,137	-	-	4,137
Due from other governmental units	-	279,444	-	-	279,444
<b>TOTAL ASSETS</b>	<b>60,891</b>	<b>266,144</b>	<b>209,610</b>	<b>30,996</b>	<b>567,641</b>

LIABILITIES AND FUND BALANCES

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
Accounts payable	-	105,725	-	-	105,725
Due to other funds	4,137	-	-	-	4,137
Due to other governmental units	-	35,804	-	-	35,804
Deferred revenues	-	54,803	9,153	-	63,956
Total liabilities	4,137	196,332	9,153	-	209,622

FUND BALANCES

Unreserved, reported in:					
General fund	56,754	-	-	-	56,754
Special revenue funds	-	69,812	200,457	30,996	301,265
Total fund balances	56,754	69,812	200,457	30,996	358,019

TOTAL LIABILITIES AND FUND BALANCES

	\$ 60,891	\$ 266,144	\$ 209,610	\$ 30,996	\$ 567,641
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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**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2007**

**EXHIBIT D**

Total fund balances - governmental funds	\$	358,019
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>60,283</u>
Net assets of governmental activities	\$	<u><u>418,302</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, 2007**

**EXHIBIT E**

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
<b>REVENUES</b>					
Federal sources	\$ -	\$ 1,034,788	\$ -	\$ -	\$ 1,034,788
State sources	-	3,648,601	-	2,600	3,651,201
Local sources:					
Fees for services	-	-	40,288	6,743	47,031
Intergovernmental	69,934	32,321	-	-	102,255
Interest	-	13,127	449	22	13,598
On-behalf payments	304,055	-	-	-	304,055
Total revenues	373,989	4,728,837	40,737	9,365	5,152,928
<b>EXPENDITURES</b>					
Current:					
Instructional Services:					
Salaries	-	2,561,310	-	-	2,561,310
Benefits	-	768,754	-	-	768,754
Purchased services	43,279	614,051	17,377	3,379	678,086
Supplies and materials	15,169	454,676	-	5,855	475,700
Capital expenditures	-	47,890	-	-	47,890
Payments to other governmental units	-	274,516	-	-	274,516
On-behalf payments	304,055	-	-	-	304,055
Total expenditures	362,503	4,721,197	17,377	9,234	5,110,311
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	11,486	7,640	23,360	131	42,617
<b>FUND BALANCES, BEGINNING OF YEAR</b>	45,268	62,172	177,097	30,865	315,402
<b>FUND BALANCES, END OF YEAR</b>	\$ 56,754	\$ 69,812	\$ 200,457	\$ 30,996	\$ 358,019

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

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

**EXHIBIT F**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007**

Net change in fund balances \$ 42,617

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	\$ 16,486	
Depreciation expense	(19,142)	<u>(2,656)</u>

Change in net assets of governmental activities \$ 39,961

*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, 2007

EXHIBIT G

	<u>Business-Type Activities</u> <u>Enterprise Fund</u> <u>Local Revenues</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 26,129
<b>NET ASSETS</b>	
Unrestricted	\$ 26,129

*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, 2007**

**EXHIBIT H**

	<b>Business-Type Activities · Enterprise Fund Local Revenues</b>
<b>OPERATING REVENUES</b>	
Local sources	\$ 32,603
<b>OPERATING EXPENSES</b>	
Salaries and benefits	9,233
Purchased services	4,783
Supplies and materials	1,313
Total operating expenses	15,329
<b>OPERATING INCOME</b>	17,274
<b>NONOPERATING REVENUES</b>	
Interest income	1,163
<b>CHANGE IN NET ASSETS</b>	18,437
<b>TOTAL NET ASSETS, BEGINNING OF YEAR</b>	7,692
<b>TOTAL NET ASSETS, END OF YEAR</b>	\$ 26,129

*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, 2007**

**EXHIBIT I**

	<b>Business-Type Activities - Enterprise Fund</b>
	<b>Local Revenues</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts for workshops and services	\$ 32,603
Payments to suppliers and providers of goods and services	(9,702)
Payments to employees	(9,233)
Net cash provided by operating activities	<u>13,668</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY:</b>	
Interest	1,163
Net cash provided by investing activity	<u>1,163</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	14,831
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>11,298</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 26,129</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 17,274
Adjustments to reconcile income to net cash provided by operating activities:	
Effects of changes in assets and liabilities:	
Accounts payable	(439)
Due to other funds	(3,167)
Net cash provided by operating activities	<u><u>\$ 13,668</u></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, 2007**

**EXHIBIT J**

**ASSETS**

Cash and cash equivalents	<u>\$ 123,659</u>
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**LIABILITIES**

Due to other governmental units	<u>\$ 123,659</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, 2007**

**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 acts as the administrative agent for the Grundy/Kendall Counties Regional Office of Education No. 24 Education

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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.

Education Service Network NFP, Inc. (formerly known as The Community Works Foundation, Inc.) is a not-for-profit corporation in the State of Illinois that is organized exclusively for charitable and educational purposes within the meaning of Section 501 (c)(3) of the Internal Revenue Code. Further, the Education Service Network NFP, 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 who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

Certain 2006 amounts have been reclassified to conform to the 2007 presentation. ESN, NFP, Inc. fund activities have been included and reported in prior years as part of the General Fund and are currently reported separately as ESN, NFP, Inc. under the general fund.

**C. New Accounting Pronouncement**

Effective July 1, 2006, the Grundy/Kendall Counties Regional Office of Education No. 24 adopted GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which establishes uniform financial reporting standards for other postemployment benefits (OPEB) plans and supersedes the interim guidance included in Statement No. 26, *Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans*.

There was no significant impact on the 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 the 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, 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 revenues are recognized as soon as all eligibility requirements imposed by the provider have been met.

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

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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. 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 type in the basic financial statements. The following summarizes the fund types used:

Government Fund Types

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

General Fund - Accounts for all financial resources except those required to be accounted for in another fund. It accounts for monies received for, and payment of, expenditures in connection with general administrative activities.

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

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

ESN, NFP Inc. - Accounts for monies received for, and payment of, expenditures in connection with general administrative activities of Education Service Network NFP, Inc. (ESN, NFP Inc.) a blended component unit.

Special Revenue Funds - Accounts for the proceeds of specific revenue sources (other than those accounted for in the Fiduciary Funds) that are legally restricted to expenditures for specified purposes. The special revenue funds include the following:

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

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, 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 through 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

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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 through the Education Service Network NFP, Inc. (ESN NFP, Inc. a blended component unit) from 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 Education Service Network NFP, Inc. (ESN NFP, Inc. a blended component unit) from the Department of Human Services.

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.

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.

HIV Education Program - Accounts for the grant monies received for, and payment of, expenditures incurred for the HIV education program. This is funded by the Teen Reach funds provided by the Department of Human Services.

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.



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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.

ESN NFP, WIA Grants - Accounts for monies received and payment of expenditures by the Education Service Network (ESN NFP, Inc., a blended component unit) for the Workforce Investment Act passed through the Kendall County and the Department of Human Services.

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.

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 - Accounts for the revenues and expenditures associated with fingerprinting services provided to school districts and summer school programs conducted by the Grundy/Kendall Counties Regional Office of Education No. 24.

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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:

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. Interest earned on Distributive Fund assets is used to fund existing programs.

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.

**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.

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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 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 time of acquisition or fair value at the date of donation. The ROE capitalizes items costing \$5,000 or more. Depreciation is calculated on a straight-line basis over the estimated useful lives (three to fifteen 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

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affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

L. Revenue from Federal and State Grants

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

M. Budgetary Data

Grundy/Kendall Counties Regional Office of Education No. 24 did not formally adopt a budget for the year ended June 30, 2007 and is not legally required to do so. The Illinois State Board of Education requires budgets for certain State and Federal programs. These budgets were used to prepare Budgetary Comparison Schedules for the following programs:

Special Revenue Funds:

- Education Fund:
  - Regional Safe Schools
  - 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
  - Early Childhood
  - Addiction Prevention - Comprehensive
  - Addiction Prevention - In-Touch
  - McKinney Education for Homeless Children - Kendall County

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.

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**NOTE 2 - CASH AND INVESTMENTS**

Deposits

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 \$433,848 at June 30, 2007, while the bank balance was \$729,714. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2007.

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

Category 1 includes deposits covered by depository insurance or collateral held by the 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 the 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 the 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, 2007:

	<u>Bank Balance</u>
Category 1	\$ 262,846
Category 2	447,576
Category 3	-
Exempt	19,292
Total	\$ 729,714

The exempt funds are those deposited into the Illinois Funds.

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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, 2007, 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, 2007, 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, 2007, 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, 2007, 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.

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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, 2007:

	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
Regional Superintendent Fringe Benefits (includes State paid insurance)	11,502
Assistant Regional Superintendent Salary	76,261
Assistant Regional Superintendent Fringe Benefits (includes State paid insurance)	20,441
TRS Pension Contributions	<u>111,114</u>
Total	<u>\$ 304,055</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.

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**NOTE 4 - CAPITAL ASSETS**

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

	Balance July 1, 2006	Additions	Retirements	Balance June 30, 2007
Equipment	\$ 75,116	\$ 9,431	\$ —	\$ 84,547
Building improvements	22,450	7,055	—	29,505
	97,566	16,486	—	114,052
Less: accumulated depreciation	(34,627)	(19,142)	—	(53,769)
Capital assets, net	\$ 62,939	\$ (2,656)	\$ —	\$ 60,283

**NOTE 5 - RETIREMENT FUND COMMITMENTS**

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 the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

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

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

- **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



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year ended June 30, 2007, State of Illinois contributions were based on 9.78 percent of creditable earnings, and the Grundy/Kendall Counties Regional Office of Education No. 24, recognized revenue and expenditures of \$111,114 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2006 and June 30, 2005, the State of Illinois contribution rates as percentages of creditable earnings were 7.06 percent (\$72,435) and 11.76 percent (\$99,158), respectively. The state contributions to TRS for the years ended June 30, 2007 and June 30, 2006 were based on dollar amounts specified by the statute and were not actuarially determined. The state contributions for the year ended June 30, 2005 were based on an actuarial formula.

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

- **2.2 Formula Contributions.** Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2007 were \$6,594. Contributions for the years ended June 30, 2006, and June 30, 2005, were \$5,951 and \$4,890, respectively.
- **Federal and Trust Fund Contributions.** When TRS members are paid from federal and trust funds administered by the 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, 2007, the employer pension contribution was 9.78 percent of salaries paid from federal and trust funds. For the year ended June 30, 2006, the employer contribution was 7.06 percent of salaries paid from federal and trust funds. For the year ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2007, salaries totaling \$26,274 were paid from federal and trust funds that required employer contributions of \$2,570. For the years ended June 30, 2006 and June 30, 2005, the required Grundy/Kendall Counties Regional Office of Education No. 24 contributions were \$1,727 and \$2,714, respectively.
- **Early Retirement Option.** The 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-

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0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the Pipeline ERO). Under the ERO program that expired on June 30, 2005 and the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation. Under the Modified ERO, the maximum employer contribution is 117.5 percent. Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement. For the years ended June 30, 2007, 2006 and 2005, 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.

- **Salary Increases Over 6 Percent and Excess Sick Leave.** Public Act 94-0004 added two new employer contributions to TRS.
  - If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent. For the years ended June 30, 2007 and June 30, 2006, the Grundy/Kendall Counties Regional Office of Education No. 24 did not have any payments to TRS for employer contributions due on salary increases in excess of 6 percent.
  - If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (17.60 percent of salary during the year ended June 30, 2007). For the years ended June 30, 2007 and June 30, 2006, the Grundy/Kendall Counties Regional Office of Education No. 24 did not have employer contributions granted for sick leave days in excess of the normal annual allotment.

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

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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 2006 was 10.52% of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2006 was 5 years.

For December 31, 2006, the Grundy/Kendall Counties Regional Office of Education No. 24's annual pension cost of \$419,240 was equal to the Grundy/Kendall Counties Regional Office of Education No. 24's required and actual contributions. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expense), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2006 actuarial valuation were based on the 2002-2004 experience study.

**TREND INFORMATION**

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/06	\$ 419,240	100%	\$ —
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%	—

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**NOTE 6 - DUE FROM (TO) OTHER GOVERNMENTAL UNITS**

The Grundy/Kendall Counties Regional Office of Education No. 24's Special Revenue Funds and Fiduciary Funds have funds due from/to the following government agencies:

**DUE FROM OTHER GOVERNMENTAL UNITS**

Will County Regional Office of Education No. 56	\$ 127,748
Workforce Investment Board of Will County	52,158
Illinois Department of Human Services	42,878
Kane County Department of Employment Education	33,543
Illinois State Board of Education	12,840
Housing Authority of Joliet	10,277
Total	\$ 279,444

**DUE TO OTHER GOVERNMENTAL UNITS**

Local School Districts	\$ 159,463
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**NOTE 7 - RENTAL OF OFFICE SPACE**

Grundy/Kendall Counties Regional Office of Education No. 24 leases an office space for its Joliet operations. The lease agreement which commenced in 2005 will expire in 2010. The agreement provides for a renewal option to extend the lease for an additional five years and annual increases in future minimum rental payments of 3%. Also, the agreement generally requires the Grundy/Kendall Regional Office of Education No. 24 to pay executory costs. Rental expense for the year ended June 30, 2007 was \$270,556.

The following is a schedule by year of future minimum rentals payments required under the operating lease agreement:

Years Ending June 30	Amount
2008	\$ 287,117
2009	287,117
2010	287,116
Total	\$ 861,350

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**NOTE 8 - INTERFUND TRANSACTIONS**

**(a) Due From (To) Other Funds**

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

Fund	Due From Other Funds	Due To Other Funds
Education Fund - McKinney Education for Homeless Children - Kendall Co.	\$ 4,137	\$ -
General Fund - General School Fund	-	4,137
Total	<u>\$ 4,137</u>	<u>\$ 4,137</u>

**(b) Transfers From (To) Other Funds**

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

Fund	Transfer-in	Transfer-out
Education Fund - Workforce Investment Act (WIA) - Kendall County	\$ 173,686	\$ -
Education Fund - Workforce Investment Act (WIA) - Premier Youth	298,532	-
Education Fund - ESN, NFP WIA Grants	-	472,218
Total	<u>\$ 472,218</u>	<u>\$ 472,218</u>

**NOTE 9 - DEFICIT FUND BALANCE**

The following funds have deficit fund balances as of June 30, 2007:

Education Fund:	
McKinney Education for Homeless Children - Kendall Co.	\$ 1,193
Nonmajor Special Revenue Fund:	
Postage	<u>1,773</u>
Total Deficit Fund Balances	<u>\$ 2,966</u>

Above deficit fund balances are expected to correct themselves through payments from the State, receipts from local sources and interest income in the next fiscal year.

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

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2007**

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/06	\$3,696,671	\$4,253,184	\$ 556,513	86.92%	\$3,985,168	13.96%
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	6.90%
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	0.00%
12/31/00	1,562,395	1,302,936	(259,459)	119.91%	1,443,493	0.00%
12/31/99	1,308,952	1,114,940	(194,012)	117.40%	1,169,244	0.00%
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	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2006 is \$3,952,587.  
On a market basis, the funded ratio would be 92.93%.

**\*Digest of Changes**

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

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

SLEP Member contribution rate changed from 6.5% to 7.5% effective June 1, 2006.

**SUPPLEMENTARY INFORMATION**



**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**  
**GENERAL FUND**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**JUNE 30, 2007**

**SCHEDULE 1**

	<u>General School Fund</u>	<u>ESN, NFP Inc.</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	<u>\$ 22,023</u>	<u>\$ 38,868</u>	<u>\$ 60,891</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due to other funds	<u>4,137</u>	<u>-</u>	<u>4,137</u>
<b>FUND BALANCES</b>			
Unreserved	<u>17,886</u>	<u>38,868</u>	<u>56,754</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 22,023</u>	<u>\$ 38,868</u>	<u>\$ 60,891</u>

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**  
**GENERAL FUND ACCOUNTS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**SCHEDULE 2**

	<u>General School Fund</u>	<u>ESN, NFP Inc.</u>	<u>Total</u>
<b>REVENUES</b>			
Local sources:			
Intergovernmental	\$ 17,980	\$ 51,954	\$ 69,934
On-behalf payments	304,055	-	304,055
	<hr/>	<hr/>	<hr/>
Total revenues	322,035	51,954	373,989
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Purchased services	19,193	24,086	43,279
Supplies and materials	-	15,169	15,169
On-behalf payments	304,055	-	304,055
	<hr/>	<hr/>	<hr/>
Total expenditures	323,248	39,255	362,503
	<hr/>	<hr/>	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(1,213)	12,699	11,486
<b>FUND BALANCES, BEGINNING OF YEAR</b>	19,099	26,169	45,268
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 17,886</u>	<u>\$ 38,868</u>	<u>\$ 56,754</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 EDUCATION FUND  
 COMBINING SCHEDULE OF ACCOUNTS  
 JUNE 30, 2007

SCHEDULE 3

	Will State Aid	Grundy/Kendall State Aid	Will County Alternative Program	Regional Safe Schools	Truants Alternative Optional Education Program (TAOEP)	Even Start
<b>ASSETS</b>						
Cash and cash equivalents (overdrafts)	\$ (40,113)	\$ 138,893	\$ (46,043)	\$ 40,086	\$ 2,285	\$ 4,657
Due from other funds	-	-	-	-	-	-
Due from other governmental units	80,024	-	47,724	-	-	6,318
<b>TOTAL ASSETS</b>	<b>39,911</b>	<b>138,893</b>	<b>1,681</b>	<b>40,086</b>	<b>2,285</b>	<b>10,975</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	26,509	4,860	1,681	40,086	2,285	7,200
Due to other governmental units	-	35,804	-	-	-	-
Deferred revenues	-	51,028	-	-	-	3,775
Total liabilities	26,509	91,692	1,681	40,086	2,285	10,975
<b>FUND BALANCES</b>						
Unreserved	13,402	47,201	-	-	-	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 39,911</b>	<b>\$ 138,893</b>	<b>\$ 1,681</b>	<b>\$ 40,086</b>	<b>\$ 2,285</b>	<b>\$ 10,975</b>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 EDUCATION FUND  
 COMBINING SCHEDULE OF ACCOUNTS  
 JUNE 30, 2007

SCHEDULE 3  
 (CONTINUED)

	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	Early Childhood	Addition Prevention - Comprehensive
<b>ASSETS</b>						
Cash and cash equivalents (overdrafts)	\$ (7,159)	\$ 1,928	\$ (31,588)	\$ (50,812)	\$ (4,508)	\$ (18,719)
Due from other funds	-	-	-	-	-	-
Due from other governmental units	7,672	5,800	33,543	52,158	6,522	21,758
<b>TOTAL ASSETS</b>	<b>513</b>	<b>7,728</b>	<b>1,955</b>	<b>1,346</b>	<b>2,014</b>	<b>3,039</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	513	7,728	1,955	1,346	2,014	3,039
Due to other governmental units	-	-	-	-	-	-
Deferred revenues	-	-	-	-	-	-
Total liabilities	513	7,728	1,955	1,346	2,014	3,039
<b>FUND BALANCES</b>						
Unreserved	-	-	-	-	-	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 513</b>	<b>\$ 7,728</b>	<b>\$ 1,955</b>	<b>\$ 1,346</b>	<b>\$ 2,014</b>	<b>\$ 3,039</b>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 EDUCATION FUND  
 COMBINING SCHEDULE OF ACCOUNTS  
 JUNE 30, 2007

SCHEDULE 3  
 (CONTINUED)

	Addiction Prevention - In- Touch	McKinney Education for Homeless Children - Kendall Co.	HIV Education Program	No Tolerance Task Force	Chemical Abuse Services Program	ESN, NFP WIA Grants	Total
<b>ASSETS</b>							
Cash and cash equivalents (overdrafts)	\$ (10,055)	\$ (4,495)	\$ (2,404)	\$ 9,565	\$ 1,045	\$ -	\$ (17,437)
Due from other funds	-	4,137	-	-	-	-	4,137
Due from other governmental units	15,320	-	2,605	-	-	-	279,444
<b>TOTAL ASSETS</b>	<b>5,265</b>	<b>(358)</b>	<b>201</b>	<b>9,565</b>	<b>1,045</b>	<b>-</b>	<b>266,144</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	5,265	835	201	-	208	-	105,725
Due to other governmental units	-	-	-	-	-	-	35,804
Deferred revenues	-	-	-	-	-	-	54,803
Total liabilities	5,265	835	201	-	208	-	196,332
<b>FUND BALANCES</b>							
Unreserved	-	(1,193)	-	9,565	837	-	69,812
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,265</b>	<b>\$ (358)</b>	<b>\$ 201</b>	<b>\$ 9,565</b>	<b>\$ 1,045</b>	<b>\$ -</b>	<b>\$ 266,144</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, 2007

	Will State Aid	Grundy/Kendall State Aid	Will County Alternative Program	Regional Safe Schools	Truants Alternative Optional Education Program (TAOEP)	Even Start
<b>REVENUES</b>						
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,251
State sources	1,251,341	656,100	819,219	242,875	377,879	-
Local sources:						
Intergovernmental	-	-	-	-	-	-
Interest	9,454	-	-	3,673	-	-
Total revenues	1,260,795	656,100	819,219	246,548	377,879	83,251
<b>EXPENDITURES</b>						
Salaries	421,546	162,499	616,358	157,716	271,085	43,460
Benefits	130,785	56,906	197,166	34,773	84,048	12,054
Purchased services	372,358	79,111	5,695	1,624	21,103	18,656
Supplies and materials	301,608	122,717	-	3,674	1,643	2,374
Payments to other governments	-	219,048	-	48,761	-	6,707
Capital expenditures	25,044	15,819	-	-	-	-
Total expenditures	1,251,341	656,100	819,219	246,548	377,879	83,251
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	9,454	-	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in (out)	-	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES</b>	9,454	-	-	-	-	-
<b>FUND BALANCES, BEGINNING OF YEAR</b>	3,948	47,201	-	-	-	-
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	\$ 13,402	\$ 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, 2007

	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	Early Childhood	Addiction Prevention - Comprehensive
<b>REVENUES</b>						
Federal sources	\$ 70,857	\$ 124,432	\$ -	\$ -	\$ -	\$ 221,000
State sources	-	6,568	-	-	77,085	47,272
Local sources:						
Intergovernmental	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total revenues	70,857	131,000	-	-	77,085	268,272
<b>EXPENDITURES</b>						
Salaries	58,954	88,777	115,628	211,764	52,548	174,538
Benefits	8,026	20,042	39,263	62,877	15,170	58,034
Purchased services	3,604	12,665	16,119	23,137	7,663	30,512
Supplies and materials	273	7,278	2,676	754	1,704	4,311
Payments to other governments	-	-	-	-	-	-
Capital expenditures	-	2,238	-	-	-	877
Total expenditures	70,857	131,000	173,686	298,532	77,085	268,272
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	(173,686)	(298,532)	-	-
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in (out)	-	-	173,686	298,532	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES</b>	-	-	-	-	-	-
<b>FUND BALANCES, BEGINNING OF YEAR</b>	-	-	-	-	-	-
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

SCHEDULE 4  
(CONTINUED)

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

	Addiction Prevention - In- Touch	McKinney Education for Homeless Children - Kendall Co.	HIV Education Program	No Tolerance Task Force	Chemical Abuse Services Program	ESN, NFP WIA Grants	Total
<b>REVENUES</b>							
Federal sources	\$ 20,000	\$ 43,030	\$ -	\$ -	\$ -	\$ 472,218	\$ 1,034,788
State sources	170,262	-	-	-	-	-	3,648,601
Local sources:							
Intergovernmental	-	-	5,118	26,500	703	-	32,321
Interest	-	-	-	-	-	-	13,127
Total revenues	190,262	43,030	5,118	26,500	703	472,218	4,728,837
<b>EXPENDITURES</b>							
Salaries	134,821	30,844	1,656	19,116	-	-	2,561,310
Benefits	34,944	10,674	316	3,676	-	-	768,754
Purchased services	12,599	2,140	2,729	4,336	-	-	614,051
Supplies and materials	4,551	-	417	-	696	-	454,676
Payments to other governments	-	-	-	-	-	-	274,516
Capital expenditures	3,347	565	-	-	-	-	47,890
Total expenditures	190,262	44,223	5,118	27,128	696	-	4,721,197
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	(1,193)	-	(628)	7	472,218	7,640
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in (out)	-	-	-	-	-	(472,218)	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES</b>	-	(1,193)	-	(628)	7	-	7,640
<b>FUND BALANCES, BEGINNING OF YEAR</b>	-	-	-	10,193	830	-	62,172
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	\$ -	\$ (1,193)	\$ -	\$ 9,565	\$ 837	\$ -	\$ 69,812



GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 EDUCATION FUND  
 BUDGETARY COMPARISON SCHEDULES  
 FOR THE YEAR ENDED JUNE 30, 2007

	Regional Safe Schools		Truants Alternative Optional Education Program (TAOEP)				Even Start	
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual
<b>REVENUES</b>								
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,251	\$ 83,251
Slate sources	242,875	242,875	-	377,879	377,879	-	-	-
Local sources:								
Interest	-	3,673	3,673	-	-	-	-	-
Total revenues	242,875	246,548	3,673	377,879	377,879	-	87,026	83,251
<b>EXPENDITURES</b>								
Salaries	160,149	157,716	2,433	270,621	271,085	(464)	42,376	43,460
Benefits	29,653	34,773	(5,120)	76,015	84,048	(8,033)	10,887	12,054
Purchased services	6,535	1,624	4,911	29,943	21,103	8,840	30,105	18,656
Supplies and materials	-	3,674	(3,674)	1,300	1,643	(343)	3,658	2,374
Payments to other governments	-	48,761	(2,223)	-	-	-	-	6,707
Capital expenditures	-	-	-	-	-	-	-	-
Total expenditures	242,875	246,548	(3,673)	377,879	377,879	-	87,026	83,251
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>OTHER FINANCING SOURCES</b>								
Transfers in	-	-	-	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	-	-	-	-	-	-	-	-
<b>FUND BALANCES, BEGINNING OF YEAR</b>	-	-	-	-	-	-	-	-
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 EDUCATION FUND  
 BUDGETARY COMPARISON SCHEDULES  
 FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 5  
 (CONTINUED)

	Teen Reach - Housing Authority of Joliet		Teen Reach - IL Department of Human Services		Workforce Investment Act (WIA) - Kendall County		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	Budget	Actual	
<b>REVENUES</b>							
Federal sources	\$ 70,857	\$ 70,857	\$ 124,432	\$ 124,432	\$ 180,000	\$ -	\$ (180,000)
State sources	-	-	6,568	6,568	-	-	-
Local sources:							
Interest	-	-	-	-	-	-	-
Total revenues	<u>70,857</u>	<u>70,857</u>	<u>131,000</u>	<u>131,000</u>	<u>180,000</u>	<u>-</u>	<u>(180,000)</u>
<b>EXPENDITURES</b>							
Salaries	58,954	58,954	109,660	88,777	120,485	115,628	4,857
Benefits	8,026	8,026	-	20,042	40,267	39,263	1,004
Purchased services	3,604	3,604	13,035	12,665	19,248	16,119	3,129
Supplies and materials	273	273	2,530	7,278	-	2,676	(2,676)
Payments to other governments	-	-	-	-	-	-	-
Capital expenditures	-	-	5,775	2,238	-	-	-
Total expenditures	<u>70,857</u>	<u>70,857</u>	<u>131,000</u>	<u>131,000</u>	<u>180,000</u>	<u>173,686</u>	<u>6,314</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(173,686)</u>	<u>\$ (173,686)</u>
<b>OTHER FINANCING SOURCES</b>							
Transfers in	-	-	-	-	-	173,686	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
EDUCATION FUND  
BUDGETARY COMPARISON SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2007

	Workforce Investment Act (WIA) - Premier Youth			Early Childhood			Addition Prevention - Comprehensive		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>									
Federal sources	\$ 318,550	\$ -	\$(318,550)	\$ -	\$ -	\$ -	\$ 221,000	\$ 221,000	\$ -
State sources	-	-	-	77,085	77,085	-	47,272	47,272	-
Local sources:									
Interest	-	-	-	-	-	-	-	-	-
Total revenues	<u>318,550</u>	<u>-</u>	<u>\$(318,550)</u>	<u>77,085</u>	<u>77,085</u>	<u>-</u>	<u>268,272</u>	<u>268,272</u>	<u>-</u>
<b>EXPENDITURES</b>									
Salaries	195,903	211,764	\$(15,861)	51,276	52,548	\$(1,272)	174,763	174,538	225
Benefits	62,261	62,877	\$(616)	14,364	15,170	\$(806)	60,019	58,034	1,985
Purchased services	59,436	23,137	\$36,299	9,645	7,663	\$1,982	27,641	30,512	\$(2,871)
Supplies and materials	950	754	196	1,800	1,704	96	4,949	4,311	638
Payments to other governments	-	-	-	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-	900	877	23
Total expenditures	<u>318,550</u>	<u>298,532</u>	<u>20,018</u>	<u>77,085</u>	<u>77,085</u>	<u>-</u>	<u>268,272</u>	<u>268,272</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>\$(298,532)</u>	<u>\$(298,532)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>OTHER FINANCING SOURCES</b>									
Transfers in	-	298,532		-	-		-	-	
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
EDUCATION FUND  
BUDGETARY COMPARISON SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2007

	Addiction Prevention - In-Touch				McKinney Education for Homeless Children - Kendall Co.				Total	
	Variance Favorable (Unfavorable)		Variance Favorable (Unfavorable)		Variance Favorable (Unfavorable)		Variance Favorable (Unfavorable)		Actual	Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual		
<b>REVENUES</b>										
Federal sources	\$ 20,000	\$ 20,000	\$ -	\$ 44,179	\$ 43,030	\$ (1,149)	\$ 1,066,044	\$ 562,570	\$ (503,474)	
State sources	170,262	170,262	-	-	-	-	921,941	921,941	-	
Local sources:										
Interest	-	-	-	-	-	-	-	3,673	3,673	
Total revenues	190,262	190,262	-	44,179	43,030	(1,149)	1,987,985	1,488,184	(499,801)	
<b>EXPENDITURES</b>										
Salaries	136,057	134,821	1,236	30,844	30,844	-	1,351,088	1,340,135	10,953	
Benefits	36,060	34,944	1,116	10,674	10,674	-	348,226	379,905	(31,679)	
Purchased services	9,945	12,599	(2,654)	2,096	2,140	(44)	211,233	149,822	61,411	
Supplies and materials	4,200	4,551	(351)	-	-	-	19,660	29,238	(9,578)	
Payments to other governments	-	-	-	-	-	-	46,538	55,468	(8,930)	
Capital expenditures	4,000	3,347	653	565	565	-	11,240	7,027	4,213	
Total expenditures	190,262	190,262	-	44,179	44,223	(44)	1,987,985	1,961,595	26,390	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ -	\$ -	\$ -	\$ -	\$ (1,193)	\$ (1,193)	\$ -	\$ (473,411)	\$ (473,411)	
<b>OTHER FINANCING SOURCES</b>										
Transfers in	-	-	-	-	-	-	-	472,218	-	
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>										
										(1,193)
<b>FUND BALANCES, BEGINNING OF YEAR</b>										-
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>										\$ (1,193)

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2007

SCHEDULE 6

	GED	School Bus Driver Training	Supervisory	Postage	Will/Grundy Counties Local Area Network	Total
<b>ASSETS</b>						
Cash and cash equivalents (overdraft)	\$ 1,693	\$ 26,906	\$ 2,924	\$ (1,773)	\$ 1,246	\$ 30,996
<b>FUND BALANCES</b>						
Unreserved	\$ 1,693	\$ 26,906	\$ 2,924	\$ (1,773)	\$ 1,246	\$ 30,996

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2007

	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:						
Intergovernmental	-	-	-	-	-	-
Fees for services	4,831	1,896	-	16	-	6,743
Interest	-	-	-	-	22	22
Total revenues	4,831	2,496	2,000	16	22	9,365
<b>EXPENDITURES</b>						
Purchased services	-	978	2,000	-	401	3,379
Supplies and materials	5,855	-	-	-	-	5,855
Total expenditures	5,855	978	2,000	-	401	9,234
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(1,024)	1,518	-	16	(379)	131
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	2,717	25,388	2,924	(1,789)	1,625	30,865
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	\$ 1,693	\$ 26,906	\$ 2,924	\$ (1,773)	\$ 1,246	\$ 30,996

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**  
**FIDUCIARY FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**JUNE 30, 2007**

**SCHEDULE 8**

	<u>Distributive</u>	<u>Outdoor Education Cooperative</u>	<u>Payroll</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 74,790	\$ 39,239	\$ 9,630	\$ 123,659
<b>LIABILITIES</b>				
Due to other governmental units	\$ 74,790	\$ 39,239	\$ 9,630	\$ 123,659

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24  
 FIDUCIARY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS  
 JUNE 30, 2007

SCHEDULE 9

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2007</u>
<b>DISTRIBUTIVE</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 72,564	\$ 7,759,441	\$ 7,757,215	\$ 74,790
<b>LIABILITIES</b>				
Due to other governmental units	\$ 72,564	\$ 7,759,441	\$ 7,757,215	\$ 74,790
<b>OUTDOOR EDUCATION COOPERATIVE</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 57,020	\$ 24,182	\$ 41,963	\$ 39,239
<b>LIABILITIES</b>				
Due to other governmental units	\$ 57,020	\$ 24,182	\$ 41,963	\$ 39,239
<b>PAYROLL</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,109	\$ 89,773	\$ 87,252	\$ 9,630
<b>LIABILITIES</b>				
Due to other governmental units	\$ 7,109	\$ 89,773	\$ 87,252	\$ 9,630
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 136,693	\$ 7,873,396	\$ 7,886,430	\$ 123,659
<b>LIABILITIES</b>				
Due to other governmental units	\$ 136,693	\$ 7,873,396	\$ 7,886,430	\$ 123,659



**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, 2007**

**SCHEDULE 10**

	Education Service Network	Kendall Co. Spec. Educ.	Grundy/Kendall General School Fund	Thomas Centowski	Total
In Touch Addiction Prevention	\$ 190,262	\$ -	\$ -	\$ -	\$ 190,262
Federal Special Education - IDEA Flow Through	-	2,746,159	399,693	-	3,145,852
Illinois Step Ahead	44,000	-	-	-	44,000
TRS Refund	242	-	-	-	242
Gen State Aid	707,128	-	-	-	707,128
Fed. Spec. Ed. Pre School	-	56,784	7,396	-	64,180
Addiction Prevention Comp	268,272	-	-	-	268,272
ROE School Bus Driver Training	-	-	600	-	600
Truant Alt. Opt. Ed. Lump Sum	377,879	-	-	-	377,879
Special Ed. Personnel	-	2,386,181	-	-	2,386,181
Regional Safe Schools	242,875	-	-	-	242,875
Early Childhood Block Gr.	75,469	-	-	-	75,469
Supervisory Expense	-	-	-	2,000	2,000
Medicaid Matching Fund	-	45,078	-	-	45,078
Healthcare and Family Services	-	36,800	-	-	36,800
Even Start	79,297	-	-	-	79,297
Miscellaneous	-	3,000	-	-	3,000
Teen Reach	88,100	-	-	-	88,100
<b>Total</b>	<b>\$ 2,073,524</b>	<b>\$ 5,274,002</b>	<b>\$ 407,689</b>	<b>\$ 2,000</b>	<b>\$ 7,757,215</b>

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**SCHEDULE 11**

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through / Contract Number	FY 2007 Expenditures
<b><u>DEPARTMENT OF EDUCATION</u></b>			
Safe and Drug-Free Schools and Communities_State Grants Passed-Through Illinois Department of Human Services <i>Safe and Drug Free Schools and Communities - State Grants</i>	(M) 84.186	711G7216562	<u>214,600</u>
Even Start_State Educational Agencies Passed-Through Illinois State Board of Education <i>Even Start</i>	84.213C	2007-4335-00	<u>83,251</u>
Gaining Early Awareness and Readiness for Undergraduate Programs Passed-Through Illinois Department of Human Services <i>Gear Up State Award</i>	84.334	823434900	<u>47,600</u>
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	2007-4920-00	<u>43,030</u>
<b>TOTAL DEPARTMENT OF EDUCATION</b>			<b><u>\$ 388,481</u></b>
<b><u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
Temporary Assistance for Needy Families Passed-Through Illinois Department of Human Services <i>Teen Reach</i>	93.558	711G7216863	\$ 76,832
Passed-Through Housing Authority of Joliet <i>Teen Reach</i>	93.558	11G7238000	<u>70,857</u> <u>147,689</u>
Block Grants for Prevention and Treatment of Substance Abuse Passed-Through Illinois Department of Human Services <i>Addiction Prevention - Comprehensive</i>	93.959	711G7216562	6,400
<i>Addiction Prevention - In-Touch</i>	93.959	711G7216561	<u>20,000</u> <u>26,400</u>
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b><u>\$ 174,089</u></b>
<b><u>DEPARTMENT OF LABOR</u></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	07-0604-Y	\$ 173,686
Passed-Through Workforce Investment Board of Will County <i>Workforce Investment Act (WIA) - Premier Youth</i>	(M) 17.259	2006-100	<u>298,532</u>
<b>TOTAL DEPARTMENT OF LABOR</b>			<b><u>\$ 472,218</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 1,034,788</u></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, 2007**

**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 and Premier Youth 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.

Safe and Drug - Free Schools and Communities - State Grants provide youth training in community service, ATOD (alcohol, tobacco and other drugs) prevention, and anti-social behavior programs sponsored by the Department of Human Services for the Addiction Prevention - Comprehensive and In-Touch programs.

**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 Outstanding**

Not applicable.