

**State of Illinois  
GRUNDY/KENDALL COUNTIES  
REGIONAL OFFICE OF EDUCATION #24  
FINANCIAL AUDIT  
(In Accordance with the Single Audit Act  
and OMB Circular A-133)  
For the Year Ended June 30, 2011**

**Performed as Special Assistant Auditors  
For the Office of the Auditor General**

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GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24

OFFICIALS

Regional Superintendent  
(Current and during the Audit Period)

Mr. Paul Nordstrom

Assistant Regional Superintendent  
(Current and during the Audit Period)

Dr. Christopher Mehochko

Office is located at:

1320 Union Street  
Morris, Illinois 60450

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #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.

AUDITOR'S REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

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

An additional two matters which are less than a significant deficiency or material weakness but more than inconsequential, have been reported in a Management Letter of Comments to the Regional Superintendent. In prior years, these issues may have been included as immaterial findings in the auditor's reports.

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
11-1	12a	Inadequate Internal Controls Over Financial Reporting	Material Weakness
11-2	12c	Controls Over Financial Statement Preparation	Material Weakness

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

There are no findings on federal compliance.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
COMPLIANCE REPORT SUMMARY (Concluded)

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

None

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

There were no prior year federal compliance findings.

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on September 15, 2011. Attending were Paul Nordstrom, Regional Superintendent, Christopher Mehochko, Assistant Regional Superintendent, and Michelle D. Smith, Manager, Kemper CPA Group LLP. Responses to the recommendations were provided by Paul Nordstrom, Regional Superintendent.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Grundy/Kendall Counties Regional Office of Education #24 was performed by Kemper CPA Group LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Grundy/Kendall Counties Regional Office of Education #24's basic financial statements.



## INDEPENDENT AUDITOR'S 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 #24, as of and for the year ended June 30, 2011, which collectively comprise the Grundy/Kendall Counties Regional Office of Education #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 #24's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Grundy/Kendall Counties Regional Office of Education #24, as of June 30, 2011, and the respective changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Regional Office of Education #24 adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended June 30, 2011. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on any of the Regional Office of Education #24's governmental funds' assets or liabilities nor was there any effect to the total amount of any of the Regional Office of Education #24's governmental fund balances as of and for the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 10, 2012, on our consideration of the Grundy/Kendall Counties Regional Office of Education #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, Illinois Municipal Retirement Fund Schedule of Funding Progress and Other Post Employment Benefits Schedule of Funding Progress on pages 16a-16g, 61 and 62 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 #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.

*Kemper CPA Group LLP*

*Certified Public Accountants and Consultants*

Evansville, Indiana  
January 10, 2012



INDEPENDENT AUDITOR'S 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 #24, as of and for the year ended June 30, 2011, which collectively comprise the Grundy/Kendall Counties Regional Office of Education #24's basic financial statements and have issued our report thereon dated January 10, 2012. 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

Management of the Grundy/Kendall Counties Regional Office of Education #24 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Grundy/Kendall Counties Regional Office of Education #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 #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 #24's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in findings 11-1 and 11-2 in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Grundy/Kendall Counties Regional Office of Education #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*.

We noted certain matters that we reported to the management of the Grundy/Kendall Counties Regional Office of Education #24 in a separate letter dated January 10, 2012.

Grundy/Kendall Counties Regional Office of Education #24's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Grundy/Kendall Counties Regional Office of Education #24's responses and, accordingly, express no opinion on them.

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.

*Kemper CPA Group LLP*

*Certified Public Accountants and Consultants*

Evansville, Indiana  
January 10, 2012



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133

Honorable William G. Holland  
Auditor General  
State of Illinois

Compliance

We have audited the Grundy/Kendall Counties Regional Office of Education #24's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Grundy/Kendall Counties Regional Office of Education #24's major federal program for the year ended June 30, 2011. The Grundy/Kendall Counties Regional Office of Education #24's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Grundy/Kendall Counties Regional Office of Education #24's management. Our responsibility is to express an opinion on the Grundy/Kendall Counties Regional Office of Education #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 #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 #24's compliance with those requirements.

In our opinion, Grundy/Kendall Counties Regional Office of Education #24 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011.

#### Internal Control Over Compliance

Management of the Grundy/Kendall Counties Regional Office of Education #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 #24's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Grundy/Kendall Counties Regional Office of Education #24's internal control over compliance.

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

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

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

*Kemper CPA Group LLP*

*Certified Public Accountants and Consultants*

Evansville, Indiana  
January 10, 2012

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2011

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
● Material weakness(es) identified?	Yes
● Significant deficiency(ies) identified?	No
● Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
● Material weakness(es) identified?	No
● Significant deficiency(ies) identified?	No

Type of auditor’s report issued on compliance for major programs:	Unqualified
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Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	No
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Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
17.259	Workforce Investment Act Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee?	No
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GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Finding No. 11-1– Inadequate Internal Controls Over Financial Reporting (Repeat of Prior Year Finding 10-1)**

**Criteria/Specific Requirement:**

The Regional Office of Education is required to maintain a system of controls over the financial reporting process to be able to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles (GAAP).

**Condition:**

The Regional Office of Education #24 does not have sufficient internal controls over the financial reporting process. We noted the following deficiencies in internal control:

- 1) There are inadequate controls over cash disbursements. The Regional Office of Education has four signature stamps and one of the individuals responsible for printing checks has access to these stamps.
- 2) The Regional Office of Education maintains the general fund accounts in a different accounting software program than what is used by Education Service Network, Not for Profit, Inc. (ESN, NFP, Inc). ESN, NFP, Inc. is a blended component unit of the Regional Office that provides various educational services to the community. The accounting software program used for the general fund accounts at the Regional Office is not being maintained using separate accounts and the general ledger is not being closed at the end of the accounting period. Additionally, the accounts within each fund are not being properly classified as assets, liabilities, equity, revenues or expenses.
- 3) The general fund maintains one checking account and there is no allocation of cash to each program/account.

**Effect:**

Management or employees in the normal course of performing their assigned functions may not prevent or detect financial misstatements or possible fraudulent activity in a timely manner. The Regional Office also may not be in compliance with laws, regulations, and contract provisions.

**Cause:**

The Regional Office of Education #24 did not consistently implement established internal controls. Regional Office personnel are not always aware of what duties should be segregated in order to have a more effective process.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

**SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 11-1– Inadequate Internal Controls Over Financial Reporting (Repeat of Prior Year Finding 10-1) (Continued)**

**Recommendation:**

While the Regional Office has made some improvements in the segregation of the accounting responsibilities, there are areas that still need to be improved:

- 1) All signature stamps should be kept in a secure location and access should be restricted to those who are independent of the cash disbursement process.
- 2) The Regional Office of Education should use one accounting system to record the transactions of both the Regional Office and its blended component unit, Education Service Network, Not for Profit, Inc. (ESN, NFP, Inc). The system used by ESN, NFP, Inc. is better equipped to handle fund accounting. If the Regional Office of Education chooses to continue to use its current accounting system, a separate file should be created for each program/account to ensure that each program and related expenses are segregated in the general ledger. Additionally, the accounting records need to be properly closed at the end of each fiscal year and each account should be properly classified as an asset, liability, equity, revenue or expense.
- 3) The cash account should be allocated among the programs/accounts held within the general fund.

**Management Response:**

- 1) The Grundy/Kendall Regional Office of Education staff went to great lengths this past year to see that this situation was remedied. Our staff locked up the stamps and had them located where the people writing checks did not have access to them. Unfortunately, the auditors found one more situation which had not occurred to us. When our secretary in Morris goes on vacation, our bookkeeper from the Yorkville office fills in for her as secretary, therefore having access to the signature stamp. We discussed having the stamp in the Regional Superintendent's office on days in which the Morris secretary is vacationing, therefore eliminating access to the stamp by the other person filling in.
- 2) and 3) As recommended by the auditors, the ROE staff discussed this and came to the conclusion that the ROE should convert all accounting records to the accounting software program being used by ESN NFP Inc., and then work within that system to meet all of the requests listed in these sections.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

**SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 11-2– Controls Over Financial Statement Preparation (Repeat of Prior Year Finding 10-2)**

**Criteria/Specific Requirement:**

The Regional Office of Education #24 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

**Condition:**

The Regional Office of Education #24 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of some accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted that numerous adjusting entries were required to present the financial statements in accordance with generally accepted accounting principles.

**Effect:**

Management or employees in the normal course of performing their assigned functions may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**Cause:**

According to Regional Office officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

**SECTION II - FINANCIAL STATEMENT FINDINGS (Concluded)**

**Finding No. 11-2– Controls Over Financial Statement Preparation (Repeat of Prior Year Finding 10-2) (Concluded)**

**Recommendation:**

As part of its internal control over the preparation of financial statements, including disclosures, the Regional Office of Education #24 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

**Management's Response:**

The Regional Superintendent contacted a local accounting firm to handle this recommendation, but, in consultation with the auditing firm, was told that there would be no guarantee that this would not be a finding regardless. The ROE would likely be spending tax money for this service without any benefit. The decision was made to accept the finding.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

**SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:**

**INSTANCES OF NONCOMPLIANCE:**

None

**SIGNIFICANT DEFICIENCIES:**

None

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
JUNE 30, 2011

**Corrective Action Plan**

**Finding No. 11-1– Inadequate Internal Controls Over Financial Reporting**

**Condition:**

The Regional Office of Education #24 does not have sufficient internal controls over the financial reporting process. We noted the following deficiencies in internal control:

- 1) There are inadequate controls over cash disbursements. The Regional Office of Education has four signature stamps and one of the individuals responsible for printing checks has access to these stamps.
- 2) The Regional Office of Education maintains the general fund accounts in a different accounting software program than what is used by Education Service Network, Not for Profit, Inc. (ESN, NFP, Inc). ESN, NFP, Inc. is a blended component unit of the Regional Office that provides various educational services to the community. The accounting software program used for the general fund accounts at the Regional Office is not being maintained using separate accounts and the general ledger is not being closed at the end of the accounting period. Additionally, the accounts within each fund are not being properly classified as assets, liabilities, equity, revenues or expenses.
- 3) The general fund maintains one checking account and there is no allocation of cash to each program/account.

**Plan:**

- 1) The Grundy/Kendall Regional Office of Education staff went to great lengths this past year to see that this situation was remedied. Our staff locked up the stamps and had them located where the people writing checks did not have access to them. Unfortunately, the auditors found one more situation which had not occurred to us. When our secretary in Morris goes on vacation, our bookkeeper from the Yorkville office fills in for her as secretary, therefore having access to the signature stamp. We discussed having the stamp in the Regional Superintendent's office on days in which the Morris secretary is vacationing, therefore eliminating access to the stamp by the other person filling in.
- 2) and 3) As recommended by the auditors, the ROE staff discussed this and came to the conclusion that the ROE should convert all accounting records to the accounting software program being used by ESN NFP Inc., and then work within that system to meet all of the requests listed in these sections.

**Anticipated Date of Completion: Immediately upon learning of the oversight.**

**Name of Contact Person:**

Honorable Paul Nordstrom, Regional Superintendent of Schools

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
JUNE 30, 2011

**Corrective Action Plan (concluded)**

**Finding No. 11-2– Controls Over Financial Statement Preparation**

**Condition:**

The Regional Office of Education #24 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of some accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted that numerous adjusting entries were required to present the financial statements in accordance with generally accepted accounting principles.

**Plan:**

The Regional Superintendent contacted a local accounting firm to handle this recommendation, but, in consultation with the auditing firm, was told that there would be no guarantee that this would not be a finding regardless. The ROE would likely be spending tax money for this service without any benefit. The decision was made to accept the finding.

**Anticipated Date of Completion:** N/A

**Name of Contact Person:**

Honorable Paul Nordstrom, Regional Superintendent of Schools

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011

<b><u>Finding No.</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
10-1	Inadequate Internal Controls Over Financial Reporting	Repeated as Finding 11-1
10-2	Controls Over Financial Statement Preparation	Repeated as Finding 11-2

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011

The Regional Office of Education #24 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year 2011 that ended on June 30, 2011. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

During fiscal year 2011 the Regional Office of Education #24 implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which required certain programs and funds to be reclassified and the restatement of beginning fund balances as detailed in Note 13 to the financial statements. Because of these reclassifications the fund analysis is not comparable between fiscal year 2010 and fiscal year 2011.

### **2011 FINANCIAL HIGHLIGHTS**

- Within the Governmental Funds, the General Fund revenues increased by \$2,530,345 from \$866,806 in fiscal year 2010 to \$3,397,151 in fiscal year 2011. General Fund expenditures increased by \$2,019,702 from \$779,451 in fiscal year 2010 to \$2,799,153 in fiscal year 2011. The majority of the revenue and expenditure increases are due to the reclassification of the Regional Safe Schools and State Aid to the General Fund from the Education Fund.
- Within the Governmental Funds, the Special Revenue Fund revenue decreased by \$3,132,387 from \$4,534,533 in fiscal year 2010 to \$1,402,146 in fiscal year 2011. The Special Revenue Fund expenditures decreased by \$2,775,263 from \$4,213,734 in fiscal year 2010 to \$1,438,471 in fiscal year 2011. The majority of the revenue and expenditure increases are due to the reclassification of the Regional Safe Schools and State Aid to the General Fund from the Education Fund.

### **USING THIS REPORT**

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office'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 Regional Office of Education as a whole and present an overall view of the Office's finances.
- Fund financial statements report the Regional Office's operations in more detail than the government-wide statements by providing information about the most significant funds.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011

**USING THIS REPORT (CONCLUDED)**

- 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 for each category of funds and about the non-major funds.

**REPORTING THE OFFICE AS A WHOLE**

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

The government-wide statements report information about the Regional Office of Education #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 accounting methods similar to those used by private-sector companies.

The two government-wide statements report the Office's net assets and how they have changed. Net assets (the difference between the 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.

The government-wide financial statements present the Office's activities as both governmental and business-type activities. Local, state and federal aid finance most of these activities.

The fund financial statements provide detailed information about the Grundy/Kendall County Regional Office's funds, focusing on its most significant or "major" 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 Regional Office of Education #24 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

- 1) Governmental funds account for all of the Office's services. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Office's programs. The Office's Governmental Funds include: the General Fund, Education Fund, and various other non-major funds.

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 #24  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011

**REPORTING THE OFFICE AS A WHOLE (CONCLUDED)**

2) Fiduciary funds are used to account for assets held by the Regional Office of Education #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 and a Statement of Changes in Fiduciary Net Assets.

3) Proprietary funds account for activities where the ROE charges customers for services. These funds are most similar to a business that operates for a profit. The ROE has three enterprise funds, Criminal Backgrounds, Grundy County Summer School, and Will County Summer School fund.

The proprietary fund 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.

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

**OFFICE-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve, when examined over time, as one indicator of the financial position of the Regional Office. The net assets at the end of fiscal year 2011 totaled \$1,491,186. At the end of fiscal year 2010, the net assets were \$1,028,609. The analysis that follows provides a summary of the Office's net assets as of June 30, 2011 and 2010, for the governmental and business-type activities.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011

CONDENSED STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
<b>Assets</b>						
Current assets	\$ 1,481,466	\$ 1,188,062	\$ 36,063	\$ 20,773	\$ 1,517,529	\$ 1,208,835
Capital assets, being depreciated, net	46,969	57,810			46,969	57,810
<b>Total Assets</b>	<u>1,528,435</u>	<u>1,245,872</u>	<u>36,063</u>	<u>20,773</u>	<u>1,564,498</u>	<u>1,266,645</u>
<b>Current Liabilities</b>						
Current Liabilities	56,312	238,036	17,000	-	73,312	238,036
<b>Total Liabilities</b>	<u>56,312</u>	<u>238,036</u>	<u>17,000</u>	<u>-</u>	<u>73,312</u>	<u>238,036</u>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	46,969	57,810			46,969	57,810
Unrestricted	1,213,411	756,203	19,063	20,773	1,232,474	776,976
Restricted for educational purposes	211,743	193,823			211,743	193,823
<b>Total Net Assets</b>	<u>\$ 1,472,123</u>	<u>\$ 1,007,836</u>	<u>\$ 19,063</u>	<u>\$ 20,773</u>	<u>\$ 1,491,186</u>	<u>\$ 1,028,609</u>

The Regional Office of Education's net assets increased by \$462,577 from FY10.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011

CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues						
Charges for services	\$ -	\$ -	\$ 34,191	\$ 34,732	\$ 34,191	\$ 34,732
Operating grants and contributions	1,765,230	2,404,207	-	-	1,765,230	2,404,207
General Revenues						
Local sources	281,334	246,442	-	-	281,334	246,442
State sources	1,946,250	1,667,636	-	-	1,946,250	1,667,636
Federal sources	127,044	571,492	-	-	127,044	571,492
Interest income	707	-	-	-	707	-
On-behalf payments	472,964	620,295	-	-	472,964	620,295
Loss on disposal of assets	-	(4,289)	-	-	-	(4,289)
Interest earnings returned, net of earnings	-	(4,366)	-	-	-	(4,366)
	-	-	-	-	-	-
Total revenues	<u>\$ 4,593,529</u>	<u>\$ 5,501,417</u>	<u>\$ 34,191</u>	<u>\$ 34,732</u>	<u>\$ 4,627,720</u>	<u>\$ 5,536,149</u>
Expenses:						
Program expenses						
Salaries and benefits	\$ 2,369,618	\$ 2,924,057	\$ 21,841	\$ 5,562	\$ 2,391,459	\$ 2,929,619
Purchased services	734,905	685,100	13,838	15,761	748,743	700,861
Supplies and materials	169,806	168,844	222	1,176	170,028	170,020
Payment to other governments	328,594	417,636	-	-	328,594	417,636
Capital Outlay	37,008	131,499	-	-	37,008	131,499
Depreciation expense	10,841	16,278	-	-	10,841	16,278
Other objects	5,506	18,473	-	-	5,506	18,473
Administration expenses						
On-behalf payments	472,964	620,295	-	-	472,964	620,295
Total expenses	<u>\$ 4,129,242</u>	<u>\$ 4,982,182</u>	<u>\$ 35,901</u>	<u>\$ 22,499</u>	<u>\$ 4,165,143</u>	<u>\$ 5,004,681</u>
Changes in net assets	\$ 464,287	\$ 519,235	\$ (1,710)	\$ 12,233	\$ 462,577	\$ 531,468
Net assets beginning of year	1,007,836	488,601	20,773	8,540	1,028,609	497,141
Net assets end of year	<u>\$ 1,472,123</u>	<u>\$ 1,007,836</u>	<u>\$ 19,063</u>	<u>\$ 20,773</u>	<u>\$ 1,491,186</u>	<u>\$ 1,028,609</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011

**Governmental Activities**

Revenues for governmental activities were \$4,712,752 and expenses were \$4,248,465 for the year ended June 30, 2011. Revenues for governmental activities were \$5,501,417 and expenses were \$4,982,182 for the year ended June 30, 2010. These decreases in revenues and expenditures are due primarily to decreases in operating grants within the Education Fund and subsequent decreases in services provided in those specific areas by the Regional Office.

**Financial analysis of the Regional Office of Education #24 Funds**

As previously noted, the Regional Office of Education #24 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency's Governmental Funds reported combined fund balances of \$1,472,123 at June 30, 2011 compared to fiscal year 2010's ending fund balance of \$1,007,836.

**Budgetary Highlights**

The Regional Office of Education #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 that runs from December 1 to November 30. All grant budgets are prepared by the Regional Office of Education #24 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency.

**Capital Assets**

Capital assets of the Regional Office of Education #24 include office equipment, computers, audio-visual equipment, office furniture, and building improvements. The Regional Office of Education #24 maintains an inventory of capital assets that have been accumulated over time. During the year ended June 30, 2011, Regional Office of Education #24 purchased no assets and deleted no assets, resulting in an ending balance of \$46,969. In addition, the Regional Office of Education #24 has adopted a depreciation schedule that reflects the level of Net Governmental Activities Capital Assets. More detailed information about capital assets is available in Note 7 of the financial statements.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011

**Economic Factors and Next Year's Budget**

At the time these financial statements were prepared and audited, the Regional Office of Education #24 was aware of several existing circumstances that could affect its financial health in the future:

- ARRA Education Job Funds are being phased out.
- Teen Reach grants were discontinued by DHS.
- The balance in the ESN, NFP account, which funds the Alternative School in Grundy County, has increased, making the likelihood of borrowing from a bank for operations, nearly nonexistent again in FY '12.
- Interest rates earned on all accounts are at historical lows.
- Regional Superintendents and Assistants in Illinois recently went from July 1, 2011 to November 2011 without being paid, putting operations in question. Legislative action was taken to provide pay. The need for Regional Offices is to be studied by the Illinois legislature.

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

This financial report is designed to provide the Regional Office's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact The Regional Superintendent of the Regional Office of Education #24 at 1320 Union St., Morris, IL 60450.

**BASIC FINANCIAL STATEMENTS**

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
STATEMENT OF NET ASSETS  
JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 924,023	\$ 35,429	\$ 959,452
Due from other governments:			
Local	930	-	930
State	380,702	-	380,702
Federal	165,390	-	165,390
Prepaid expenses	10,421	634	11,055
Total current assets	<u>1,481,466</u>	<u>36,063</u>	<u>1,517,529</u>
<b>NONCURRENT ASSETS:</b>			
Capital assets, net of depreciation	<u>46,969</u>	<u>-</u>	<u>46,969</u>
<b>TOTAL ASSETS</b>	<u>1,528,435</u>	<u>36,063</u>	<u>1,564,498</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	8,561	-	8,561
Accrued payroll and employee benefits	40,676	-	40,676
Due to other governments:			
State	1,032	-	1,032
Deferred revenue	6,043	17,000	23,043
Total current liabilities	<u>56,312</u>	<u>17,000</u>	<u>73,312</u>
<b>TOTAL LIABILITIES</b>	<u>56,312</u>	<u>17,000</u>	<u>73,312</u>
<b>NET ASSETS</b>			
Invested in capital assets	46,969	-	46,969
Unrestricted	1,213,411	19,063	1,232,474
Restricted for educational purposes	211,743	-	211,743
<b>TOTAL NET ASSETS</b>	<u>\$ 1,472,123</u>	<u>\$ 19,063</u>	<u>\$ 1,491,186</u>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Operating		Primary Government		
		Charges for Services	Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>PRIMARY GOVERNMENT:</b>						
Governmental Activities:						
Instructional Services:						
Salaries and benefits	\$ 2,367,923	\$ -	\$ 1,507,354	\$ (860,569)	\$ -	\$ (860,569)
Purchased services	736,766	-	179,968	(556,798)	-	(556,798)
Supplies and materials	169,883	-	12,223	(157,660)	-	(157,660)
Other objects	5,337	-	-	(5,337)	-	(5,337)
Depreciation	10,841	-	-	(10,841)	-	(10,841)
Capital outlay	37,008	-	37,008	-	-	-
Payments to other governments	328,520	-	29,506	(299,014)	-	(299,014)
Administrative:						
On-behalf payments - State	472,964	-	-	(472,964)	-	(472,964)
<b>Total Governmental Activities</b>	<b>4,129,242</b>	<b>-</b>	<b>1,766,059</b>	<b>(2,363,183)</b>	<b>-</b>	<b>(2,363,183)</b>
Business-type Activities:						
Registration fees	12,617	15,758	-	-	3,141	3,141
Tuition	23,284	18,433	-	-	(4,851)	(4,851)
<b>Total Business-type Activities</b>	<b>35,901</b>	<b>34,191</b>	<b>-</b>	<b>-</b>	<b>(1,710)</b>	<b>(1,710)</b>
<b>Total Primary Government</b>	<b>\$ 4,165,143</b>	<b>\$ 34,191</b>	<b>\$ 1,766,059</b>	<b>(2,363,183)</b>	<b>(1,710)</b>	<b>(2,364,893)</b>
General Revenues:						
Local sources				281,334	-	281,334
State sources				1,945,421	-	1,945,421
Federal sources				127,044	-	127,044
On-behalf payments - State				472,964	-	472,964
Investment income				707	-	707
<b>Total General Revenues</b>				<b>2,827,470</b>	<b>-</b>	<b>2,827,470</b>
Change in net assets				464,287	(1,710)	462,577
Net Assets - beginning				1,007,836	20,773	1,028,609
Net Assets - ending				<b>\$ 1,472,123</b>	<b>\$ 19,063</b>	<b>\$ 1,491,186</b>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	General Fund	Education Fund	Other NonMajor Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 693,483	\$ 31,844	\$ 198,696	\$ -	\$ 924,023
Due from other funds	569,145	-	-	(569,145)	-
Due from other governments:					
Local	930	-	-	-	930
State	274,129	106,573	-	-	380,702
Federal	-	165,390	-	-	165,390
Prepaid expenses	10,421	-	-	-	10,421
<b>TOTAL ASSETS</b>	<b>\$ 1,548,108</b>	<b>\$ 303,807</b>	<b>\$ 198,696</b>	<b>\$ (569,145)</b>	<b>\$ 1,481,466</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 8,561	\$ -	\$ -	\$ -	\$ 8,561
Accrued payroll and employee benefits	27,922	12,754	-	-	40,676
Due to other funds	298,214	270,931	-	(569,145)	-
Due to other governments:					
State	-	1,032	-	-	1,032
Deferred revenue	14,709	9,156	-	-	23,865
<b>Total Liabilities</b>	<b>349,406</b>	<b>293,873</b>	<b>-</b>	<b>(569,145)</b>	<b>74,134</b>
<b>FUND BALANCE (DEFICIT):</b>					
Nonspendable	10,421	-	-	-	10,421
Restricted	-	13,047	198,696	-	211,743
Assigned	1,101,066	-	-	-	1,101,066
Unassigned	87,215	(3,113)	-	-	84,102
<b>Total fund balance (Deficit)</b>	<b>1,198,702</b>	<b>9,934</b>	<b>198,696</b>	<b>-</b>	<b>1,407,332</b>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ 1,548,108</b>	<b>\$ 303,807</b>	<b>\$ 198,696</b>	<b>\$ (569,145)</b>	<b>\$ 1,481,466</b>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

Total fund balances - governmental funds \$ 1,407,332

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. 46,969

Revenues in the Statement of Activities that do not provide current  
financial resources, and are not reported as revenues in the funds. 17,822

Net assets of governmental activities \$ 1,472,123

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Education Fund	Other NonMajor Funds	Eliminations	Total Governmental Funds
<b>REVENUES</b>					
Local sources	\$ 198,630	\$ 27,998	\$ 54,706	\$ -	\$ 281,334
State sources	2,608,312	349,879	772	-	2,958,963
Federal sources	-	966,106	-	-	966,106
On-behalf payments - State	472,964	-	-	-	472,964
Total revenues	<u>3,279,906</u>	<u>1,343,983</u>	<u>55,478</u>	<u>-</u>	<u>4,679,367</u>
<b>EXPENDITURES</b>					
Instructional Services					
Salaries and benefits	1,152,794	1,215,129	-	-	2,367,923
Purchased services	558,176	91,753	86,837	-	736,766
Supplies and materials	155,129	11,513	3,241	-	169,883
Other objects	4,972	-	365	-	5,337
Payments to other governments	311,968	16,552	-	-	328,520
On-behalf payments - State	472,964	-	-	-	472,964
Capital outlay	23,927	13,081	-	-	37,008
Total expenditures	<u>2,679,930</u>	<u>1,348,028</u>	<u>90,443</u>	<u>-</u>	<u>4,118,401</u>
Excess/(Deficiency) of revenues over expenditures	<u>599,976</u>	<u>(4,045)</u>	<u>(34,965)</u>	<u>-</u>	<u>560,966</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in	19,188	3,677	72,389	(95,254)	-
Transfer out	(20,630)	(2,235)	(72,389)	95,254	-
Interest income	(536)	-	1,243	-	707
Total Other Financing Sources	<u>(1,978)</u>	<u>1,442</u>	<u>1,243</u>	<u>-</u>	<u>707</u>
Net change in fund balances	597,998	(2,603)	(33,722)	-	561,673
FUND BALANCES - BEGINNING (RESTATEd, See Note 13)	<u>600,704</u>	<u>12,537</u>	<u>232,418</u>	<u>-</u>	<u>845,659</u>
FUND BALANCES - ENDING	<u>\$ 1,198,702</u>	<u>\$ 9,934</u>	<u>\$ 198,696</u>	<u>\$ -</u>	<u>\$ 1,407,332</u>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

Net change in fund balances	\$ 561,673
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Depreciation expense	(10,841)
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Revenues in the Statement of Activities in the prior year that are recognized as revenues in the funds in the current year

State sources	(104,367)
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Revenues in the Statement of Activities that do not provide current financial resources, and are not reported as revenues in the funds.

Deferred revenue

State sources

\$ 14,709

Federal

3,113

17,822

Change in net assets of governmental activities	\$ <u>464,287</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 #24  
 STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2011

	Business-type Activities - Enterprise Funds			
	Nonmajor Proprietary Funds			
	Criminal Backgrounds	Grundy County Summer School	Will County Summer School	Totals
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 27,663	\$ 7,418	\$ 348	\$ 35,429
Prepaid expenses	634	-	-	634
Total current assets	28,297	7,418	348	36,063
Total Assets	28,297	7,418	348	36,063
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Current liabilities:				
Deferred revenue	17,000	-	-	17,000
Total current liabilities	17,000	-	-	17,000
<b>Net Assets</b>				
Unrestricted	11,297	7,418	348	19,063
Total Net Assets	\$ 11,297	\$ 7,418	\$ 348	\$ 19,063

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	Business-Type Activities - Enterprise Funds			
	Nonmajor Proprietary Funds			
	Criminal Backgrounds	Grundy County Summer School	Will County Summer School	Totals
Operating Revenues				
Charges for services	\$ 15,758	\$ 18,433	\$ -	\$ 34,191
Operating Expenses				
Salaries and benefits	-	21,841	-	21,841
Purchased services	12,617	1,221	-	13,838
Supplies and materials	-	222	-	222
Total operating expenses	12,617	23,284	-	35,901
Operating Income (Loss)	3,141	(4,851)	-	(1,710)
Change in Net Assets	3,141	(4,851)	-	(1,710)
Net Assets - Beginning	8,156	12,269	348	20,773
Net Assets - Ending	\$ 11,297	\$ 7,418	\$ 348	\$ 19,063

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities— Enterprise Funds			Totals
	Nonmajor Proprietary Funds			
	Criminal Backgrounds	Grundy County Summer School	Will County Summer School	
Cash Flows from Operating Activities				
Receipts from customers	\$ 32,758	\$ 18,433	\$ -	\$ 51,191
Payments to suppliers and providers of goods and services	(13,251)	(1,443)	-	(14,694)
Payments to employees	-	(21,841)	-	(21,841)
Net cash provided by (used for) operating activities	<u>19,507</u>	<u>(4,851)</u>	<u>-</u>	<u>14,656</u>
Net increase (decrease) in cash and cash equivalents	19,507	(4,851)	-	14,656
Cash and cash equivalents - Beginning	<u>8,156</u>	<u>12,269</u>	<u>348</u>	<u>20,773</u>
Cash and cash equivalents - Ending	<u>\$ 27,663</u>	<u>\$ 7,418</u>	<u>\$ 348</u>	<u>\$ 35,429</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 3,141	\$ (4,851)	\$ -	\$ (1,710)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Change in assets and liabilities:				
Increase in prepaid expense	(634)	-	-	(634)
Increase in deferred revenue	<u>17,000</u>	<u>-</u>	<u>-</u>	<u>17,000</u>
Net cash provided by (used for) operating activities	<u>\$ 19,507</u>	<u>\$ (4,851)</u>	<u>-</u>	<u>\$ 14,656</u>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 JUNE 30, 2011

	Private-Purpose Scholarship Fund	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 32,596	\$ 89,740
TOTAL ASSETS	32,596	\$ 89,740
<b>LIABILITIES</b>		
Due to other governments	\$ -	\$ 89,740
TOTAL LIABILITIES	-	\$ 89,740
<b>NET ASSETS</b>		
Reserved for scholarships	\$ 32,596	

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Private-Purpose Scholarship Fund</u>
ADDITION	
Interest	\$ 128
DEDUCTION	
Scholarships and awards	<u>5,000</u>
CHANGE IN NET ASSETS	(4,872)
NET ASSETS, BEGINNING OF YEAR	<u>37,468</u>
NET ASSETS, END OF YEAR	<u><u>\$ 32,596</u></u>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Grundy/Kendall Counties Regional Office of Education #24 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2011, the Regional Office of Education #24 implemented Governmental Accounting Standards Board (GASB) Statement No.54, *Fund Balance Reporting and Governmental Fund Type Definitions*, GASB Statement No. 59, *Financial Instruments Omnibus*, and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Regional Office of Education #24 implemented these standards during the current year; however, GASB Statements No. 59 and 62 had no impact on the financial statements. The implementation of GASB Statement No. 54 changed fund balance reporting for governmental funds by adding some additional fund balance classifications, clarifying governmental fund type definitions, and providing some additional disclosures on how fund balance constraints are imposed and may be modified or eliminated.

A. DATE OF MANAGEMENT’S REVIEW

The Grundy/Kendall Counties Regional Office of Education #24 has evaluated subsequent events through January 10, 2012, the date which the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teacher institutes as well as to aid and encourage the formation of other teacher meetings and assist in their management; evaluate the schools in the region; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the Regional Superintendent’s office; and file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Grundy/Kendall Counties Regional Office of Education #24’s districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

The Regional Superintendent is responsible for inspection and approval or rejection of school treasurers' bonds. The Regional Superintendent is also required to provide the State Board of Education with an affidavit showing that the treasurers of school districts under his control are properly bonded.

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the Grundy/Kendall Counties Regional Office of Education #24, or see that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2011, the Grundy/Kendall Counties Regional Office of Education #24 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Grundy/Kendall Counties Regional Office of Education #24. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Grundy/Kendall Counties Regional Office of Education #24 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Grundy/Kendall Counties Regional Office of Education #24 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Grundy/Kendall Counties Regional Office of Education #24, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Grundy/Kendall Counties Regional Office of Education #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.

The following component units are entities which are legally separate from Grundy/Kendall Counties Regional Office of Education #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 #24 and blended into the appropriate funds.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. SCOPE OF THE REPORTING ENTITY (Concluded)

Grundy/Kendall Counties Regional Office of Education #24 acts as the administrative agent for the Grundy/Kendall Counties Regional Office of Education #24 Education Service Network (Network), which oversees the operations of several educational programs in the region. The Network has no governing body and all program budgets are approved by the Grundy/Kendall Regional Office of Education #24.

Education Service Network, NFP, 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 Grundy/Kendall Counties shall always serve as Vice-President.

Grundy/Kendall Counties Regional Office of Education #24 does not consider any other entities to be part of its reporting entity. Additionally, Grundy/Kendall Counties Regional Office of Education #24 does not consider itself to be a part of the Counties' or any other government's reporting entity.

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Grundy/Kendall Counties Regional Office of Education #24's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Grundy/Kendall Counties Regional Office of Education #24 has three business-type activities that rely on fees and charges for support.

The Grundy/Kendall Counties Regional Office of Education #24's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Grundy/Kendall Counties Regional Office of Education #24 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Grundy/Kendall Counties Regional Office of Education #24's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Assets.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Concluded)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services, and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and proprietary fund Statement of Net Assets and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and on the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Assets. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities. The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent short falls in cash flow within grant programs and funds.

E. PROPRIETARY FUND FINANCIAL STATEMENTS

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each nonmajor fund.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

F. GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net assets and changes in net assets presented in the government-wide financial statements.

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, typically 60 days. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses and other long-term obligations, which are recognized when paid. Revenues received more than 60 days after the end of the current period are deferred revenue in the governmental fund financial statements, but are recognized as current revenues in the government-wide financial statements.

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

The governmental funds financial statements focus on the measurement of spending or "financial flow" and the determination of changes in financial position, rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Grundy/Kendall Counties Regional Office of Education #24; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable 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.

Under the terms of grant agreements, Grundy/Kendall Counties Regional Office of Education #24 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Grundy/Kendall Counties Regional Office of Education #24's policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

H. FUND ACCOUNTING

The Grundy/Kendall Counties Regional Office of Education #24 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Grundy/Kendall Counties Regional Office of Education #24 uses governmental, proprietary, and fiduciary funds.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are reported. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as a fund balance.

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Grundy/Kendall Counties Regional Office of Education #24 has presented all major funds that met the above qualifications. The Grundy/Kendall Counties Regional Office of Education #24 reports the following major governmental funds:

General Fund - The General Fund is used to account for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted for in another fund. The General Fund is always considered a major fund. The following accounts are included in the General Fund:

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

ESN NFP, Inc. - To account 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.

Payroll - To account for income received for and expenses paid for the payroll for certain employees who are paid by Grundy and Kendall Counties.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Interest - This fund accounts for interest revenue earned on the Regional Office's bank accounts.

Illinois Tobacco - This fund accounts for revenues and expenditures associated with the curriculum and materials for tobacco prevention for youth and for incentives for the stop smoking program for youth.

Grundy/Kendall Counties State Aid - To account for grant monies received for, and payment of expenditures for the unrestricted State grant-in aid to school districts which are directly received from the Illinois State Board of Education.

Will County General State Aid - To account for grant monies received for, and payment of expenditures for the unrestricted State grant-in aid to school districts which are received from and passed through the Will County Regional Office of Education No. 56.

Regional Safe Schools - To account 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.

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

HAI HIV/MC Bowling – To account for funds collected from students at the Morris campus to pay to take those students bowling

Will/Grundy Counties Local Area Network – To account for the revenue and expenses associated with the Will/Grundy Counties Local Area Network fund.

Local Revenues - This fund accounts for revenues and expenditures associated with various miscellaneous local revenues.

Parent University Fairmont 21st Century - This fund accounts for a stipend received in fiscal year 2008 for a Regional Office employee to perform counseling at Fairmont School.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Department of Commerce and Economic Opportunity - This fund accounts for revenues received from Chestnut Health System, a local organization, to pay salary expenses for one employee from the Regional Office to work for In-Touch Local programs.

No Tolerance Task Force - This fund accounts for donations received from individuals for the No Tolerance Task Force program.

Grundy County Teen Reach - This fund accounts donations received from local parents to pay for the purchase of food and snacks for the kids participating in the teen reach program.

Will County Prevention Consortium - Local - This fund accounts for revenues from local businesses and other counties and is used to fund a graduation banquet each year.

In Touch Local - This fund accounts for revenues and expenditures related to a youth group fundraiser that was held in fiscal year 2009.

Cash Fund - This fund accounts for amounts withheld from employee payroll checks to pay the employee's portion of health insurance premiums.

Engaging Youth for Positive Change - This fund accounts for a grant received in fiscal year 2006 that was received from the University of Illinois.

WIA Recycling – To account for funds collected on the recycling of old ink cartridges.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are restricted to expenditures for specified purposes.

Major special revenue funds include the following:

Education - The Education Fund includes proceeds for various grants supporting education enhancement programs as follows:

ESN NFP Workforce Investment Act (WIA) Grants - To account for federal 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 Kane and Will Counties. Training programs include tutoring, mentoring, and study skills training for underprivileged youth.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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

Will County Truants Alternative Optional Education Program - To account for State grant monies received from Will County for payment of expenditures for the TAOEP.

Chemical Abuse Services Program – To account for the grant monies received for, and payment of expenditures incurred for the Parent Involvement Strategies in relation to Botvin’s *LifeSkills* program.

No Tolerance Task Force - To account 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.

Teen Reach/Gear Up - To account for federal monies received for, and payment of expenditures for, the Teen Reach and Gear Up programs. These programs consist of educational, recreational, and vocational activities designed to improve youth’s chances for success.

McKinney-Vento Education for Homeless Children and Youth - To account for grant monies received for and payment of expenditures associated with a federal program designed to provide counseling and educational support to homeless children and their families. The programs are funded by a Federal Stewart B. McKinney Education for Homeless Children and Youth Grant passed through the Will County Regional Office of Education No. 56.

American Reinvestment and Recovery Act (ARRA) – Education Jobs Fund Program – To account for federal funding passed through the State to provide assistance to save or create education jobs for the 2010-2011 school year.

Title I Reading First Part B SEA – To account for monies received from the State (federal dollars) for expenditures incurred providing reading assistance to Reading First districts and buildings.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Fairmont Literacy Program - To account for grant monies received for and payment of expenses to improve the students' reading and literacy achievements in the Fairmont School District.

Will County - American Reinvestment and Recovery Act (ARRA) – Education Jobs Fund Program – To account for federal funding received from Will County to provide assistance to save or create education jobs for the 2010-2011 school year for the Regional Safe Schools program.

The Grundy/Kendall Counties Regional Office of Education #24 reports the following nonmajor governmental funds:

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

General Education Development - To account for the Regional Office of Education's administration of the GED Testing Program. Revenues are received from testing and diploma fees.

Institute - This fund accounts for teacher certificate registration, issuance and evaluation fees for processing certificates, and expenses of meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

PROPRIETARY FUNDS

Proprietary funds are those which account for resources from fees charged directly to those entities or individuals that use its services. Proprietary funds are as follows:

Criminal Backgrounds - This fund accounts for revenues and expenditures associated with criminal background checks conducted by the Regional Office.

Grundy County Summer School - This fund accounts for revenues and expenditures associated with summer school programs conducted by the Grundy/Kendall Counties Regional Office of Education #24.

Will County Summer School - This fund accounts for revenues and expenditures associated with Will County summer school programs conducted by the Grundy/Kendall Counties Regional Office of Education #24.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the Grundy/Kendall Counties Regional Office of Education #24 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Fiduciary Funds include the following:

Private-Purpose Scholarship Fund - To account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. It includes the Martha Slyther Scholarship fund which was received from an estate to be used for the purpose of providing scholarships to students in Kendall County.

Agency Funds – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency Funds include the following:

Distributive – To account 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 – To account for funds received and disbursed for the Outdoor Education Cooperative.

I. GOVERNMENTAL FUND BALANCES

Fund Balance is the difference between assets and liabilities in a Governmental Fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

Nonspendable Fund Balance – the portion of a Governmental Fund’s net assets that are not available to be spent, either short term or long term, in either form or through legal restrictions. A portion of the fund balance for the General School Fund is presented as nonspendable. This nonspendable fund balance is for prepaid insurance.

Restricted Fund Balance – the portion of a Governmental Fund’s net assets that are subject to external enforceable legal restrictions. The following fund balances are restricted by grant agreements or contracts: No Tolerance Task Force and Fairmont Literacy Program. The following funds are restricted by Illinois Statute: School Bus Driver Training, General Education Development, and Institute.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES

Committed Fund Balance – the Portion of a Governmental Fund’s net assets with self-imposed constraints or limitations that have been placed at the highest level of decision making. There are no accounts presenting a committed fund balance.

Assigned Fund Balance – the Portion of a Governmental Fund’s net assets to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balance: Illinois Tobacco, Grundy/Kendall Counties State Aid, HAJ HIV/MC Bowling, No Tolerance Task Force, Grundy County Teen Reach, and Will County Prevention Consortium – Local.

Unassigned Fund Balance – available expendable resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of the following: General School Fund, Payroll, Interest, Will County General State Aid, Regional Safe Schools, Local Revenues, Department of Commerce and Economic Opportunity, In Touch Local, WIA Recycling, and ESN NFP WIA Grants.

J. NET ASSETS

Equity is classified as net assets and displayed in three components:

Invested in capital assets – Consists of capital assets, net of accumulated depreciation.

Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

K. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit. The Grundy/Kendall Counties Regional Office of Education #24 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents. Investments with original maturities of more than three months are reported as investments.

L. INVENTORY

Inventory is not recorded. The cost is recorded as an expenditure at the time individual inventory items are purchased.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Office Equipment and Furniture	5 -10 years
Building Improvements	15 years

N. COMPENSATED ABSENCES

Non-certified and certified employees who work 12 calendar months earn up to 20 vacation days for a full year of service. The accumulated total of vacation days may never exceed 30 days. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days, and therefore, no liability is accrued.

Employees receive up to 12 sick days annually and the unused portion is accumulated up to 180 days and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore, no liability is accrued.

O. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

P. DEFERRED REVENUE

The Regional Office of Education #24 reports unearned revenue in the governmental fund Balance Sheet. Deferred revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period or when grant funds received are unexpended or obligated at year end.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Q. BUDGET INFORMATION

The Grundy/Kendall Counties Regional Office of Education #24 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education, however, none of the annual budgets have been legally adopted nor are they required to do so. Comparisons of budgeted and actual results are presented as supplemental information.

Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Regional Safe Schools, ESN NFP WIA Grants, Truants Alternative Optional Education Program (TAOEP), and Will County Truants Alternative Optional Education (TAOEP).

R. 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 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.

NOTE 2 – DEPOSITS AND INVESTMENTS

The *Illinois Compiled Statutes* authorize the Grundy/Kendall Counties Regional Office of Education #24 to make deposits and invest in U.S. Government, State of Illinois and municipal securities, certificates of deposit or time savings deposits insured by the FDIC, mortgage notes, bonds, or debentures issued by the Federal Housing Administration, bonds and other obligations of the Federal National Mortgage Association, commercial paper rated within the three highest classifications by at least two standard rating services, credit union shares, and the Illinois Public Treasurer's Investment Pool.

A. DEPOSITS

At June 30, 2011, the carrying amount of the Grundy/Kendall Counties Regional Office of Education #24's government-wide and agency deposits were \$959,452 and \$122,336, respectively. The government-wide and agency bank balances were \$1,019,079 and \$122,738, respectively. Of the total bank balances as of June 30, 2011, \$906,608 and \$84,192 was secured by federal depository.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

**CUSTODIAL CREDIT RISK**

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the ROE's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Grundy/Kendall Counties Regional Office of Education #24's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Grundy/Kendall Counties Regional Office of Education #24's.

**B. INVESTMENTS**

The Grundy/Kendall Counties Regional Office of Education #24 does not have a formal investment policy but requires that funds be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2

As of June 30, 2011, the carrying and fair value Grundy/Kendall Counties Regional Office of Education #24's government-wide and agency investments as follows:

	Government-Wide	Agency
Invested in Illinois Funds investment pool	\$ 9,957	\$ 5,950
Invested in money market funds	-	1,552
Invested in certificates of deposit	102,514	31,044
	\$ 112,471	\$ 38,546

**CREDIT RISK**

At June 30, 2011, the Illinois School District Liquid Asset Fund Plus (ISDLAF+) had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. The investment advisor for ISDLAF+ is a corporation organized under the laws of the State of Illinois and is registered with the Securities and Exchange Commission. All investments are fully collateralized.

**INTEREST RATE RISK**

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.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

The Regional Office of Education #24's policy for reducing its exposure to the risk is to structure their portfolio so that securities mature to meet the cash requirements for ongoing operations. As of June 30, 2011, all the investments have investment maturities of less than one year.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Regional Office of Education #24 does not have a policy that specifically addresses concentration of credit risk. As of June 30, 2011, the Regional Office of Education #24's investment in certificates of deposit which is 88% of total investment and totaling \$133,558 is subject to concentration of credit risk.

NOTE 3 – DEFINED BENEFIT PENSION PLAN

**Plan Description.** The Regional Office of Education #24's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #24's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at [www.imrf.org](http://www.imrf.org).

**Funding Policy.** As set by statute, the Grundy/Kendall Counties Regional Office of Education #24's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2010 was 9.66 percent of annual covered payroll. The Grundy/Kendall Counties Regional Office of Education #24 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Annual Pension Cost.** The required contribution for calendar year 2010 was \$571,214.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Concluded)

A. THREE-YEAR TREND INFORMATION FOR THE REGULAR PLAN

Calendar Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
12/31/10	\$571,214	100%	\$0
12/31/09	671,198	100%	0
12/31/08	615,578	100%	0

The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, included a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), b) projected salary increases of 4.00% a year, attributable to inflation, c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and d) post retirement benefit increases of 3% annually. The actuarial value of your employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Grundy/Kendall Counties Regional Office of Education #24's Regular plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 10 year basis.

**Funded Status and Funding Progress.** As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 88.16 percent funded. The actuarial accrued liability for benefits was \$7,003,574 and the actuarial value of assets was \$6,174,102, resulting in an underfunded actuarial accrued liability (UAAL) of \$829,472. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$5,913,192 and the ratio of the UAAL to the covered payroll was 14 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 4 – TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Grundy/Kendall Counties Regional Office of Education #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.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

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

TRS members include all active non-annuitants 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, 2011, was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4% for the years ended June 30, 2010 and 2009.

The State of Illinois makes contributions directly to TRS on behalf of the Grundy/Kendall Counties Regional Office of Education #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 #24. For the year ended June 30, 2011, State of Illinois contributions were based on 23.10 percent of creditable earnings not paid from federal funds, and the Grundy/Kendall Counties Regional Office of Education #24 recognized revenue and expenditures of \$232,372 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2010 and June 30, 2009, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.38 percent (\$275,852) and 17.08 percent (\$238,827), respectively.

The Grundy/Kendall Counties Regional Office of Education #24 makes other types of employer contributions directly to TRS:

- **2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2011 were \$4,772. Contributions for the years ending June 30, 2010 and June 30, 2009, were \$5,801 and \$8,119, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Grundy/Kendall Counties Regional Office of Education #24, there is a statutory requirement for the Grundy/Kendall Counties Regional Office of Education #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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2011, the employer pension contribution was 23.10 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2010 and 2009, the employer pension contribution was 23.38 and 17.08 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2011 no salaries were paid from federal and special trust funds therefore there were no required employer contributions. For the years ended June 30, 2010 and June 30, 2009, required Grundy/Kendall Counties Regional Office of Education #24 contributions were \$863 and \$8,217, respectively.

**Early Retirement Option.** The Grundy/Kendall Counties Regional Office of Education #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.

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

For the year ended June 30, 2011, the Grundy/Kendall Counties Regional Office of Education #24 paid no employer contribution to TRS under the ERO program. For the years ended June 30, 2010 and June 30, 2009, the Grundy/Kendall Counties Regional Office of Education #24 paid \$66,064 and \$0, respectively, in employer ERO contributions.

- **Salary increases over 6 percent and excess sick leave.** If the Grundy/Kendall Counties Regional Office of Education #24 grants salary increases over 6 percent and those salaries are used to calculate a retiree’s final average salary, the Grundy/Kendall Counties Regional Office of Education #24 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 increase of up to 6 percent. For the year ended June 30, 2011, the Grundy/Kendall Counties Regional Office of Education #24 paid \$837 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2010, and 2009 the Grundy/Kendall Counties Regional Office of Education #24 paid no TRS employer contributions due on salary increases in excess of 6 percent, respectively.

If the Grundy/Kendall Counties Regional Office of Education #24 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Grundy/Kendall Counties Regional Office of Education #24 makes a contribution to TRS.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.03 percent of salary during the year ended June 30, 2011, as recertified pursuant to Public Act 96-1511). For the years ended June 30, 2011, 2010, and 2009 the Grundy/Kendall Counties Regional Office of Education #24 paid no employer contributions to TRS for sick leave days granted in the 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 year ended June 30, 2010. The report for the year ended June 30, 2011, is expected to be available in late 2011.

The reports may be obtained by writing to the Teachers’ Retirement System of the State of Illinois, PO Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at <http://trs.illinois.gov>.

NOTE 5 – TEACHERS’ HEALTH INSURANCE SECURITY FUND

The Grundy/Kendall Counties Regional Office of Education #24 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers’ Retirement System (TRS). Annuitants may participate in the State administered participating provider option plan or choose from several managed care options.

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 5 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Concluded)

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

**On behalf contributions.** The State of Illinois makes employer retiree health insurance contributions on behalf of Grundy/Kendall Counties Regional Office of Education #24. State contributions are intended to match contributions to THIS Fund from active members which 0.88 percent of pay during the year ended June 30, 2011. State of Illinois contributions were \$7,240, and Grundy/Kendall Counties Regional Office of Education #24 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the year ended June 30, 2010 was 0.84 percent of pay. State contributions on behalf of the district were \$8,403.

Had the Regional Office of Education #24 recognized revenue and expenditures for State contributions intended to match active member contributions during the year ended June 30, 2009 under the current standards, the contribution match would have been 0.84 percent of pay or \$11,746.

**Employer contributions to THIS Fund.** The Grundy/Kendall Counties Regional Office of Education #24 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the year ended June 30, 2011, and 0.63 percent during the years ended June 30, 2010 and June 30, 2009. For the year ended June 30, 2011, the district paid \$5,430 to the THIS Fund. For the years ended June 30, 2010 and June 30, 2009, the district paid \$6,302 and \$8,809 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 6 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2011 consist of the following individual due to/from other funds in the governmental fund balance sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Assets.

	Due From Other Funds	Due To Other Funds
Education Fund	\$ -	\$ 270,931
General Fund	569,145	298,214
	\$ 569,145	\$ 569,145

TRANSFERS

Interfund transfer in/out to other fund balances at June 30, 2011 consist of the following individual transfers in/out to other funds in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

	Transfer Out	Transfer In
Education Fund	\$ 2,235	\$ 3,677
General Fund	20,630	19,188
Special Revenue Fund	72,389	72,389
	\$ 95,254	\$ 95,254

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

NOTE 7 – CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Grundy/Kendall Counties Regional Office of Education #24 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. Purchases of capital assets for business-type activities are capitalized when purchased. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2011:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Governmental Activities:				
<u>Education Fund</u>				
Equipment	\$ 84,195	\$ -	\$ -	\$ 84,195
Building Improvements	29,505	-	-	29,505
Governmental Activities Total Assets	<u>113,700</u>	<u>-</u>	<u>-</u>	<u>113,700</u>
Less Accumulated Depreciation				
Equipment	(44,438)	(8,874)	-	(53,312)
Building Improvements	(11,452)	(1,967)	-	(13,419)
Total Accumulated Depreciation	<u>(55,890)</u>	<u>(10,841)</u>	<u>-</u>	<u>(66,731)</u>
Governmental Activities				
Investment in Capital Assets, Net	<u>\$ 57,810</u>	<u>\$ (10,841)</u>	<u>\$ -</u>	<u>\$ 46,969</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2011 of \$10,841 was charged to the governmental activities on the government-wide Statement of Activities. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

NOTE 8 – RISK MANAGEMENT

The Grundy/Kendall Counties Regional Office of Education #24 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Grundy/Kendall Counties Regional Office of Education #24 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 9 – OPERATING LEASE

Grundy/Kendall Counties Regional Office of Education #24 leases an office space for its Joliet operations. The lease agreement which commenced in 2010 expires in 2015. The agreement provides for a renewal option to extend the lease for an additional five years. Also, the agreement generally requires the Grundy/Kendall Counties Regional Office of Education #24 to pay executory costs.

Rental expense for the year ended June 30, 2011 was \$281,774.

Future minimum rentals for the year ending June 30 are:

Year Ending	
<u>June 30,</u>	<u>Amount</u>
2012	\$ 281,774
2013	281,774
2014	281,774
2015	281,774
2016	46,962
Thereafter	-
	<u>\$ 1,174,058</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

NOTE 10 – ON BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Grundy/Kendall Counties Regional Office of Education #24:

Regional Superintendent Salary	\$ 96,435
Assistant Regional Superintendent Salary	86,789
Regional Superintendent Fringe Benefit (Includes State paid insurance)	25,344
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	24,784
Regional Superintendent TRS Contribution	22,276
Assistant Regional Superintendent TRS Contribution	20,048
THIS contributions	7,240
TRS Pension contributions	<u>190,048</u>
 Total	 <u>\$ 472,964</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.

These amounts have been recorded in the accompanying financial statements as State revenue and expenditures.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

NOTE 11 – DUE TO/FROM OTHER GOVERNMENTS

The Grundy/Kendall Counties Regional Office of Education #24's Proprietary Fund and various grant programs have funds due from various other governmental units which consist of the following:

Due From Other Governments:

<u>Education Fund</u>	
State Resources:	
Illinois State Board of Education	\$ 84,866
Will County ROE #56	21,707
Federal Resources:	
Department of Human Services	8,176
Kendall County	116,203
Will County ROE#56	10,621
Illinois State Board of Education	30,390
<u>General Fund</u>	
State Resources:	
Will County ROE #56	183,994
Illinois State Board of Education	90,135
Local Governments	930
Total	<u>\$ 547,022</u>

Due To Other Governments:

<u>Education Fund</u>	
State Governments	\$ 1,032
<u>Agency Fund</u>	
Local Governments	89,740
Total	<u>\$ 90,772</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

NOTE 12 – DEFICIT FUND BALANCES

Because some revenues were not be collected for more than 60 days after the Regional Office’s fiscal year ends, they are not considered “available” revenues and are deferred in the governmental funds. The deferral of the revenues caused deficit fund balances as of June 30, 2011 in the following funds:

Funds with Deficit Fund Balance	Deficit Balance
Will County General State Aid	\$ 27,653
Regional Safe Schools	14,709
ESN NFP WIA Grants	3,113
Department of Commerce and Economic Opportunity	3,632
	\$ 49,107

NOTE 13 – RECLASSIFICATION

Certain funds and accounts in fiscal year 2010 have been reclassified to conform to the fiscal year 2011 presentation. In the financial statements issued for fiscal year 2010, all general state aid accounts and the Regional Safe Schools account were reported as education funds. Education funds are used to account for grant funding that is restricted or committed as to its use. Since general state aid does not meet this requirement, all general state aid accounts are now classified as general funds. Under GASB 54, the definition of a special revenue fund has been changed. A special revenue fund should only be reported when restricted or committed proceeds of specific revenue sources are a substantial portion of the inflows reported in a fund. A substantial portion of the inflows for the Regional Safe Schools fund comes from General State Aid. Because of this, Regional Safe Schools no longer meets the definition of a Special Revenue Fund and therefore, was moved to the General Fund for the 2011 report. In addition, the Local Revenues and Illinois Tobacco accounts were reclassified from Special Revenue Funds to the general fund. A special revenue fund is used to account for funding that is restricted or committed for a specific purpose. Because the purpose of these funds does not satisfy that attribute of a special revenue fund, they have been reclassified as general funds.

In fiscal year 2010, on-behalf payments - local were overstated by \$108,060 in the General School Fund. Expense was overstated by the same amount. A prior period adjustment was made to correct this error. This adjustment had no effect on beginning fund balance or net assets.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 13 – RECLASSIFICATION (Continued)

The reclassifications noted above have the following effect on the beginning fund balance for the governmental funds:

	<b>Education Funds</b>
Fund Balance, July 1, 2010	\$ 469,447
Reclassification of Grundy/Kendall Counties State Aid	(549,415)
Reclassification of Will County State Aid	(8,786)
Reclassification of Regional Safe Schools	101,291
Fund Balance, July 1, 2010, Restated	\$ 12,537

	<b>General Funds</b>
Fund Balance, July 1, 2010	\$ 142,375
Reclassification of Grundy/Kendall Counties State Aid	549,415
Reclassification of Will County State Aid	8,786
Reclassification of Regional Safe Schools	(101,291)
Reclassification of Interest	666
Reclassification of Illinois Tobacco	154
Reclassification of Will/Grundy Counties Local Area Network	1,259
Reclassification of Local Revenues	(127)
Reclassification of Parent University Fairmont 21st Century	482
Reclassification of Department of Commerce and Economic Opportunity	(2,301)
Reclassification of No Tolerance Task Force	23
Reclassification of Grundy County Teen Reach	224
Reclassification of Will County Prevention Consortium - Local	(34)
Reclassification of In Touch Local	904
Reclassification of Engaging Youth for Positive Change	169
Fund Balance, July 1, 2010, Restated	\$ 600,704

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 13 – RECLASSIFICATION (Concluded)

	<b>Non-major Special Revenue Funds</b>
Fund Balance, July 1, 2010	\$ 40,014
Reclassification of Interest	(666)
Reclassification of Illinois Tobacco	(154)
Reclassification of Will/Grundy Counties Local Area Network	(1,259)
Reclassification of Local Revenues	127
Reclassification of Parent University Fairmont 21st Century	(482)
Reclassification of Department of Commerce and Economic Opportunity	2,301
Reclassification of No Tolerance Task Force	(23)
Reclassification of Grundy County Teen Reach	(224)
Reclassification of Will County Prevention Consortium - Local	34
Reclassification of In Touch Local	(904)
Reclassification of Engaging Youth for Positive Change	(169)
Net Assets, July 1, 2010, Restated	\$ 38,595

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the Grundy & Kendall Counties ROE #24 provides postemployment health care benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Grundy & Kendall Counties ROE #24 and can be amended by the Grundy & Kendall Counties ROE #24 through its personnel manual, except for the implicit subsidy which is governed by the State Legislature and Illinois Compiled Statutes (ILCS). The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Grundy & Kendall Counties ROE #24 governmental funds.

b. Benefits Provided

The Grundy & Kendall Counties ROE #24 provides continued health insurance coverage at the blended employer rate to all eligible retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under the Grundy & Kendall Counties ROE #24 retirement plan. Upon a retiree reaching age 65 years of age, Medicare becomes

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (Continued)

the primary insurer and the retiree is no longer eligible to participate in the plan, but can purchase a Medicare supplement plan from the Grundy & Kendall Counties ROE #24 insurance provider.

c. Membership

At June 30, 2011 membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	1
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Active Employees	<u>18</u>
TOTAL	<u><u>19</u></u>
Participating Employers	<u><u>1</u></u>

d. Funding Policy

The Grundy & Kendall Counties ROE #24 is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

e. Annual OPEB Costs and net OPEB Obligation

The Grundy & Kendall Counties ROE #24 first had an actuarial valuation performed for the plan as of June 30, 2011 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended June 30, 2011. The Grundy & Kendall Counties ROE #24's annual OPEB cost (expense) of \$5,075 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of July 1, 2009. The Grundy & Kendall Counties ROE #24's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2011 and 2010 was as follows (information for fiscal year 2009 is not available as an actuarial valuation was performed for the first time as of June 30, 2010):

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 5,075	\$ 4,622	91%	\$ 453
June 30, 2010	\$ 4,880	\$ 4,003	82%	\$ 877

The net OPEB obligation as of June 30, 2011, was calculated as follows:

Annual Required Contribution	\$ 5,075
Interest on Net OPEB Obligation	35
Adjustment to Annual Required Contribution	<u>(29)</u>
Annual OPEB Cost	5,081
Contributions Made	<u>4,622</u>
Increase in Net OPEB Obligation	459
Net OPEB Obligation Beginning of year	-
NET OPEB OBLIGATION END OF YEAR	<u><u>\$ 459</u></u>

f. Funded Status and Funding Progress

The funded status of the plan was as follows:

	<u>Fiscal Year</u>	
	<u>2011</u>	<u>2010</u>
Actuarial Accrued Liability (AAL)	\$ 52,646	\$ 51,299
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	52,646	51,299
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%	0%
Covered Payroll (Active Plan Members)	\$ 642,720	\$ 618,000
UAAL as a Percentage of Covered Payroll	8.19%	8.30%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (Concluded)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2011 and 2010, actuarial valuation, the unit credit cost method was used. The actuarial assumptions included a discount rate of 4.00% and an initial healthcare cost trend rate of 8.50% with a ultimate healthcare inflation rate of 4.50% increase for 2015 and later years. Both rates include a 4.00% inflation assumption. The actuarial value of assets was not determined as the Grundy & Kendall Counties ROE #24 has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized using a closed, level dollar method. The remaining amortization period at June 30, 2011 and 2010 was 30 years.

NOTE 15 – LITIGATION

In the normal course of business, the Grundy & Kendall Counties ROE #24 is involved in disputes related to certain projects with suppliers, contractors, and customers. In 2010, a lessor of the Regional Office filed a suit related to damages to a building under lease. The Regional Office intends to vigorously defend. As of June 30, 2011, the outcome of this suit is unknown.

NOTE 16 – SUBSEQUENT EVENT

For fiscal year 2012, the Governor of Illinois vetoed the appropriation line for the Regional Superintendent's and Assistant Regional Superintendent's salaries and benefits, as well as, the appropriation line for the Regional Office's general operations grant. The Regional Superintendent's and Assistant Regional Superintendent's salaries were reinstated in November 2011 for one year only, to be paid from State personal property replacement tax funds, but the general operations grant was not reinstated. The Regional Superintendents will make every effort to secure other local funding to support the programs and services the Regional Office provides. The affect of these funding cuts on the Regional Office's long-term ability to continue to provide services at their current level is unknown.

REQUIRED SUPPLEMENTAL INFORMATION

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 ILLINOIS MUNICIPAL RETIREMENT FUND  
 SCHEDULE OF FUNDING PROGRESS  
 (UNAUDITED)  
 JUNE 30, 2011

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 )
12/31/10	\$ 6,174,102	\$ 7,003,574	\$ 829,472	88.16%	\$ 5,913,192	14.03%
12/31/09	5,803,619	6,763,277	959,658	85.81%	6,619,313	14.50%
12/31/08	4,922,395	5,655,271	732,876	87.04%	5,684,011	12.89%

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$6,530,209. On a market basis, the funded ratio would be 93.24%.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 OTHER POST EMPLOYMENT BENEFITS  
 SCHEDULE OF FUNDING PROGRESS  
 (UNAUDITED)  
 JUNE 30, 2011

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 )
7/1/10	\$ -	\$ 52,646	\$ 52,646	0.00%	\$ 642,720	8.19%
7/1/09	-	51,299	51,299	0.00%	618,000	8.30%

OTHER SUPPLEMENTAL INFORMATION

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 JUNE 30, 2011

	General School Fund	ESN, NFP, Inc.	Payroll	Interest	Illinois Tobacco	Grundy/Kendall Counties State Aid	Will County General State Aid
<b>Assets</b>							
Cash and cash equivalents	\$ 92,141	\$ -	\$ 11,021	\$ 383	\$ 154	\$ 546,949	\$ 4,758
Due from other funds	18,797	-	-	-	-	550,348	-
Due from other governments							
Local	930	-	-	-	-	-	-
State	-	-	-	-	-	7,200	119,292
Prepaid Expenses	10,421	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 122,289</b>	<b>\$ -</b>	<b>\$ 11,021</b>	<b>\$ 383</b>	<b>\$ 154</b>	<b>\$ 1,104,497</b>	<b>\$ 124,050</b>
<b>Liabilities and Fund Balance (Deficit)</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,561	\$ -
Accrued payroll and employee benefits	-	-	-	-	-	5,308	4,758
Due to other funds	-	-	-	-	-	-	146,945
Deferred Revenue	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,869</b>	<b>151,703</b>
<b>Fund Balance (Deficit)</b>							
Nonspendable	10,421	-	-	-	-	-	-
Assigned	-	-	-	-	154	1,090,628	-
Unassigned	111,868	-	11,021	383	-	-	(27,653)
<b>Total Fund Balance (Deficit)</b>	<b>122,289</b>	<b>-</b>	<b>11,021</b>	<b>383</b>	<b>154</b>	<b>1,090,628</b>	<b>(27,653)</b>
<b>Total Liabilities and     Fund Balance (Deficit)</b>	<b>\$ 122,289</b>	<b>\$ -</b>	<b>\$ 11,021</b>	<b>\$ 383</b>	<b>\$ 154</b>	<b>\$ 1,104,497</b>	<b>\$ 124,050</b>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 JUNE 30, 2011

	Regional Safe Schools	Will County Alternative Program	HAJ HIV/MC Bowling	Will/Grundy Counties Local Area Network	Local Revenues	Parent University Fairmont 21st Century	Department of Commerce and Economic Opportunity
<b>Assets</b>							
Cash and cash equivalents	\$ 5,752	\$ 12,104	\$ 1,926	\$ -	\$ 9,450	\$ -	\$ -
Due from other funds	-	-	-	-	-	-	-
Due from other governments							
Local	-	-	-	-	-	-	-
State	90,135	57,502	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 95,887</b>	<b>\$ 69,606</b>	<b>\$ 1,926</b>	<b>\$ -</b>	<b>\$ 9,450</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Liabilities and Fund Balance (Deficit)</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and employee benefits	5,752	12,104	-	-	-	-	-
Due to other funds	90,135	57,502	-	-	-	-	3,632
Deferred Revenue	14,709	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>110,596</b>	<b>69,606</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,632</b>
<b>Fund Balance (Deficit)</b>							
Nonspendable	-	-	-	-	-	-	-
Assigned	-	-	1,926	-	-	-	-
Unassigned	(14,709)	-	-	-	9,450	-	(3,632)
<b>Total Fund Balance (Deficit)</b>	<b>(14,709)</b>	<b>-</b>	<b>1,926</b>	<b>-</b>	<b>9,450</b>	<b>-</b>	<b>(3,632)</b>
<b>Total Liabilities and Fund Balance (Deficit)</b>	<b>\$ 95,887</b>	<b>\$ 69,606</b>	<b>\$ 1,926</b>	<b>\$ -</b>	<b>\$ 9,450</b>	<b>\$ -</b>	<b>\$ -</b>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 JUNE 30, 2011

	No Tolerance Task Force	Grundy County Teen Reach	Will County Prevention Consortium - Local	In Touch Local	Engaging Youth for Positive Change	WIA Recycling	TOTALS
<b>Assets</b>							
Cash and cash equivalents	\$ 7,906	\$ 420	\$ 32	\$ 393	\$ -	\$ 94	\$ 693,483
Due from other funds	-	-	-	-	-	-	569,145
Due from other governments							
Local	-	-	-	-	-	-	930
State	-	-	-	-	-	-	274,129
Prepaid Expenses	-	-	-	-	-	-	10,421
<b>Total Assets</b>	<b>\$ 7,906</b>	<b>\$ 420</b>	<b>\$ 32</b>	<b>\$ 393</b>	<b>\$ -</b>	<b>\$ 94</b>	<b>1,548,108</b>
<b>Liabilities and Fund Balance (Deficit)</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,561
Accrued payroll and employee benefits	-	-	-	-	-	-	27,922
Due to other funds	-	-	-	-	-	-	298,214
Deferred Revenue	-	-	-	-	-	-	14,709
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>349,406</b>
<b>Fund Balance (Deficit)</b>							
Nonspendable	-	-	-	-	-	-	10,421
Assigned	7,906	420	32	-	-	-	1,101,066
Unassigned	-	-	-	393	-	94	87,215
<b>Total Fund Balance (Deficit)</b>	<b>7,906</b>	<b>420</b>	<b>32</b>	<b>393</b>	<b>-</b>	<b>94</b>	<b>1,198,702</b>
<b>Total Liabilities and Fund Balance (Deficit)</b>	<b>\$ 7,906</b>	<b>\$ 420</b>	<b>\$ 32</b>	<b>\$ 393</b>	<b>\$ -</b>	<b>\$ 94</b>	<b>\$ 1,548,108</b>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GENERAL FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2011

	General School Fund	ESN, NFP, Inc.	Payroll	Interest	Illinois Tobacco	Grundy/Kendall Counties State Aid	Will County General State Aid
<b>Revenues</b>							
Local sources	\$ 39,375	\$ 25,861	\$ 119,224	\$ -	\$ -	\$ -	\$ 288
State sources	-	-	-	-	-	1,114,655	753,994
On-behalf payments -State	472,964	-	-	-	-	-	-
<b>Total Revenues</b>	<b>512,339</b>	<b>25,861</b>	<b>119,224</b>	<b>-</b>	<b>-</b>	<b>1,114,655</b>	<b>754,282</b>
<b>Expenditures</b>							
Salaries and benefits	-	-	109,966	-	-	150,100	292,715
Purchased services	24,524	18,287	-	166	-	156,522	324,345
Supplies and materials	3,894	10,593	-	243	-	56,744	82,892
Payments to other governments	-	730	-	-	-	191,069	87,999
Other objects	3,053	-	-	-	-	-	-
Capital outlay	1,520	889	-	-	-	18,748	2,770
On-behalf payments -State	472,964	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>505,955</b>	<b>30,499</b>	<b>109,966</b>	<b>409</b>	<b>-</b>	<b>573,183</b>	<b>790,721</b>
Excess/(Deficiency) of revenues over expenditures	6,384	(4,638)	9,258	(409)	-	541,472	(36,439)
<b>Other Financing Sources/(Uses)</b>							
Transfers in	-	-	-	-	-	482	-
Transfers out	-	(20,148)	-	-	-	-	-
Interest income	79	-	-	126	-	(741)	-
<b>Total Other Financing Sources/(Uses)</b>	<b>79</b>	<b>(20,148)</b>	<b>-</b>	<b>126</b>	<b>-</b>	<b>(259)</b>	<b>-</b>
Net change in fund balance	6,463	(24,786)	9,258	(283)	-	541,213	(36,439)
Fund Balance (Deficit) - Beginning (Restated, See Note 13)	115,826	24,786	1,763	666	154	549,415	8,786
Fund Balance (Deficit) - Ending	\$ 122,289	\$ -	\$ 11,021	\$ 383	\$ 154	\$ 1,090,628	\$ (27,653)

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GENERAL FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2011

	Regional Safe Schools	Will County Alternative Program	HAI HIV/MC Bowling	Will/Grundy Counties Local Area Network	Local Revenues	Parent University Fairmont 21st Century	Department of Commerce and Economic Opportunity
<b>Revenues</b>							
Local sources	\$ -	\$ -	\$ 1,035	\$ -	\$ 295	\$ -	\$ 11,810
State sources	252,495	487,168	-	-	-	-	-
On-behalf payments -State	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>252,495</b>	<b>487,168</b>	<b>1,035</b>	<b>-</b>	<b>295</b>	<b>-</b>	<b>11,810</b>
<b>Expenditures</b>							
Salaries and benefits	159,126	427,971	-	-	-	-	12,916
Purchased services	6,787	27,196	-	-	111	-	223
Supplies and materials	-	-	-	-	52	-	2
Payments to other governments	-	32,001	-	-	-	-	-
Other objects	-	-	-	1,259	-	-	-
Capital outlay	-	-	-	-	-	-	-
On-behalf payments -State	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>165,913</b>	<b>487,168</b>	<b>-</b>	<b>1,259</b>	<b>163</b>	<b>-</b>	<b>13,141</b>
<b>Excess/(Deficiency) of revenues over expenditures</b>	<b>86,582</b>	<b>-</b>	<b>1,035</b>	<b>(1,259)</b>	<b>132</b>	<b>-</b>	<b>(1,331)</b>
<b>Other Financing Sources/(Uses)</b>							
Transfers in	-	-	891	-	9,445	-	-
Transfers out	-	-	-	-	-	(482)	-
Interest income	-	-	-	-	-	-	-
<b>Total Other Financing Sources/(Uses)</b>	<b>-</b>	<b>-</b>	<b>891</b>	<b>-</b>	<b>9,445</b>	<b>(482)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>86,582</b>	<b>-</b>	<b>1,926</b>	<b>(1,259)</b>	<b>9,577</b>	<b>(482)</b>	<b>(1,331)</b>
<b>Fund Balance (Deficit) - Beginning (Restated, See Note 13)</b>	<b>(101,291)</b>	<b>-</b>	<b>-</b>	<b>1,259</b>	<b>(127)</b>	<b>482</b>	<b>(2,301)</b>
<b>Fund Balance (Deficit) - Ending</b>	<b>\$ (14,709)</b>	<b>\$ -</b>	<b>\$ 1,926</b>	<b>\$ -</b>	<b>\$ 9,450</b>	<b>\$ -</b>	<b>\$ (3,632)</b>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GENERAL FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2011

	No Tolerance Task Force	Grundy County Teen Reach	Will County Prevention Consortium - Local	In Touch Local	Engaging Youth for Positive Change	WIA Recycling	TOTALS
<b>Revenues</b>							
Local sources	\$ -	\$ 290	\$ 425	\$ 27	\$ -	\$ -	\$ 198,630
State sources	-	-	-	-	-	-	2,608,312
On-behalf payments -State	-	-	-	-	-	-	472,964
Total Revenues	-	290	425	27	-	-	3,279,906
<b>Expenditures</b>							
Salaries and benefits	-	-	-	-	-	-	1,152,794
Purchased services	-	-	-	15	-	-	558,176
Supplies and materials	-	94	359	256	-	-	155,129
Payments to other governments	-	-	-	-	169	-	311,968
Other objects	-	-	-	660	-	-	4,972
Capital outlay	-	-	-	-	-	-	23,927
On-behalf payments -State	-	-	-	-	-	-	472,964
Total Expenditures	-	94	359	931	169	-	2,679,930
Excess/(Deficiency) of revenues over expenditures	-	196	66	(904)	(169)	-	599,976
<b>Other Financing Sources/(Uses)</b>							
Transfers in	7,883	-	-	393	-	94	19,188
Transfers out	-	-	-	-	-	-	(20,630)
Interest income	-	-	-	-	-	-	(536)
Total Other Financing Sources/(Uses)	7,883	-	-	393	-	94	(1,978)
Net change in fund balance	7,883	196	66	(511)	(169)	94	597,998
Fund Balance (Deficit) - Beginning (Restated, See Note 13)	23	224	(34)	904	169	-	600,704
Fund Balance (Deficit) - Ending	\$ 7,906	\$ 420	\$ 32	\$ 393	\$ -	\$ 94	\$ 1,198,702

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2010 to June 30, 2011)  
 GENERAL FUND ACCOUNT  
 REGIONAL SAFE SCHOOLS  
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 165,937	\$ 165,937	\$ 252,495
Total Revenues	<u>165,937</u>	<u>165,937</u>	<u>252,495</u>
Expenditures			
Salaries and benefits	158,121	158,121	159,126
Purchased services	7,816	7,816	6,787
Total Expenditures	<u>165,937</u>	<u>165,937</u>	<u>165,913</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>86,582</u>
Net change in fund balance	-	-	86,582
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>(101,291)</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,709)</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2011

	ESN NFP WIA Grants	Truants Alternative Optional Education Program	Will County Truants Alternative Optional Education Program	Chemical Abuse Services Program	No Tolerance Task Force	Teen Reach
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ 6,944	\$ -	\$ 11,605	\$ -
Due from other governments						
State	-	84,866	21,707	-	-	-
Federal	116,203	-	-	-	-	8,176
<b>Total Assets</b>	<b>\$ 116,203</b>	<b>\$ 84,866</b>	<b>\$ 28,651</b>	<b>\$ -</b>	<b>\$ 11,605</b>	<b>\$ 8,176</b>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities</b>						
Accrued payroll and employee benefits	\$ -	\$ -	\$ 6,944	\$ -	\$ -	\$ -
Due to other funds	115,171	84,866	21,707	-	-	8,176
Due to other governments	1,032	-	-	-	-	-
Deferred revenue	3,113	-	-	-	-	-
<b>Total Liabilities</b>	<b>119,316</b>	<b>84,866</b>	<b>28,651</b>	<b>-</b>	<b>-</b>	<b>8,176</b>
<b>Fund Balance (Deficit)</b>						
Restricted	-	-	-	-	11,605	-
Unassigned	(3,113)	-	-	-	-	-
<b>Total Fund Balance (Deficit)</b>	<b>(3,113)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,605</b>	<b>-</b>
<b>Total Liabilities and Fund Balance (Deficit)</b>	<b>\$ 116,203</b>	<b>\$ 84,866</b>	<b>\$ 28,651</b>	<b>\$ -</b>	<b>\$ 11,605</b>	<b>\$ 8,176</b>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2011

	McKinney-Vento Education for Homeless Children and Youth	ARRA - Education Job Funds Program	Title I Reading First Part B SEA Funds	Fairmont Literacy Program	Will County ARRA - Education Job Funds Program	TOTALS
<b>Assets</b>						
Cash and cash equivalents	\$ 6,043	\$ 5,586	\$ -	\$ 1,442	\$ 224	\$ 31,844
Due from other governments						
State	-	-	-	-	-	106,573
Federal	-	30,390	-	-	10,621	165,390
<b>Total Assets</b>	<b>\$ 6,043</b>	<b>\$ 35,976</b>	<b>\$ -</b>	<b>\$ 1,442</b>	<b>\$ 10,845</b>	<b>\$ 303,807</b>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities</b>						
Accrued payroll and employee benefits	\$ -	\$ 5,586	\$ -	\$ -	\$ 224	\$ 12,754
Due to other funds	-	30,390	-	-	10,621	270,931
Due to other governments	-	-	-	-	-	1,032
Deferred revenue	6,043	-	-	-	-	9,156
<b>Total Liabilities</b>	<b>6,043</b>	<b>35,976</b>	<b>-</b>	<b>-</b>	<b>10,845</b>	<b>293,873</b>
<b>Fund Balance (Deficit)</b>						
Restricted	-	-	-	1,442	-	13,047
Unassigned	-	-	-	-	-	(3,113)
<b>Total Fund Balance (Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,442</b>	<b>-</b>	<b>9,934</b>
<b>Total Liabilities and Fund Balance (Deficit)</b>	<b>\$ 6,043</b>	<b>\$ 35,976</b>	<b>\$ -</b>	<b>\$ 1,442</b>	<b>\$ 10,845</b>	<b>\$ 303,807</b>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2011

	ESN NFP WIA Grants	Truants Alternative Optional Education Program	Will County Truants Alternative Optional Education Program	Chemical Abuse Services Program	No Tolerance Task Force	Teen Reach
<b>Revenues</b>						
Local sources	\$ -	\$ -	\$ -	\$ 498	\$ 27,500	\$ -
State sources	-	85,195	160,108	-	-	104,576
Federal sources	633,571	-	-	-	-	87,430
Total Revenues	<u>633,571</u>	<u>85,195</u>	<u>160,108</u>	<u>498</u>	<u>27,500</u>	<u>192,006</u>
<b>Expenditures</b>						
Salaries and benefits	571,093	79,776	159,492	-	25,556	154,442
Purchased services	60,702	5,218	616	478	2,346	20,077
Supplies and materials	3,252	201	-	550	-	6,916
Payments to other governments	-	-	-	-	-	-
Capital outlay	1,637	-	-	-	-	10,571
Total Expenditures	<u>636,684</u>	<u>85,195</u>	<u>160,108</u>	<u>1,028</u>	<u>27,902</u>	<u>192,006</u>
Deficiency of revenues over expenditures	<u>(3,113)</u>	<u>-</u>	<u>-</u>	<u>(530)</u>	<u>(402)</u>	<u>-</u>
<b>Other Financing Sources/(Uses)</b>						
Transfer in	2,235	-	-	-	-	-
Transfer out	<u>(2,235)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(3,113)	-	-	(530)	(402)	-
Fund Balance - Beginning (Restated, See Note 13)	<u>-</u>	<u>-</u>	<u>-</u>	<u>530</u>	<u>12,007</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u>\$ (3,113)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,605</u>	<u>\$ -</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2011

	McKinney-Vento Education for Homeless Children and Youth	ARRA - Job Education Funds Program	Title I Reading First Part B SEA Funds	Fairmont Literacy Program	Will County- ARRA - Job Education Funds Program	TOTALS
Revenues						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,998
State sources	-	-	-	-	-	349,879
Federal sources	17,012	81,384	16,552	-	130,157	966,106
Total Revenues	<u>17,012</u>	<u>81,384</u>	<u>16,552</u>	<u>-</u>	<u>130,157</u>	<u>1,343,983</u>
Expenditures						
Salaries and benefits	13,867	80,748	-	-	130,155	1,215,129
Purchased services	1,680	636	-	-	-	91,753
Supplies and materials	594	-	-	-	-	11,513
Payments to other governments	-	-	16,552	-	-	16,552
Capital outlay	871	-	-	-	2	13,081
Total Expenditures	<u>17,012</u>	<u>81,384</u>	<u>16,552</u>	<u>-</u>	<u>130,157</u>	<u>1,348,028</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,045)</u>
Other Financing Sources/(Uses)						
Transfer in	-	-	-	1,442	-	3,677
Transfer out	-	-	-	-	-	(2,235)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,442</u>	<u>-</u>	<u>1,442</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,442</u>	<u>-</u>	<u>(2,603)</u>
Fund Balance - Beginning (Restated, See Note 13)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,537</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,442</u>	<u>\$ -</u>	<u>\$ 9,934</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2010 to June 30, 2011)  
 EDUCATION FUND ACCOUNT  
 ESN NFP WIA GRANTS  
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 637,335	\$ 682,650	\$ 633,571
Total Revenues	<u>637,335</u>	<u>682,650</u>	<u>633,571</u>
Expenditures			
Salaries and benefits	489,563	526,137	571,093
Purchased services	139,919	148,660	60,702
Supplies and materials	5,853	5,853	3,252
Capital outlay	2,000	2,000	1,637
Total Expenditures	<u>637,335</u>	<u>682,650</u>	<u>636,684</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(3,113)</u>
Other Financing Sources/(Uses)			
Transfers in	-	-	2,235
Transfers out	-	-	(2,235)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	(3,113)
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,113)</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2010 to June 30, 2011)  
 EDUCATION FUND ACCOUNT  
 TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM  
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 289,580	\$ 289,580	\$ 85,195
Total Revenues	<u>289,580</u>	<u>289,580</u>	<u>85,195</u>
Expenditures			
Salaries and benefits	258,334	258,334	79,776
Purchased services	27,746	27,746	5,218
Supplies and materials	3,500	3,500	201
Total Expenditures	<u>289,580</u>	<u>289,580</u>	<u>85,195</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2010 to June 30, 2011)  
 EDUCATION FUND ACCOUNT  
 WILL COUNTY TRUANTS ALTERNATIVE OPTIONAL EDUCATION  
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 202,079	\$ 202,079	\$ 160,108
Total Revenues	<u>202,079</u>	<u>202,079</u>	<u>160,108</u>
Expenditures			
Salaries and benefits	198,476	198,476	159,492
Purchased services	3,603	3,603	616
Total Expenditures	<u>202,079</u>	<u>202,079</u>	<u>160,108</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2011

	School Bus Driver Training	General Education Development	Institute	TOTALS
Assets				
Cash and cash equivalents	\$ 36,706	\$ 6,028	\$ 155,962	\$ 198,696
Total Assets	<u>\$ 36,706</u>	<u>\$ 6,028</u>	<u>\$ 155,962</u>	<u>\$ 198,696</u>
Fund Balance				
Restricted	\$ 36,706	\$ 6,028	\$ 155,962	\$ 198,696
Total Fund Balance	<u>\$ 36,706</u>	<u>\$ 6,028</u>	<u>\$ 155,962</u>	<u>\$ 198,696</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

	School Bus Driver Training	General Education Development	Institute	TOTALS
<b>Revenues</b>				
Local sources	\$ 3,733	\$ 8,902	\$ 42,071	\$ 54,706
State sources	772	-	-	772
Total Revenues	<u>4,505</u>	<u>8,902</u>	<u>42,071</u>	<u>55,478</u>
<b>Expenditures</b>				
Purchased services	1,010	5,100	80,727	86,837
Supplies and materials	-	2,856	385	3,241
Other objects	-	365	-	365
Total Expenditures	<u>1,010</u>	<u>8,321</u>	<u>81,112</u>	<u>90,443</u>
Excess/(Deficiency) of revenues over expenditures	<u>3,495</u>	<u>581</u>	<u>(39,041)</u>	<u>(34,965)</u>
<b>Other Financing Sources/(Uses)</b>				
Transfers in	-	-	72,389	72,389
Transfers out	-	-	(72,389)	(72,389)
Interest income	63	-	1,180	1,243
Total Other Financing Sources/(Uses)	<u>63</u>	<u>-</u>	<u>1,180</u>	<u>1,243</u>
Net change in fund balance	3,558	581	(37,861)	(33,722)
Fund Balance - Beginning (Restated, See Note 13)	<u>33,148</u>	<u>5,447</u>	<u>193,823</u>	<u>232,418</u>
Fund Balance - Ending	<u>\$ 36,706</u>	<u>\$ 6,028</u>	<u>\$ 155,962</u>	<u>\$ 198,696</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 AGENCY FUNDS  
 JUNE 30, 2011

	Distributive Fund	Outdoor Education Cooperative	Totals
<b>Assets</b>			
Cash and cash equivalents	\$ 80,834	\$ 8,906	\$ 89,740
Total Assets	\$ 80,834	\$ 8,906	\$ 89,740
<b>Liabilities</b>			
Due to other governments	\$ 80,834	\$ 8,906	\$ 89,740
Total Liabilities	\$ 80,834	\$ 8,906	\$ 89,740

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>July 01, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2011</u>
<u>DISTRIBUTIVE FUND</u>				
Assets				
Cash and cash equivalents	\$ 80,658	\$ 10,002,475	\$ 10,002,299	\$ 80,834
Total Assets	<u>\$ 80,658</u>	<u>\$ 10,002,475</u>	<u>\$ 10,002,299</u>	<u>\$ 80,834</u>
Liabilities				
Due to other governments	\$ 80,658	\$ 10,002,475	\$ 10,002,299	\$ 80,834
Total Liabilities	<u>\$ 80,658</u>	<u>\$ 10,002,475</u>	<u>\$ 10,002,299</u>	<u>\$ 80,834</u>
<u>OUTDOOR EDUCATION COOPERATIVE</u>				
Assets				
Cash and cash equivalents	\$ 21,041	\$ 112,058	\$ 124,193	\$ 8,906
Total Assets	<u>\$ 21,041</u>	<u>\$ 112,058</u>	<u>\$ 124,193</u>	<u>\$ 8,906</u>
Liabilities				
Accounts payable	\$ 1,400	\$ -	\$ 1,400	\$ -
Due to other governments	19,641	112,058	122,793	8,906
Total Liabilities	<u>\$ 21,041</u>	<u>\$ 112,058</u>	<u>\$ 124,193</u>	<u>\$ 8,906</u>
<u>TOTALS ALL AGENCY FUNDS</u>				
Assets				
Cash and cash equivalents	\$ 101,699	\$ 10,114,533	\$ 10,126,492	\$ 89,740
Total Assets	<u>\$ 101,699</u>	<u>\$ 10,114,533</u>	<u>\$ 10,126,492</u>	<u>\$ 89,740</u>
Liabilities				
Accounts payable	\$ 1,400	\$ -	\$ 1,400	\$ -
Due to other governments	100,299	10,114,533	10,125,092	89,740
Total Liabilities	<u>\$ 101,699</u>	<u>\$ 10,114,533</u>	<u>\$ 10,126,492</u>	<u>\$ 89,740</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
DISTRIBUTIVE FUND  
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHERS  
FOR THE YEAR ENDED JUNE 30, 2011

	Education Service Network	Kendall County Special Ed.	Grundy/ Kendall General School Fund	Total
Federal Special Education - IDEA Flow Through	\$ -	\$ 4,689,702	\$ -	\$ 4,689,702
Special Education Personnel	-	3,518,045	-	3,518,045
ARRA-Federal Special Education - IDEA Flow Through	-	10,000	-	10,000
General State Aid	894,608	-	-	894,608
Title I Reading First Part B SEA	16,552	-	-	16,552
Early Childhood Block Grant	33,469	-	-	33,469
Regional Safe Schools	227,891	-	-	227,891
ARRA - Job Education Funds Program	50,994	-	-	50,994
Medicaid matching fund	-	264,272	-	264,272
Fed. Spec. Ed. Pre School	-	47,900	-	47,900
ARRA-Fed. Spec. Ed. Pre School	-	60,000	-	60,000
Illinois Step Ahead	50,400	-	-	50,400
Teen Reach	116,673	-	-	116,673
Homeless liaison	17,500	-	-	17,500
ROE school bus driver training	-	-	772	772
National Board Certification	-	3,521	-	3,521
Totals	<u>\$ 1,408,087</u>	<u>\$ 8,593,440</u>	<u>\$ 772</u>	<u>\$ 10,002,299</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Project # (1st eight digits) or Contract #	Federal Expenditures 7/1/10 - 6/30/11
<b>U.S. Department of Education</b>			
Education for Homeless Children and Youth -			
Passed-Through Will County Regional Office of Education #56			
McKinney Education for Homeless Children	84.196	11-4920-00	\$ 17,012
Reading First State Grants			
Passed-Through Illinois State Board of Education			
Title I Reading First Part B SEA Funds	84.357A	11-4337-00	16,552
Total Title I Reading First Part B SEA Funds			<u>16,552</u>
ARRA - Education Jobs Fund			
Passed-Through Illinois State Board of Education			
Passed-Through Will County Regional Office of Education #56	84.410	11-4880-93	81,384
Passed-Through Will County Regional Office of Education #56	84.410	11-4880-93	130,157
Total ARRA - Education Jobs Fund			<u>211,541</u>
Gaining Early Awareness and Readiness for Undergraduate Programs			
Passed-Through Illinois Department of Human Services			
Gear Up State Award	84.334	11GL216000	384
Gear Up State Award	84.334	111GM108000	12,000
			<u>12,384</u>
<b>Total U.S. Department of Education</b>			<u>257,489</u>
<b>U.S. Department of Health and Human Services</b>			
Temporary Assistance for Needy Families			
Passed-Through Illinois Department of Human Services			
Teen Reach	93.558	11GL216000	25,846
Teen Reach	93.558	111GM216000	49,200
<b>Total U.S. Department of Health and Human Services passed through Illinois Department of Human Services</b>			<u>75,046</u>
<b>Department of Labor</b>			
Workforce Investment Act Cluster-			
Passed-Through Kane County Department of Employment and Education			
ARRA - WIA Youth Activities	17.259	08-02-32111	19,069
Workforce Investment Act (WIA) - Kendall County	17.259	ESN 712010	178,355
Total Passed-Through Kane County Department of Employment and Education			<u>197,424</u>
Workforce Investment Act Cluster-			
Passed-Through Workforce Investment Board of Will County			
Workforce Investment Act (WIA) - Premier Youth	17.259	2010-5000	439,260
Total Workforce Investment Act Cluster			<u>636,684</u>
<b>Total Department of Labor</b>			<u>636,684</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 969,219</u>

The accompanying notes are an integral part of this schedule.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Grundy/Kendall Counties Regional Office of Education #24 and is presented 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 on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Grundy/Kendall Counties Regional Office of Education #24 provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA #</u>	<u>Amount provided to subrecipients</u>
Title I Reading First Part B SEA Funds	84.357A	\$ 16,552

NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM

Workforce Investment Act Cluster– to account for federal funds used to provide job training programs to underprivileged youth who have a substantial barrier to employment. Training programs include tutoring, mentoring, and study skills training.

NOTE 4 - NON-CASH ASSISTANCE

None

NOTE 5 - AMOUNT OF INSURANCE

None

NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

None