

**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, 2012**

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24

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GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24

OFFICIALS

Regional Superintendent  
(Current and Acting Effective March 6, 2013)

Mr. Christopher Mehochko

Regional Superintendent  
(March 1, 2013 through March 5, 2013)

Vacant

Regional Superintendent  
(Acting Effective July 1, 2011  
through February 28, 2013)

Mr. Paul Nordstrom

Assistant Regional Superintendent  
(March 6, 2013 through Current)

Vacant

Assistant Regional Superintendent  
(Acting Effective July 1, 2011  
through March 5, 2013)

Mr. Christopher Mehochko

Offices are located at:

1320 Union Street  
Morris, Illinois 60450

109 W. Ridge Street  
Yorkville, Illinois 60560

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 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	4	2
Repeated audit findings	2	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)			
12-1	12a	Inadequate Internal Controls Over Financial Reporting	Material Weakness
12-2	12c	Controls Over Financial Statement Preparation	Material Weakness
12-3	12e	Controls over Property And Equipment	Significant Deficiency
12-4	12f	Inadequate Internal Controls Over Compliance	Noncompliance

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

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
12-4	12f	Inadequate Internal Controls Over Compliance	Material Weakness and Noncompliance

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 12, 2012. Attending were Paul Nordstrom, Regional Superintendent and Michelle D. Smith, Partner, 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, 2012, 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, 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, 2012, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 12, 2013, 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.

Accounting principles generally accepted in the United States of America require that 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, 58 and 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grundy and Kendall Counties Regional Office of Education #24's financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

*Kemper CPA Group LLP*

*Certified Public Accountants and Consultants*

Evansville, Indiana  
March 12, 2013

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, 2012, which collectively comprise the Grundy/Kendall Counties Regional Office of Education #24's basic financial statements and have issued our report thereon dated March 12, 2013. 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, and other deficiencies that we consider to be significant deficiencies.

*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 12-1 and 12-2 in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in finding 12-3 in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency.

#### 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 12-4.

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 March 12, 2013.

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, we express no opinion on the responses.

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.

Handwritten signature in black ink that reads "Kemper CPA Group LLP".

*Certified Public Accountants and Consultants*

Evansville, Indiana  
March 12, 2013

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 *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 programs for the year ended June 30, 2012. 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.

As described in item 12-4 in the accompanying Schedule of Findings and Questioned Costs, Grundy/Kendall Counties Regional Office of Education #24 did not comply with requirements regarding subrecipient monitoring that are applicable to its Workforce Investment Act Premier Youth Program. Compliance with such requirements is necessary, in our opinion, for Grundy/Kendall Counties Regional Office of Education #24 to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2012.

## 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance 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 discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

*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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 12-4 to be a material weakness.

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 Grundy/Kendall Counties Regional Office of Education #24's responses and, accordingly, we express no opinion on the responses.

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  
March 12, 2013

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2012

**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?	Yes
● Noncompliance material to financial statements noted?	Yes

**Federal Awards**

Internal control over major programs:	
● Material weakness(es) identified?	Yes
● Significant deficiency(ies) identified?	None noted

Type of auditor’s report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? Yes

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Finding No. 12-1– Inadequate Internal Controls Over Financial Reporting (Partial Repeat of Prior Year Findings 11-1 and 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) The Regional Office of Education maintains several of its special revenue and general fund accounts in a different accounting software program than what is used by Education Service Network, Not for Profit, Inc. (ESN, NFP, Inc.), a blended component unit of the Regional Office. In addition, the accounting software program used for the special revenue and general fund accounts at the Regional Office does not have the correct fiscal year end dates set in the software.
- 2) 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:**

- 1) The special revenue and general funds have been maintained in the separate software system because the bookkeeper was familiar with the program. The bookkeeper maintaining the special revenue and general fund accounts was not aware that the year-end dates were incorrect in the accounting software.
- 2) The bookkeeper did not correctly allocate the cash to the various programs.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

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

**Finding No. 12-1– Inadequate Internal Controls Over Financial Reporting (Partial Repeat of Prior Year Findings 11-1 and 10-1) (Concluded)**

**Recommendation:**

- 1) 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. Additionally, the funds should be maintained on the fiscal year of the Regional Office.
- 2) The general fund cash account should be allocated among the programs/accounts held within the general fund.

**Management Response:**

- 1) The Grundy/ Kendall Regional Office of Education, as of July 1, 2012, has discontinued the use of the outdated accounting software at one location, and has switched over to using the recommended accounting software for all accounting.
- 2) The bookkeeper has been instructed to allocate the general fund cash account among the programs/ accounts within the fund.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

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

**Finding No. 12-2– Controls Over Financial Statement Preparation (Repeat of Prior Year Findings 11-2 and 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. The following items were noted by the auditors in their review of the Regional Office's accounting records:

- 1) Numerous adjusting entries were required to present the financial statements in accordance with generally accepted accounting principles.
- 2) The Regional Office had incorrectly recorded prepaid expenses and accounts payable.

**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, 2012

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

**Finding No. 12-2– Controls Over Financial Statement Preparation (Repeat of Prior Year Findings 11-2 and 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:**

Our bookkeeper is quite experienced. She greatly reduced the number of entries this year. We do not have the funding to hire a CPA or train staff in order to keep up with all accounting standard updates.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

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

**Finding No. 12-3– Controls Over Property and Equipment**

**Criteria/Specific Requirement:**

The Regional Office of Education #24's policy is to maintain detailed fixed asset records for fixed assets costing \$5,000 or more and a useful life greater than one year. Generally accepted accounting principles (GAAP) require inventory and depreciation schedules be maintained for all fixed assets meeting the capitalization threshold for reporting.

**Condition:**

During testing of property and equipment, auditors noted two assets included in equipment accounts that were not included in the fixed asset inventory listing or depreciation schedule.

**Effect:**

An incomplete fixed asset inventory does not provide an adequate basis for physical control and losses may occur without being detected. Inaccurate recording of the book value of fixed assets and depreciation expense could cause the financial statements to be materially misstated.

**Cause:**

Regional Office personnel have not been adequately trained to understand the standards associated with fixed asset reporting and were not following established internal control policies regarding the tracking of fixed assets.

**Recommendation:**

The Regional Office should implement a procedure that requires a review of equipment and supply accounts at year end to ensure that all fixed assets have been properly added to the fixed asset inventory listing and depreciation schedule.

**Management's Response:**

Our staff member has been notified that she needs to add asset additions of value over \$5,000.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

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

**Finding No. 12-4– Inadequate Internal Controls over Compliance**

**Federal Program Name:** WIA Youth Activities

**Project #:** 2011-5000

**CFDA#:** 17.259

**Passed Through:** Workforce Investment Board of Will County

**Federal Agency:** U.S. Department of Labor

**Criteria/Specific Requirement:**

As a recipient of federal, State, and local funds from various grantor agencies, the Regional Office must incorporate certain procedures into their operations in order to comply with the grant agreements with these entities. The Regional Office is required to record disbursements in accordance with generally accepted accounting principles (GAAP). Additionally, the Regional Office is required to have grant agreements in place with all subrecipients.

**Condition:**

During our testing of compliance of this grant, we noted the following:

- 1) A disbursement for July health insurance in the amount of \$625 was fully expensed in June instead of being recorded as a prepaid expense. This is not in accordance with GAAP.
- 2) A payment was made in July on a credit card bill that included transactions for June in the amount of \$2,528, but no accounts payable was recorded. This is not in accordance with GAAP.
- 3) The Regional Office did not have documentation that the required federal award information was provided to the subrecipient. Further, amounts paid to the subrecipient were netted with income accounts instead of being recorded as an expense.

**Questioned Costs:**

There are no questioned costs associated with any of the conditions noted.

**Context:**

- 1) In June 2012, a payment of \$8,226 was made to pay an insurance bill for July coverage. This entire amount should have been recorded as a prepaid expense.
- 2) In July 2011, a payment was made for \$9,420 of expenses for June 2011. This amount was not properly recorded as accounts payable in fiscal year 2011.
- 3) The Regional Office paid \$27,271 of grant funding to subrecipients during fiscal year 2012.

**Effect:**

- 1) The Regional Office is not in compliance with this grant. In addition, prepaid assets were understated and expenses were overstated in FY 12.
- 2) The Regional Office is not in compliance with this grant. Liabilities and expenses were understated.
- 3) The Regional Office is not in compliance with this grant.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

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

**Finding No. 12-4– Inadequate Internal Controls over Compliance (Concluded)**

**Cause:**

- 1) ROE staff did not correctly record prepaid expenses in the funds.
- 2) ROE staff did not correctly record accounts payable.
- 3) Regional Office personnel were not aware of all of the grant requirements for subrecipients, including the need for subrecipient agreement, subrecipient monitoring and how to properly record payments to subrecipients as this was the first year they had subrecipients for this grant.

**Recommendation:**

- 1) The Regional Office should record any disbursement made for a subsequent period as a prepaid expense.
- 2) The Regional Office should implement a procedure that involves reviewing all invoices received after year end to determine if they relate to liabilities before year end. Any amounts paid after June 30th of a fiscal year that relate to activity prior to June 30th should be recorded as accounts payable.
- 3) Prior to sending federal funding to any subrecipient, the Regional Office should provide all required federal award information to the subrecipient, review all subrecipient monitoring compliance requirements and develop policies and procedures relating to subrecipient monitoring.

**Management's Response:**

The Regional Superintendent and bookkeeper discussed this at length. The bookkeeper stated that she will make every effort to record disbursements and receivables in such a manner that they are correctly recorded to be in compliance.

Item 3 will no longer be an issue, as we no longer have the subrecipient as of July 1, 2012.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

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

**INSTANCES OF NONCOMPLIANCE:**

**Finding No. 12-4– Inadequate Internal Controls over Compliance** (details on pages 12f-12g)

**MATERIAL WEAKNESS:**

**Finding No. 12-4– Inadequate Internal Controls over Compliance** (details on pages 12f-12g)

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
JUNE 30, 2012

**Corrective Action Plan**

**Finding No. 12-1– Inadequate Internal Controls Over Financial Reporting (Partial Repeat of Prior Year Findings 11-1 and 10-1)**

**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) The Regional Office of Education maintains several of its special revenue and general fund accounts in a different accounting software program than what is used by Education Service Network, Not for Profit, Inc. (ESN, NFP, Inc.), a blended component unit of the Regional Office. In addition, the accounting software program used for the special revenue and general fund accounts at the Regional Office does not have the correct fiscal year end dates set in the software.
- 2) 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, as of July 1, 2012, has discontinued the use of the outdated accounting software at one location, and has switched over to using the recommended accounting software for all accounting.
- 2) The bookkeeper has been instructed to allocate the general fund cash account among the programs/ accounts within the fund.

**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, 2012

**Corrective Action Plan (Continued)**

**Finding No. 12-2– Controls Over Financial Statement Preparation (Repeat of Prior Year Findings 11-2 and 10-2)**

**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. The following items were noted by the auditors in their review of the Regional Office's accounting records:

- 1) Numerous adjusting entries were required to present the financial statements in accordance with generally accepted accounting principles.
- 2) The Regional Office had incorrectly recorded prepaid expenses and accounts payable.

**Plan:**

The Regional Office of Education #24 accepts the degree of risk associated with this condition because the added expense of seeking additional accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region.

**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  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
JUNE 30, 2012

**Corrective Action Plan (Continued)**

**Finding No. 12-3– Controls Over Property and Equipment**

**Condition:**

During testing of property and equipment, auditors noted two assets included in equipment accounts that were not included in the fixed asset inventory listing or depreciation schedule.

**Plan:**

Our staff member has been notified that she needs to add asset additions of value over \$5,000.

**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  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
JUNE 30, 2012

**Corrective Action Plan (Concluded)**

**Finding No. 12-4– Inadequate Internal Controls over Compliance**

**Condition:**

During our testing of compliance of this grant, we noted the following:

- 1) A disbursement for July health insurance in the amount of \$625 was fully expensed in June instead of being recorded as a prepaid expense. This is not in accordance with GAAP.
- 2) A payment was made in July on a credit card bill that included transactions for June in the amount of \$2,528, but no accounts payable was recorded. This is not in accordance with GAAP.
- 3) The Regional Office did not have documentation that the required federal award information was provided to the subrecipient. Further, amounts paid to the subrecipient were netted with income accounts instead of being recorded as an expense.

**Plan:**

The Regional Superintendent and bookkeeper discussed this at length. The bookkeeper stated that she will make every effort to record disbursements and receivables in such a manner that they are correctly recorded to be in compliance.

Item 3 will no longer be an issue, as we no longer have the subrecipient as of July 1, 2012.

**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, 2012

<b><u>Finding No.</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
11-1	Inadequate Internal Controls Over Financial Reporting	Partially Repeated as Finding 12-1
11-2	Controls Over Financial Statement Preparation	Repeated as Finding 12-2

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012**

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 2012 that ended on June 30, 2012. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

**2012 FINANCIAL HIGHLIGHTS**

- Within the Governmental Funds, the General Fund revenues decreased by \$374,007 from \$3,277,928 in fiscal year 2011 to \$2,903,921 in fiscal year 2012. General Fund expenditures decreased by \$120,114 from \$2,679,930 in fiscal year 2011 to \$2,559,816 in fiscal year 2012. The majority of the revenue and expenditure decreases are due to a decrease in funding from state sources.
- Within the Governmental Funds, the Special Revenue Fund revenue decreased by \$170,775 from \$1,402,146 in fiscal year 2011 to \$1,231,371 in fiscal year 2012. The Special Revenue Fund expenditures decreased by \$195,312 from \$1,438,471 in fiscal year 2011 to \$1,243,159 in fiscal year 2012. The revenue and expenditure decreases are due to less funding from federal and state sources.

**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.
- Notes to 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.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012

**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.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012

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

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

- 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.

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 2012 totaled \$1,818,520. At the end of fiscal year 2011, the net assets were \$1,491,186. Net assets related to the Institute Fund are considered restricted for teacher professional development. The analysis that follows provides a summary of the Office's net assets as of June 30, 2012 and 2011, 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, 2012

CONDENSED STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Assets						
Current assets	\$ 1,864,798	\$ 1,481,466	\$ 19,024	\$ 36,063	\$ 1,883,822	\$ 1,517,529
Capital assets, being depreciated, net	<u>32,691</u>	<u>46,969</u>	<u>15,706</u>	<u>-</u>	<u>48,397</u>	<u>46,969</u>
Total Assets	<u><u>1,897,489</u></u>	<u><u>1,528,435</u></u>	<u><u>34,730</u></u>	<u><u>36,063</u></u>	<u><u>1,932,219</u></u>	<u><u>1,564,498</u></u>
Current Liabilities	<u>113,699</u>	<u>56,312</u>	<u>-</u>	<u>17,000</u>	<u>113,699</u>	<u>73,312</u>
Total Liabilities	<u><u>113,699</u></u>	<u><u>56,312</u></u>	<u><u>-</u></u>	<u><u>17,000</u></u>	<u><u>113,699</u></u>	<u><u>73,312</u></u>
Net assets:						
Invested in capital assets, net of related debt	32,691	46,969	15,706	-	48,397	46,969
Unrestricted	1,548,921	1,213,411	19,024	19,063	1,567,945	1,232,474
Restricted for educational purposes	<u>202,178</u>	<u>211,743</u>	<u>-</u>	<u>-</u>	<u>202,178</u>	<u>211,743</u>
Total Net Assets	<u><u>\$ 1,783,790</u></u>	<u><u>\$ 1,472,123</u></u>	<u><u>\$ 34,730</u></u>	<u><u>\$ 19,063</u></u>	<u><u>\$ 1,818,520</u></u>	<u><u>\$ 1,491,186</u></u>

The Regional Office of Education's net assets increased by \$327,334 from FY11.

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012**

**CHANGES IN NET ASSETS**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
<b>Program Revenues</b>						
Charges for services	\$ -	\$ -	\$ 46,486	\$ 34,191	\$ 46,486	\$ 34,191
Operating grants and contributions	1,724,509	1,766,059	-	-	1,724,509	1,766,059
<b>General Revenues</b>						
Local sources	288,976	281,334	-	-	288,976	281,334
State sources	1,592,540	1,945,421	-	-	1,592,540	1,945,421
Federal sources	-	127,044	-	-	-	127,044
Interest income	558	707	-	-	558	707
On-behalf payments	522,337	472,964	-	-	522,337	472,964
Loss on disposal of assets	(4,558)	-	-	-	(4,558)	-
<b>Total revenues</b>	<u><u>\$ 4,124,362</u></u>	<u><u>\$ 4,593,529</u></u>	<u><u>\$ 46,486</u></u>	<u><u>\$ 34,191</u></u>	<u><u>\$ 4,170,848</u></u>	<u><u>\$ 4,627,720</u></u>
<b>Expenses:</b>						
<b>Program expenses</b>						
Salaries and benefits	\$ 2,423,612	\$ 2,367,923	\$ 16,031	\$ 21,841	\$ 2,439,643	\$ 2,389,764
Purchased services	465,025	736,766	14,309	13,838	479,334	750,604
Supplies and materials	82,689	169,883	479	222	83,168	170,105
Payment to other governments	273,844	328,520	-	-	273,844	328,520
Capital Outlay	33,522	37,008	-	-	33,522	37,008
Depreciation expense	9,720	10,841	-	-	9,720	10,841
Other objects	1,946	5,337	-	-	1,946	5,337
<b>Administration expenses</b>						
On-behalf payments	522,337	472,964	-	-	522,337	472,964
<b>Total expenses</b>	<u><u>\$ 3,812,695</u></u>	<u><u>\$ 4,129,242</u></u>	<u><u>\$ 30,819</u></u>	<u><u>\$ 35,901</u></u>	<u><u>\$ 3,843,514</u></u>	<u><u>\$ 4,165,143</u></u>
<b>Changes in net assets</b>	\$ 311,667	\$ 464,287	\$ 15,667	\$ (1,710)	\$ 327,334	\$ 462,577
<b>Net assets beginning of year</b>	1,472,123	1,007,836	19,063	20,773	1,491,186	1,028,609
<b>Net assets end of year</b>	<u><u>\$ 1,783,790</u></u>	<u><u>\$ 1,472,123</u></u>	<u><u>\$ 34,730</u></u>	<u><u>\$ 19,063</u></u>	<u><u>\$ 1,818,520</u></u>	<u><u>\$ 1,491,186</u></u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012

**Governmental Activities**

Revenues for governmental activities were \$4,124,362 and expenses were \$3,812,695 for the year ended June 30, 2012. Revenues for governmental activities were \$4,593,529 and expenses were \$4,129,242 for the year ended June 30, 2011. 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 \$1,739,649 at June 30, 2012 compared to fiscal year 2011's ending fund balance of \$1,407,332.

**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, 2012, Regional Office of Education #24 purchased assets totaling \$15,706 and deleted assets totaling \$9,431, resulting in an ending balance of \$48,397. 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, 2012

**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:

- The Grundy/Kendall Regional Office of Education and Will County Regional Office of Education dissolved the former Education Service Network NFP Inc. as of July 1, 2012.
- The Alternative School for Grundy and Kendall Counties, Premier Academy, moved to a larger, more practical location over Christmas break of December 2012 and January 2013, taking on new expenses.
- The State of Illinois is going through financial challenges. Funding for General State Aid, RSSP and TAOEP have all been reduced significantly, reducing revenue for the ROE.
- Interest rates earned on all accounts are at historical lows.

**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, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 1,668,107	\$ 12,819	\$ 1,680,926
Due from other funds	(3,167)	3,167	-
Due from other governments:			
State	116,957	-	116,957
Federal	77,625	-	77,625
Prepaid expenses	5,276	3,038	8,314
Total current assets	<u>1,864,798</u>	<u>19,024</u>	<u>1,883,822</u>
<b>NONCURRENT ASSETS:</b>			
Capital assets, net of depreciation	<u>32,691</u>	<u>15,706</u>	<u>48,397</u>
<b>TOTAL ASSETS</b>	<u>1,897,489</u>	<u>34,730</u>	<u>1,932,219</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Accrued payroll and employee benefits	65,964	-	65,964
Due to other governments:			
Local	5,095	-	5,095
State	37,311	-	37,311
Deferred revenue	5,329	-	5,329
Total current liabilities	<u>113,699</u>	<u>-</u>	<u>113,699</u>
<b>TOTAL LIABILITIES</b>	<u>113,699</u>	<u>-</u>	<u>113,699</u>
<b>NET ASSETS</b>			
Invested in capital assets	32,691	15,706	48,397
Unrestricted	1,548,921	19,024	1,567,945
Restricted for educational purposes	<u>202,178</u>	<u>-</u>	<u>202,178</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 1,783,790</u>	<u>\$ 34,730</u>	<u>\$ 1,818,520</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, 2012

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	\$ 2,423,612	\$ -	\$ 1,504,482	\$ (919,130)	\$ -	\$ (919,130)
Purchased services	465,025	-	118,827	(346,198)	-	(346,198)
Supplies and materials	82,689	-	11,305	(71,384)	-	(71,384)
Other objects	1,946	-	-	(1,946)	-	(1,946)
Depreciation	9,720	-	-	(9,720)	-	(9,720)
Capital outlay	33,522	-	33,522	-	-	-
Payments to other governments	273,844	-	56,373	(217,471)	-	(217,471)
Administrative:						
On-behalf payments - State	522,337	-	-	(522,337)	-	(522,337)
Total Governmental Activities	<u>3,812,695</u>	<u>-</u>	<u>1,724,509</u>	<u>(2,088,186)</u>	<u>-</u>	<u>(2,088,186)</u>
Business-type Activities:						
Registration fees	13,633	33,836	-	-	20,203	20,203
Tuition	17,186	12,650	-	-	(4,536)	(4,536)
Total Business-type Activities	<u>30,819</u>	<u>46,486</u>	<u>-</u>	<u>-</u>	<u>15,667</u>	<u>15,667</u>
Total Primary Government	<u>\$ 3,843,514</u>	<u>\$ 46,486</u>	<u>\$ 1,724,509</u>	<u>(2,088,186)</u>	<u>15,667</u>	<u>(2,072,519)</u>
General Revenues:						
Local sources				288,976	-	288,976
State sources				1,592,540	-	1,592,540
Federal sources				-	-	-
On-behalf payments - Local				-	-	-
On-behalf payments - State				522,337	-	522,337
Loss on disposal of assets				(4,558)	-	(4,558)
Interest income				558	-	558
Total General Revenues				<u>2,399,853</u>	<u>-</u>	<u>2,399,853</u>
Change in net assets				311,667	15,667	327,334
Net Assets - beginning				<u>1,472,123</u>	<u>19,063</u>	<u>1,491,186</u>
Net Assets - ending				<u>\$ 1,783,790</u>	<u>\$ 34,730</u>	<u>\$ 1,818,520</u>

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, 2012

	General Fund	Education Fund	Other NonMajor Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,447,783	\$ 29,240	\$ 191,084	\$ -	\$ 1,668,107
Due from other funds	152,443	-	-	(152,443)	-
Due from other governments:					
State	52,042	64,915	-	-	116,957
Federal	-	77,625	-	-	77,625
Prepaid expenses	5,276	-	-	-	5,276
<b>TOTAL ASSETS</b>	<b>\$ 1,657,544</b>	<b>\$ 171,780</b>	<b>\$ 191,084</b>	<b>\$ (152,443)</b>	<b>\$ 1,867,965</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accrued payroll and employee benefits	\$ 51,486	\$ 14,478	\$ -	\$ -	\$ 65,964
Due to other funds	52,042	103,568	-	(152,443)	3,167
Due to other governments:					
Local	5,095	-	-	-	5,095
State	-	37,311	-	-	37,311
Deferred revenue	6,114	10,665	-	-	16,779
<b>Total Liabilities</b>	<b>114,737</b>	<b>166,022</b>	<b>-</b>	<b>(152,443)</b>	<b>128,316</b>
<b>FUND BALANCE:</b>					
Nonspendable	500,078	-	-	-	500,078
Restricted	-	11,094	191,084	-	202,178
Assigned	928,286	-	-	-	928,286
Unassigned	114,443	(5,336)	-	-	109,107
<b>Total fund balance</b>	<b>1,542,807</b>	<b>5,758</b>	<b>191,084</b>	<b>-</b>	<b>1,739,649</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,657,544</b>	<b>\$ 171,780</b>	<b>\$ 191,084</b>	<b>\$ (152,443)</b>	<b>\$ 1,867,965</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, 2012

Total fund balances - governmental funds	\$ 1,739,649
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.	32,691
Revenues in the Statement of Activities that do not provide current financial resources, and are not reported as revenues in the funds.	<u>11,450</u>
Net assets of governmental activities	<u><u>\$ 1,783,790</u></u>

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, 2012

	General Fund	Education Fund	Other NonMajor Funds	Eliminations	Total Governmental Funds
<b>REVENUES</b>					
Local sources	\$ 171,825	\$ 27,500	\$ 89,651	\$ -	\$ 288,976
State sources	2,225,378	452,843	772	-	2,678,993
Federal sources	-	644,428	-	-	644,428
On-behalf payments - State	522,337	-	-	-	522,337
Total revenues	<u>2,919,540</u>	<u>1,124,771</u>	<u>90,423</u>	<u>-</u>	<u>4,134,734</u>
<b>EXPENDITURES</b>					
Instructional Services					
Salaries and benefits	1,435,209	988,403	-	-	2,423,612
Purchased services	304,046	68,264	92,715	-	465,025
Supplies and materials	65,943	11,490	5,256	-	82,689
Other objects	1,481	-	465	-	1,946
Payments to other governments	199,760	74,084	-	-	273,844
On-behalf payments - State	522,337	-	-	-	522,337
Capital outlay	31,040	2,482	-	-	33,522
Total expenditures	<u>2,559,816</u>	<u>1,144,723</u>	<u>98,436</u>	<u>-</u>	<u>3,802,975</u>
Excess/(Deficiency) of revenues over expenditures	<u>359,724</u>	<u>(19,952)</u>	<u>(8,013)</u>	<u>-</u>	<u>331,759</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in	188	15,776	28,000	(43,964)	-
Transfer out	(15,964)	-	(28,000)	43,964	-
Interest income	157	-	401	-	558
Total Other Financing Sources (Uses)	<u>(15,619)</u>	<u>15,776</u>	<u>401</u>	<u>-</u>	<u>558</u>
Net change in fund balances	344,105	(4,176)	(7,612)	-	332,317
FUND BALANCES - BEGINNING	<u>1,198,702</u>	<u>9,934</u>	<u>198,696</u>	<u>-</u>	<u>1,407,332</u>
FUND BALANCES - ENDING	<u>\$ 1,542,807</u>	<u>\$ 5,758</u>	<u>\$ 191,084</u>	<u>\$ -</u>	<u>\$ 1,739,649</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, 2012

Net change in fund balances		\$ 332,317
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	\$ -	
Depreciation expense	(9,720)	
Loss on disposal of assets	<u>(4,558)</u>	(14,278)
<p>Revenues in the Statement of Activities in the prior year that are recognized as revenues in the funds in the current year</p>		
State sources		(17,822)
<p>Revenues in the Statement of Activities that do not provide current financial resources, and are not reported as revenues in the funds.</p>		
Deferred revenue		
Federal sources	\$ 5,336	
State sources	<u>6,114</u>	<u>\$ 11,450</u>
Change in net assets of governmental activities		<u><u>\$ 311,667</u></u>

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, 2012

	Business-type Activities - Enterprise Funds		
	Criminal Backgrounds	Nonmajor Enterprise Funds	Totals
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 7,878	\$ 4,941	\$ 12,819
Due from other funds	4,878	-	4,878
Prepaid expenses	3,038	-	3,038
Total current assets	15,794	4,941	20,735
Noncurrent assets:			
Capital assets, net of accumulated depreciation	15,706	-	15,706
Total Noncurrent Assets	15,706	-	15,706
Total Assets	31,500	4,941	36,441
<b>Liabilities</b>			
Current liabilities:			
Due to other funds	-	1,711	1,711
Total current liabilities	-	1,711	1,711
<b>Net Assets</b>			
Invested in capital assets	15,706	-	15,706
Unrestricted	15,794	3,230	19,024
Total Net Assets	\$ 31,500	\$ 3,230	\$ 34,730

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, 2012

	Business-Type Activities - Enterprise Funds		Totals
	Criminal Backgrounds	Nonmajor Enterprise Funds	
Operating Revenues			
Charges for services	\$ 33,836	\$ 12,650	\$ 46,486
Operating Expenses			
Salaries and benefits	-	16,031	16,031
Purchased services	13,633	676	14,309
Supplies and materials	-	479	479
Total operating expenses	13,633	17,186	30,819
Operating Income (Loss)	20,203	(4,536)	15,667
Change in Net Assets	20,203	(4,536)	15,667
Net Assets - Beginning	11,297	7,766	19,063
Net Assets - Ending	\$ 31,500	\$ 3,230	\$ 34,730

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, 2012

	Business-Type Activities - Enterprise Funds		Totals
	Criminal Backgrounds	Nonmajor Enterprise Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 16,836	\$ 12,650	\$ 29,486
Payments to suppliers and providers of goods and services	(16,037)	(17,186)	(33,223)
Payments to employees	-	-	-
Net cash provided by (used for) operating activities	799	(4,536)	(3,737)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(15,706)	-	(15,706)
Net Cash used for capital and related financing activities	(15,706)	-	(15,706)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash transfer from other funds	-	1,711	1,711
Cash transfer to other funds	(4,878)	-	(4,878)
Net Cash provided by (used for) noncapital financing activities	(4,878)	1,711	(3,167)
Net increase (decrease) in cash and cash equivalents	(19,785)	(2,825)	(22,610)
Cash and cash equivalents - Beginning	27,663	7,766	35,429
Cash and cash equivalents - Ending	\$ 7,878	\$ 4,941	\$ 12,819
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ 20,203	\$ (4,536)	\$ 15,667
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Change in assets and liabilities:			
Increase in prepaid expense	(2,404)	-	(2,404)
Decrease in deferred revenue	(17,000)	-	(17,000)
Net cash provided by (used for) operating activities	\$ 799	\$ (4,536)	\$ (3,737)

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, 2012

	Private-Purpose Scholarship Fund	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 24,549	\$ 88,084
Due from other governments	-	1,568,190
<b>TOTAL ASSETS</b>	24,549	\$ 1,656,274
<b>LIABILITIES</b>		
Due to other governments	\$ -	\$ 1,656,274
<b>TOTAL LIABILITIES</b>	-	\$ 1,656,274
<b>NET ASSETS</b>		
Reserved for scholarships	\$ 24,549	

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, 2012

	<u>Private-Purpose Scholarship Fund</u>
ADDITION	
Interest	\$ 3
DEDUCTION	
Service charges	50
Scholarships and awards	8,000
Total Deductions	<u>8,050</u>
CHANGE IN NET ASSETS	(8,047)
NET ASSETS, BEGINNING OF YEAR	<u>32,596</u>
NET ASSETS, END OF YEAR	<u><u>\$ 24,549</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, 2012

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 2012, the Grundy & Kendall Counties ROE #24 implemented Governmental Accounting Standards Board (GASB) Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. The Regional Office of Education #24 implemented these standards during the current year; however, GASB Statement No. 64 had no impact on the financial statements. The implementation of GASB Statement No. 57 amends GASB Statement No. 45, permitting an agent employer with an OPEB with fewer than 100 plan members to use the alternative measurement method to produce actuarially based information for purposes of financial reporting.

A. DATE OF MANAGEMENT'S REVIEW

The Grundy/Kendall Counties Regional Office of Education #24 has evaluated subsequent events through March 12, 2013, 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, 2012

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, 2012, 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, 2012

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. (ESN) 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 ESN 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. Effective July 1, 2012 ESN was dissolved.

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, 2012

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, 2012

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 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, 2012

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.

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.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS

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 and reported 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.

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

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 County Health Department - This fund accounts for local revenues and expenditures associated with a contract the Regional Office has with the Grundy County Health Department

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.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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

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

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.

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Major special revenue funds include the following:

Education - This fund is used to account for and report the proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for specified purposes 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.

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.

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.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Concluded)

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 2011-2012 school year.

ROE/ISC Operations – To account for monies passed through to the Professional Development Alliance.

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 2011-2012 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.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPRIETARY FUNDS (Concluded)

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.

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.

Special Ed. – Personnel – To account for funds received and disbursed to the Kendall County Special Ed Co-op.

Fed. – Sp. Ed. – Pre-school Flow Through - To account for funds received and disbursed to the Kendall County Special Ed Co-op.

Fed. – Sp. Ed. – I.D.E.A. – Flow Through - To account for funds received and disbursed to the Kendall County Special Ed Co-op.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. In addition, a portion of the fund balance for Grundy/Kendall Counties State Aid is presented as nonspendable. This nonspendable fund balance is to be maintained in a separate Strict Joint Order Escrow investment account as required by a lease the Regional Office entered into during fiscal year 2012.

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.

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: Grundy/Kendall Counties State Aid, HAJ HIV/MC Bowling, No Tolerance Task Force, and Grundy County Teen Reach.

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, Grundy County Health Department, Will County General State Aid, Will County Alternative Program, Local Revenues, In Touch Local, WIA Recycling, ESN NFP WIA Grants, and McKinney-Vento Education for Homeless Children and Youth.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

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.

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), Will County Truants Alternative Optional Education (TAOEP), and ROE/ISC Operations.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

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, 2012, the carrying amount of the Grundy/Kendall Counties Regional Office of Education #24's government-wide and agency deposits were \$1,680,926 and \$112,633, respectively. The government-wide and agency bank balances were \$1,728,028 and \$112,576, respectively. Of the total bank balances as of June 30, 2012, \$1,840,604 was secured by federal depository insurance.

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.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

**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, 2012, 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	\$ 17,810	\$ 5,480
Invested in certificates of deposit	102,859	25,000
	\$ 120,669	\$ 30,480

**CREDIT RISK**

At June 30, 2012, 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.

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 the meet the cash requirements for ongoing operations. As of June 30, 2012, 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, 2012, the Regional Office of Education #24's investment in certificates of deposit which is 85% of total investment and totaling \$127,859 is subject to concentration of credit risk.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

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 2011 was 10.03 percent. 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 2011 was \$619,580.

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>
12/31/11	\$ 619,580	100%	\$ -
12/31/10	571,214	100%	-
12/31/09	671,198	100%	-

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, 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, 2009 is being amortized as a level percentage of projected payroll on an open 10 year basis.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Concluded)

**Funded Status and Funding Progress.** As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 88.00 percent funded. The actuarial accrued liability for benefits was \$6,853,413 and the actuarial value of assets was \$7,788,391, resulting in an underfunded actuarial accrued liability (UAAL) of \$934,978. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$6,177,269 and the ratio of the UAAL to the covered payroll was 15 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.

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, 2012, 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 percent for the years ended June 30, 2011 and 2010.

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.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

**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, 2012, State of Illinois contributions were based on 24.91 percent of creditable earnings not paid from federal funds, and the Grundy/Kendall Counties Regional Office of Education #24 recognized revenue and expenditures of \$273,282 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2011 and June 30, 2010, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.10 percent (\$232,372) and 23.38 percent (\$275,852), 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, 2012 were \$5,210. Contributions for the years ending June 30, 2011 and June 30, 2010, were \$4,772 and \$5,801, 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 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, 2012, the employer pension contribution was 24.91 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2011 and 2010, the employer pension contribution was 23.10 and 23.38 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2012 no salaries were paid from federal and special trust funds therefore there were no required employer contributions. For the years ended June 30, 2011 and June 30, 2010, required Grundy/Kendall Counties Regional Office of Education #24 contributions were \$0 and \$863, 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.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

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, 2012, 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, 2011 and June 30, 2010, the Grundy/Kendall Counties Regional Office of Education #24 paid \$0 and \$66,064, 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, 2012, the Grundy/Kendall Counties Regional Office of Education #24 made no contributions to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2011, and 2010 the Grundy/Kendall Counties Regional Office of Education #24 paid \$837 and \$0 to TRS for 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.

The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.83 percent of salary during the year ended June 30, 2012). For the years ended June 30, 2012, 2011, and 2010 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, 2011. The report for the year ended June 30, 2012, is expected to be available in late 2012.

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

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. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by CMS with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to the THIS fund.

The percentage of employer required contributions in the future 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, 2012. State of Illinois contributions were \$7,905, 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 years ended June 30, 2011 and June 30, 2010 were 0.88 percent and 0.84 percent of pay, respectively. State contributions on behalf of the Regional Office employees were \$7,240 and \$8,403, respectively.

**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 years ended June 30, 2012 and June 30, 2011, and 0.63 percent during the year ended June 30, 2010. For the year ended June 30, 2012, the Grundy/Kendall Counties Regional Office of Education #24 paid \$5,929 to the THIS Fund. For the years ended June 30, 2011 and June 30, 2010, the Grundy/Kendall Counties Regional Office of Education #24 paid \$5,430 and \$6,302 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  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 6 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2012 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	\$ -	\$ 103,568
General Fund	152,443	52,042
Proprietary	4,878	1,711
	\$ 157,321	\$ 157,321

TRANSFERS

Interfund transfer in/out to other fund balances at June 30, 2012 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	\$ -	\$ 15,776
General Fund	15,964	188
Special Revenue Fund	28,000	28,000
	\$ 43,964	\$ 43,964

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

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, 2012:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Governmental Activities:				
<u>Education Fund</u>				
Equipment	\$ 84,195	\$ -	\$ (9,431)	\$ 74,764
Building Improvements	29,505	-	-	29,505
Governmental Activities Total Assets	<u>113,700</u>	<u>-</u>	<u>(9,431)</u>	<u>104,269</u>
Less Accumulated Depreciation				
Equipment	(53,312)	(7,753)	4,873	(56,192)
Building Improvements	(13,419)	(1,967)	-	(15,386)
Total Accumulated Depreciation	<u>(66,731)</u>	<u>(9,720)</u>	<u>4,873</u>	<u>(71,578)</u>
Governmental Activities				
Investment in Capital Assets, Net	<u>\$ 46,969</u>	<u>\$ (9,720)</u>	<u>\$ (4,558)</u>	<u>\$ 32,691</u>
	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Business-type Activities:				
Criminal Backgrounds	\$ -	\$ 15,706	\$ -	\$ 15,706
Business-type Activities Total Assets	<u>-</u>	<u>15,706</u>	<u>-</u>	<u>15,706</u>
Less Accumulated Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type Activities				
Investment in Capital Assets, Net	<u>\$ -</u>	<u>\$ 15,706</u>	<u>\$ -</u>	<u>\$ 15,706</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, 2012 of \$9,720 and \$0 was charged to the governmental activities and the business-type activities, respectively, 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.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

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.

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.

On June 25, 2012, the Regional Office entered into a lease agreement for a new alternative school location. The initial lease term is December 1, 2012 through June 30, 2015. The agreement provides for two four-year extensions and the landlord is to make certain leasehold improvements to the structure. The agreement required the Regional Office to place the sum of \$494,802 into a Strict Joint Order Escrow investment account upon execution of the lease. The lease requires payments of \$253,268, \$31,714, and \$31,714 on December 1, 2012, 2013, and 2014, respectively.

Rental expense for the year ended June 30, 2012 was \$281,774.

Future minimum rentals for the year ending June 30 are:

Year Ending	
June 30,	Amount
2013	\$ 535,042
2014	313,488
2015	313,488
2016	46,962
	\$ 1,208,980

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

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	\$ 104,617
Assitant Regional Superintendent Salary	94,152
Regional Superintendent Fringe Benefit (Includes State paid insurance)	21,508
Assitant Regional Superintendent Fringe Benefit (Includes State paid insurance)	20,873
Regional Superintendent TRS Pension Contribution	26,060
Assitant Regional Superintendent TRS Pension Contribution	23,453
TRS Pension Contributions	223,769
THIS Contributions	7,905
Total	<u><u>\$ 522,337</u></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, 2012

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	\$ 45,771
Department of Human Services	3,167
Will County ROE #56	15,977
Federal Resources:	
Kendall County	70,653
Will County ROE#56	1,705
Will County	5,267
<u>General Fund</u>	
State Resources:	
Will County ROE #56	6,114
Illinois State Board of Education	45,928
<u>Agency Fund</u>	
State Resources:	
Illinois State Board of Education	1,568,190
Total	\$ 1,762,772

Due To Other Governments:

<u>Education Fund</u>	
State Governments	\$ 32,044
Local Governments	5,267
<u>General Fund</u>	
Local Governments	5,095
<u>Agency Fund</u>	
Local Governments	1,656,274
Total	\$ 1,698,680

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 12 – DEFICIT FUND/NET ASSET BALANCES

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, 2012 in the following funds:

Funds with Deficit Fund Balance	Deficit Balance
Will County Alternative Program	\$ 6,114
ESN NFP WIA Grants	5,267
McKinney-Vento Education for Homeless Children & Youth	69
	\$ 11,450

DEFICIT NET ASSET BALANCE

The Will County summer school program conducted by the Grundy/Kendall Counties Regional Office of Education #24 accounts for revenues and expenditures associated with this program. During 2012, the Grundy/Kendall Counties Regional Office of Education #24 expended in excess of fees received for summer school. This resulted in a deficit fund balance of \$1,711.

NOTE 13 – 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.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (Continued)

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 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, 2012 membership consisted of:

Retirees and beneficiaries currently receiving benefits	1	
Terminated employees entitled to benefits but not yet receiving them	-	
Active vested plan members	8	
Active nonvested plan members	10	
Total	19	
	19	
Number of participating employers	1	
	1	

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 had an actuarial valuation performed for the plan as of June 30, 2012 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, 2012. The Grundy & Kendall Counties ROE #24's annual OPEB cost (expense) of \$5,083 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 2012, 2011, and 2010 was as follows:

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 5,083	\$ 4,622	91%	\$ 1,797
June 30, 2011	\$ 5,075	\$ 4,622	91%	\$ 1,336
June 30, 2010	\$ 4,880	\$ 4,003	82%	\$ 877

The net OPEB obligation as of June 30, 2012, was calculated as follows:

Annual Required Contribution	\$ 5,075
Interest on Net OPEB Obligation	53
Adjustment to Annual Required Contribution	(45)
Annual OPEB Cost	5,083
Contributions Made	<u>4,622</u>
Increase in Net OPEB Obligation	461
Net OPEB Obligation Beginning of year	1,336
<b>NET OPEB OBLIGATION END OF YEAR</b>	<u><u>\$ 1,797</u></u>

f. Funded Status and Funding Progress

The funded status of the plan was as follows:

	<b>Fiscal Year</b>	
	<b>2012</b>	<b>2011</b>
Actuarial Accrued Liability (AAL)	\$ 52,646	\$ 52,646
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	52,646	52,646
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%	0%
Covered Payroll (Active Plan Members)	\$ 642,720	\$ 642,720
UAAL as a Percentage of Covered Payroll	8.19%	8.19%

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, 2012

NOTE 13 – 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, 2012 and 2011, actuarial valuation, the entry age normal 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 level-percent-of-pay method. The remaining amortization period at June 30, 2012 and 2011 was 30 years.

NOTE 14 – 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, 2012, the outcome of this suit is unknown.

REQUIRED SUPPLEMENTAL INFORMATION

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 ILLINOIS MUNICIPAL RETIREMENT FUND  
 SCHEDULE OF FUNDING PROGRESS  
 (UNAUDITED)  
 JUNE 30, 2012

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 )
12/31/11	\$6,853,413	\$ 7,788,391	\$934,978	88.00%	\$6,177,269	15.14%
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%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$6,572,331. On a market basis, the funded ratio would be 84.39%.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
OTHER POST EMPLOYMENT BENEFITS  
SCHEDULE OF FUNDING PROGRESS  
(UNAUDITED)  
JUNE 30, 2012

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 )
6/30/12	\$ -	\$ 52,646	\$ 52,646	0.00%	\$642,720	8.20%
6/30/11	-	52,646	52,646	0.00%	642,720	8.19%
6/30/10	-	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  
 FOR THE YEAR ENDED JUNE 30, 2012

	General School Fund	Payroll	Interest	Illinois Tobacco	Grundy County Health Department	Grundy/Kendall Counties State Aid	Will County General State Aid
<b>Assets</b>							
Cash and cash equivalents	\$ 110,470	\$ 9,503	\$ 160	\$ -	\$ 111	\$ 1,274,776	\$ 10,554
Due from other funds	-	-	-	-	-	152,443	-
Due from other governments							
State	-	-	-	-	-	-	-
Prepaid Expenses	5,276	-	-	-	-	-	-
Total Assets	<u>\$ 115,746</u>	<u>\$ 9,503</u>	<u>\$ 160</u>	<u>\$ -</u>	<u>\$ 111</u>	<u>\$ 1,427,219</u>	<u>\$ 10,554</u>
<b>Liabilities and Fund Balance (Deficit)</b>							
<b>Liabilities</b>							
Accrued payroll and employee benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,448	\$ 5,418
Due to other funds	-	-	-	-	-	-	-
Due to other governments							
Local	-	-	-	-	-	-	5,095
Deferred Revenue	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,448</u>	<u>10,513</u>
<b>Fund Balance (Deficit)</b>							
Nonspendable	5,276	-	-	-	-	494,802	-
Assigned	-	-	-	-	-	921,969	-
Unassigned	110,470	9,503	160	-	111	-	41
Total Fund Balance (Deficit)	<u>115,746</u>	<u>9,503</u>	<u>160</u>	<u>-</u>	<u>111</u>	<u>1,416,771</u>	<u>41</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 115,746</u>	<u>\$ 9,503</u>	<u>\$ 160</u>	<u>\$ -</u>	<u>\$ 111</u>	<u>\$ 1,427,219</u>	<u>\$ 10,554</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2012

	Regional Safe Schools	Will County Alternative Program	HAJ HIV/MC Bowling	Local Revenues	Department of Commerce and Economic Opportunity	No Tolerance Task Force	Grundy County Teen Reach
<b>Assets</b>							
Cash and cash equivalents	\$ 6,130	\$ 29,490	\$ 251	\$ 25	\$ -	\$ 5,704	\$ 362
Due from other funds	-	-	-	-	-	-	-
Due from other governments							
State	45,928	6,114	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 52,058</b>	<b>\$ 35,604</b>	<b>\$ 251</b>	<b>\$ 25</b>	<b>\$ -</b>	<b>\$ 5,704</b>	<b>\$ 362</b>
<b>Liabilities and Fund Balance (Deficit)</b>							
<b>Liabilities</b>							
Accrued payroll and employee benefits	\$ 6,130	\$ 29,490	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	45,928	6,114	-	-	-	-	-
Due to other governments							
Local	-	-	-	-	-	-	-
Deferred Revenue	-	6,114	-	-	-	-	-
<b>Total Liabilities</b>	<b>52,058</b>	<b>41,718</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance (Deficit)</b>							
Nonspendable	-	-	-	-	-	-	-
Assigned	-	-	251	-	-	5,704	362
Unassigned	-	(6,114)	-	25	-	-	-
<b>Total Fund Balance (Deficit)</b>	<b>-</b>	<b>(6,114)</b>	<b>251</b>	<b>25</b>	<b>-</b>	<b>5,704</b>	<b>362</b>
<b>Total Liabilities and     Fund Balance (Deficit)</b>	<b>\$ 52,058</b>	<b>\$ 35,604</b>	<b>\$ 251</b>	<b>\$ 25</b>	<b>\$ -</b>	<b>\$ 5,704</b>	<b>\$ 362</b>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2012

	Will County Prevention <u>Consortium - Local</u>	In Touch <u>Local</u>	WIA Recycling <u>Recycling</u>	<u>TOTALS</u>
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 247	\$ -	\$ 1,447,783
Due from other funds	-	-	-	152,443
Due from other governments				
State	-	-	-	52,042
Prepaid Expenses	-	-	-	5,276
Total Assets	<u>\$ -</u>	<u>\$ 247</u>	<u>\$ -</u>	<u>1,657,544</u>
<b>Liabilities and Fund Balance (Deficit)</b>				
<b>Liabilities</b>				
Accrued payroll and employee benefits	\$ -	\$ -	\$ -	\$ 51,486
Due to other funds	-	-	-	52,042
Due to other governments				
Local	-	-	-	5,095
Deferred Revenue	-	-	-	6,114
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,737</u>
<b>Fund Balance (Deficit)</b>				
Nonspendable	-	-	-	500,078
Assigned	-	-	-	928,286
Unassigned	-	247	-	114,443
Total Fund Balance (Deficit)	<u>-</u>	<u>247</u>	<u>-</u>	<u>1,542,807</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ 247</u>	<u>\$ -</u>	<u>\$ 1,657,544</u>

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, 2012

	General School Fund	Payroll	Interest	Illinois Tobacco	Grundy County Health Department	Grundy/Kendall Counties State Aid	Will County General State Aid
<b>Revenues</b>							
Local sources	\$ 27,659	\$ 111,883	\$ -	\$ -	\$ 4,713	\$ -	\$ -
State sources	-	-	-	-	-	1,130,659	528,046
On-behalf payments -State	522,337	-	-	-	-	-	-
Total Revenues	<u>549,996</u>	<u>111,883</u>	<u>-</u>	<u>-</u>	<u>4,713</u>	<u>1,130,659</u>	<u>528,046</u>
<b>Expenditures</b>							
Salaries and benefits	-	113,401	-	-	4,536	409,666	379,115
Purchased services	27,893	-	242	-	66	123,499	98,564
Supplies and materials	4,242	-	-	-	-	37,031	20,552
Payments to other governments	-	-	-	-	-	190,315	-
Other objects	1,481	-	-	-	-	-	-
Capital outlay	724	-	-	-	-	28,195	2,121
On-behalf payments -State	522,337	-	-	-	-	-	-
Total Expenditures	<u>556,677</u>	<u>113,401</u>	<u>242</u>	<u>-</u>	<u>4,602</u>	<u>788,706</u>	<u>500,352</u>
Excess/(Deficiency) of revenues over expenditures	<u>(6,681)</u>	<u>(1,518)</u>	<u>(242)</u>	<u>-</u>	<u>111</u>	<u>341,953</u>	<u>27,694</u>
<b>Other Financing Sources/(Uses)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(154)	-	(15,810)	-
Interest income	138	-	19	-	-	-	-
Total Other Financing Sources/(Uses)	<u>138</u>	<u>-</u>	<u>19</u>	<u>(154)</u>	<u>-</u>	<u>(15,810)</u>	<u>-</u>
Net change in fund balance	(6,543)	(1,518)	(223)	(154)	111	326,143	27,694
Fund Balance (Deficit) - Beginning	122,289	11,021	383	154	-	1,090,628	(27,653)
Fund Balance (Deficit) - Ending	<u>\$ 115,746</u>	<u>\$ 9,503</u>	<u>\$ 160</u>	<u>\$ -</u>	<u>\$ 111</u>	<u>\$ 1,416,771</u>	<u>\$ 41</u>

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, 2012

	Regional Safe Schools	Will County Alternative Program	HAJ HIV/MC Bowling	Local Revenues	Department of Commerce and Economic Opportunity	No Tolerance Task Force	Grundy County Teen Reach
Revenues							
Local sources	\$ -	\$ -	\$ 14,116	\$ 221	\$ 7,329	5,739	\$ 165
State sources	184,790	381,883	-	-	-	-	-
On-behalf payments -State	-	-	-	-	-	-	-
Total Revenues	<u>184,790</u>	<u>381,883</u>	<u>14,116</u>	<u>221</u>	<u>7,329</u>	<u>5,739</u>	<u>165</u>
Expenditures							
Salaries and benefits	144,013	380,885	-	-	3,593	-	-
Purchased services	26,068	7,112	15,791	160	104	4,196	205
Supplies and materials	-	-	-	41	-	3,899	18
Payments to other governments	-	-	-	9,445	-	-	-
Other objects	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
On-behalf payments -State	-	-	-	-	-	-	-
Total Expenditures	<u>170,081</u>	<u>387,997</u>	<u>15,791</u>	<u>9,646</u>	<u>3,697</u>	<u>8,095</u>	<u>223</u>
Excess/(Deficiency) of revenues over expenditures	<u>14,709</u>	<u>(6,114)</u>	<u>(1,675)</u>	<u>(9,425)</u>	<u>3,632</u>	<u>(2,356)</u>	<u>(58)</u>
Other Financing Sources/(Uses)							
Transfers in	-	-	-	-	-	154	-
Transfers out	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154</u>	<u>-</u>
Net change in fund balance	14,709	(6,114)	(1,675)	(9,425)	3,632	(2,202)	(58)
Fund Balance (Deficit) - Beginning	<u>(14,709)</u>	<u>-</u>	<u>1,926</u>	<u>9,450</u>	<u>(3,632)</u>	<u>7,906</u>	<u>420</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ (6,114)</u>	<u>\$ 251</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 5,704</u>	<u>\$ 362</u>

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, 2012

	Will County Prevention Consortium - Local	In Touch Local	WIA Recycling	TOTALS
<b>Revenues</b>				
Local sources	\$ -	\$ -	\$ -	\$ 171,825
State sources	-	-	-	2,225,378
On-behalf payments -State	-	-	-	522,337
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,919,540</u>
<b>Expenditures</b>				
Salaries and benefits	-	-	-	1,435,209
Purchased services	-	146	-	304,046
Supplies and materials	66	-	94	65,943
Payments to other governments	-	-	-	199,760
Other objects	-	-	-	1,481
Capital outlay	-	-	-	31,040
On-behalf payments -State	-	-	-	522,337
Total Expenditures	<u>66</u>	<u>146</u>	<u>94</u>	<u>2,559,816</u>
Excess/(Deficiency) of revenues over expenditures	<u>(66)</u>	<u>(146)</u>	<u>(94)</u>	<u>359,724</u>
<b>Other Financing Sources/(Uses)</b>				
Transfers in	34	-	-	188
Transfers out	-	-	-	(15,964)
Interest income	-	-	-	157
Total Other Financing Sources/(Uses)	<u>34</u>	<u>-</u>	<u>-</u>	<u>(15,619)</u>
Net change in fund balance	(32)	(146)	(94)	344,105
Fund Balance (Deficit) - Beginning	<u>32</u>	<u>393</u>	<u>94</u>	<u>1,198,702</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ 247</u>	<u>\$ -</u>	<u>\$ 1,542,807</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2011 to June 30, 2012)  
 GENERAL FUND ACCOUNT  
 REGIONAL SAFE SCHOOLS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 170,193	\$ 170,193	\$ 184,790
Total Revenues	<u>170,193</u>	<u>170,193</u>	<u>184,790</u>
Expenditures			
Salaries and benefits	144,406	144,406	144,013
Purchased services	25,787	25,787	26,068
Total Expenditures	<u>170,193</u>	<u>170,193</u>	<u>170,081</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>14,709</u>
Net change in fund balance	-	-	14,709
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>(14,709)</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2012

	ESN NFP WIA Grants	Truants Alternative Optional Education Program	Will County Truants Alternative Optional Education Program	No Tolerance Task Force	Teen Reach/ Gear Up
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 9,597	\$ 4,881	\$ 9,652	\$ -
Due from other governments					
State	-	45,771	15,977	-	3,167
Federal	75,920	-	-	-	-
Total Assets	<u>\$ 75,920</u>	<u>\$ 55,368</u>	<u>\$ 20,858</u>	<u>\$ 9,652</u>	<u>\$ 3,167</u>
<b>Liabilities and Fund Balance (Deficit)</b>					
<b>Liabilities</b>					
Accrued payroll and employee benefits	\$ -	9,597	\$ 4,881	\$ -	\$ -
Due to other funds	38,653	45,771	15,977	-	3,167
Due to other governments	37,267	-	-	-	-
Deferred revenue	5,267	-	-	-	-
Total Liabilities	<u>81,187</u>	<u>55,368</u>	<u>20,858</u>	<u>-</u>	<u>3,167</u>
<b>Fund Balance (Deficit)</b>					
Restricted	-	-	-	9,652	-
Unassigned	(5,267)	-	-	-	-
Total Fund Balance (Deficit)	<u>(5,267)</u>	<u>-</u>	<u>-</u>	<u>9,652</u>	<u>-</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 75,920</u>	<u>\$ 55,368</u>	<u>\$ 20,858</u>	<u>\$ 9,652</u>	<u>\$ 3,167</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2012

	McKinney-Vento Education for Homeless Children and Youth	ARRA - Education Job Funds Program	ROE/ISC Operations	Fairmont Literacy Program	Will County ARRA - Education Job Funds Program	TOTALS
<b>Assets</b>						
Cash and cash equivalents	\$ 3,250	\$ 44	\$ -	\$ 1,442	\$ 374	\$ 29,240
Due from other governments						
State	-	-	-	-	-	64,915
Federal	1,705	-	-	-	-	77,625
Total Assets	<u>\$ 4,955</u>	<u>\$ 44</u>	<u>\$ -</u>	<u>\$ 1,442</u>	<u>\$ 374</u>	<u>\$ 171,780</u>
<b>Liabilities and Fund Balance (Deficit)</b>						
<b>Liabilities</b>						
Accrued payroll and employee benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,478
Due to other funds	-	-	-	-	-	103,568
Due to other governments	-	44	-	-	-	37,311
Deferred revenue	5,024	-	-	-	374	10,665
Total Liabilities	<u>5,024</u>	<u>44</u>	<u>-</u>	<u>-</u>	<u>374</u>	<u>166,022</u>
<b>Fund Balance (Deficit)</b>						
Restricted	-	-	-	1,442	-	11,094
Unassigned	(69)	-	-	-	-	(5,336)
Total Fund Balance (Deficit)	<u>(69)</u>	<u>-</u>	<u>-</u>	<u>1,442</u>	<u>-</u>	<u>5,758</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 4,955</u>	<u>\$ 44</u>	<u>\$ -</u>	<u>\$ 1,442</u>	<u>\$ 374</u>	<u>\$ 171,780</u>

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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, 2012

	ESN NFP WIA Grants	Truants Alternative Optional Education Program	Will County Truants Alternative Optional Education Program	No Tolerance Task Force	Teen Reach/ Gear Up
<b>Revenues</b>					
Local sources	\$ -	\$ -	\$ -	\$ 27,500	\$ -
State sources	-	171,638	173,327	-	66,432
Federal sources	540,684	-	-	-	-
Total Revenues	<u>540,684</u>	<u>171,638</u>	<u>173,327</u>	<u>27,500</u>	<u>66,432</u>
<b>Expenditures</b>					
Salaries and benefits	491,401	164,314	170,673	27,852	38,767
Purchased services	28,824	7,057	2,654	1,601	21,295
Supplies and materials	3,527	206	-	-	6,173
Payments to other governments	32,638	-	-	-	-
Capital outlay	2,224	61	-	-	197
Total Expenditures	<u>558,614</u>	<u>171,638</u>	<u>173,327</u>	<u>29,453</u>	<u>66,432</u>
Deficiency of revenues over expenditures	<u>(17,930)</u>	<u>-</u>	<u>-</u>	<u>(1,953)</u>	<u>-</u>
<b>Other Financing Sources/(Uses)</b>					
Transfer in	15,776	-	-	-	-
Total Other Financing Sources/(Uses)	<u>15,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(2,154)	-	-	(1,953)	-
Fund Balance (Deficit) - Beginning	(3,113)	-	-	11,605	-
Fund Balance (Deficit) - Ending	<u>\$ (5,267)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,652</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, 2012

	McKinney-Vento Education for Homeless Children and Youth	ARRA - Job Education Funds Program	ROE/ISC Operations	Fairmont Literacy Program	Will County- ARRA - Job Education Funds Program	TOTALS
Revenues						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,500
State sources	-	-	41,446	-	-	452,843
Federal sources	20,724	1,251	-	-	81,769	644,428
Total Revenues	<u>20,724</u>	<u>1,251</u>	<u>41,446</u>	<u>-</u>	<u>81,769</u>	<u>1,124,771</u>
Expenditures						
Salaries and benefits	13,428	1,181	-	-	80,787	988,403
Purchased services	5,781	70	-	-	982	68,264
Supplies and materials	1,584	-	-	-	-	11,490
Payments to other governments	-	-	41,446	-	-	74,084
Capital outlay	-	-	-	-	-	2,482
Total Expenditures	<u>20,793</u>	<u>1,251</u>	<u>41,446</u>	<u>-</u>	<u>81,769</u>	<u>1,144,723</u>
Deficiency of revenues over expenditures	<u>(69)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,952)</u>
Other Financing Sources/(Uses)						
Transfer in	-	-	-	-	-	15,776
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,776</u>
Net change in fund balance	(69)	-	-	-	-	(4,176)
Fund Balance (Deficit) - Beginning	-	-	-	1,442	-	9,934
Fund Balance (Deficit) - Ending	<u>\$ (69)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,442</u>	<u>\$ -</u>	<u>\$ 5,758</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2011 to June 30, 2012)  
 EDUCATION FUND ACCOUNT  
 ESN NFP WIA GRANTS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 550,135	\$ 550,135	\$ 540,684
Total Revenues	<u>550,135</u>	<u>550,135</u>	<u>540,684</u>
Expenditures			
Salaries and benefits	491,392	491,392	491,401
Purchased services	55,170	55,170	28,824
Supplies and materials	3,073	3,073	3,527
Payments to other governments	-	-	32,638
Capital outlay	500	500	2,224
Total Expenditures	<u>550,135</u>	<u>550,135</u>	<u>558,614</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(17,930)</u>
Other Financing Sources/(Uses)			
Transfers in	-	-	15,776
Transfers out	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>15,776</u>
Net change in fund balance	-	-	(2,154)
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>(3,113)</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,267)</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2011 to June 30, 2012)  
 EDUCATION FUND ACCOUNT  
 TRUANTS ALTERNATIVE OPTIONAL EDUCATION  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 172,081	\$ 172,081	\$ 171,638
Total Revenues	<u>172,081</u>	<u>172,081</u>	<u>171,638</u>
Expenditures			
Salaries and benefits	164,245	164,245	164,314
Purchased services	7,336	7,336	7,057
Supplies and materials	500	500	206
Capital outlay	-	-	61
Total Expenditures	<u>172,081</u>	<u>172,081</u>	<u>171,638</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, 2011 to June 30, 2012)  
 EDUCATION FUND ACCOUNT  
 WILL COUNTY TRUANTS ALTERNATIVE OPTIONAL EDUCATION  
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues			
State sources	\$ 319,578	\$ 319,578	\$ 173,327
Total Revenues	<u>319,578</u>	<u>319,578</u>	<u>173,327</u>
Expenditures			
Salaries and benefits	305,515	-	170,673
Purchased services	14,063	319,578	2,654
Total Expenditures	<u>319,578</u>	<u>319,578</u>	<u>173,327</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  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2011 to June 30, 2012)  
 EDUCATION FUND ACCOUNT  
 ROE/ISC OPERATIONS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 41,446	\$ 41,446	\$ 41,446
Total Revenues	<u>41,446</u>	<u>41,446</u>	<u>41,446</u>
Expenditures			
Payments to other governments	41,446	41,446	41,446
Total Expenditures	<u>41,446</u>	<u>41,446</u>	<u>41,446</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, 2012

	School Bus Driver Training	General Education Development	Institute	TOTALS
Assets				
Cash and cash equivalents	<u>\$ 39,556</u>	<u>\$ 7,129</u>	<u>\$ 144,399</u>	<u>\$ 191,084</u>
Total Assets	<u><u>\$ 39,556</u></u>	<u><u>\$ 7,129</u></u>	<u><u>\$ 144,399</u></u>	<u><u>\$ 191,084</u></u>
Fund Balance				
Restricted	<u>\$ 39,556</u>	<u>\$ 7,129</u>	<u>\$ 144,399</u>	<u>\$ 191,084</u>
Total Fund Balance	<u><u>\$ 39,556</u></u>	<u><u>\$ 7,129</u></u>	<u><u>\$ 144,399</u></u>	<u><u>\$ 191,084</u></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, 2012

	School Bus Driver Training	General Education Development	Institute	TOTALS
<b>Revenues</b>				
Local sources	\$ 4,124	\$ 11,210	\$ 74,317	\$ 89,651
State sources	772	-	-	772
Total Revenues	<u>4,896</u>	<u>11,210</u>	<u>74,317</u>	<u>90,423</u>
<b>Expenditures</b>				
Purchased services	2,132	7,351	83,232	92,715
Supplies and materials	-	2,293	2,963	5,256
Other objects	-	465	-	465
Total Expenditures	<u>2,132</u>	<u>10,109</u>	<u>86,195</u>	<u>98,436</u>
Excess/(Deficiency) of revenues over expenditures	<u>2,764</u>	<u>1,101</u>	<u>(11,878)</u>	<u>(8,013)</u>
<b>Other Financing Sources/(Uses)</b>				
Transfers in	-	-	28,000	28,000
Transfers out	-	-	(28,000)	(28,000)
Interest income	86	-	315	401
Total Other Financing Sources/(Uses)	<u>86</u>	<u>-</u>	<u>315</u>	<u>401</u>
Net change in fund balance	2,850	1,101	(11,563)	(7,612)
Fund Balance - Beginning	<u>36,706</u>	<u>6,028</u>	<u>155,962</u>	<u>198,696</u>
Fund Balance - Ending	<u>\$ 39,556</u>	<u>\$ 7,129</u>	<u>\$ 144,399</u>	<u>\$ 191,084</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 COMBINING STATEMENT OF NET ASSETS  
 NONMAJOR PROPRIETARY FUNDS  
 JUNE 30, 2012

	Grundy County Summer School	Will County Summer School	TOTALS
Assets			
Current assets:			
Cash and cash equivalents	\$ 4,941	\$ -	\$ 4,941
Total current assets	4,941	-	4,941
Liabilities			
Current liabilities:			
Due to other funds	-	1,711	1,711
Total current liabilities	-	1,711	1,711
Net Assets			
Unrestricted	4,941	(1,711)	3,230
Total Net Assets	\$ 4,941	\$ (1,711)	\$ 3,230

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN NET ASSETS  
 NONMAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Grundy County Summer School	Will County Summer School	TOTALS
Operating Revenues			
Charges for services	\$ 12,650	\$ -	\$ 12,650
Total Revenues	<u>12,650</u>	<u>-</u>	<u>12,650</u>
Operating Expenses			
Salaries and benefits	13,972	2,059	16,031
Purchased services	676	-	676
Supplies and materials	479	-	479
Total operating expenses	<u>15,127</u>	<u>2,059</u>	<u>17,186</u>
Operating Income (Loss)	<u>(2,477)</u>	<u>(2,059)</u>	<u>(4,536)</u>
Change in Net Assets	(2,477)	(2,059)	(4,536)
Net Assets - Beginning	<u>7,418</u>	<u>348</u>	<u>7,766</u>
Net Assets (Deficit) - Ending	<u>\$ 4,941</u>	<u>\$ (1,711)</u>	<u>\$ 3,230</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds		
	Grundy County Summer School	Will County Summer School	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 12,650	\$ -	\$ 12,650
Payments to suppliers and providers of goods and services	(15,127)	(2,059)	(17,186)
Net Cash Used for Operating Activities	(2,477)	(2,059)	(4,536)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash transfer from other funds	-	1,711	1,711
Net Cash Provided by Noncapital Financing Activities	-	1,711	1,711
Net decrease in cash and cash equivalents	(2,477)	(348)	(2,825)
Cash and cash equivalents - Beginning	7,418	348	7,766
Cash and cash equivalents - Ending	\$ 4,941	\$ -	\$ 4,941
Reconciliation of operating loss to net cash used for operating activities:			
Operating loss	\$ (2,477)	\$ (2,059)	\$ (4,536)
Net Cash Used for Operating Activities	\$ (2,477)	\$ (2,059)	\$ (4,536)

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 AGENCY FUNDS  
 JUNE 30, 2012

	Distributive Fund	Outdoor Education Cooperative	Special Ed. Personnel	Fed. - Sp. Ed. Pre-School Flow Through	Fed. - Sp. Ed. I.D.E.A. Flow Through	Totals
<b>Assets</b>						
Cash and cash equivalents	\$ 80,859	\$ 7,225	\$ -	\$ -	\$ -	\$ 88,084
Due from other governments	-	-	874,550	16,800	676,840	1,568,190
<b>Total Assets</b>	<b>\$ 80,859</b>	<b>\$ 7,225</b>	<b>\$ 874,550</b>	<b>\$ 16,800</b>	<b>\$ 676,840</b>	<b>\$ 1,656,274</b>
<b>Liabilities</b>						
Due to other governments	\$ 80,859	\$ 7,225	\$ 874,550	\$ 16,800	\$ 676,840	\$ 1,656,274
<b>Total Liabilities</b>	<b>\$ 80,859</b>	<b>\$ 7,225</b>	<b>\$ 874,550</b>	<b>\$ 16,800</b>	<b>\$ 676,840</b>	<b>\$ 1,656,274</b>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>July 01, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2012</u>
<u>DISTRIBUTIVE FUND</u>				
Assets				
Cash and cash equivalents	\$ 80,834	\$ 9,698,454	\$ 9,698,429	\$ 80,859
Total Assets	<u>\$ 80,834</u>	<u>\$ 9,698,454</u>	<u>\$ 9,698,429</u>	<u>\$ 80,859</u>
Liabilities				
Due to other governments	\$ 80,834	\$ 9,698,454	\$ 9,698,429	\$ 80,859
Total Liabilities	<u>\$ 80,834</u>	<u>\$ 9,698,454</u>	<u>\$ 9,698,429</u>	<u>\$ 80,859</u>
<u>OUTDOOR EDUCATION COOPERATIVE</u>				
Assets				
Cash and cash equivalents	\$ 8,906	\$ 116,800	\$ 118,481	\$ 7,225
Total Assets	<u>\$ 8,906</u>	<u>\$ 116,800</u>	<u>\$ 118,481</u>	<u>\$ 7,225</u>
Liabilities				
Due to other governments	\$ 8,906	\$ 116,800	\$ 118,481	\$ 7,225
Total Liabilities	<u>\$ 8,906</u>	<u>\$ 116,800</u>	<u>\$ 118,481</u>	<u>\$ 7,225</u>
<u>SPECIAL ED. - PERSONNEL</u>				
Assets				
Due from other governments	\$ -	\$ 874,550	\$ -	\$ 874,550
Total Assets	<u>\$ -</u>	<u>\$ 874,550</u>	<u>\$ -</u>	<u>\$ 874,550</u>
Liabilities				
Due to other governments	\$ -	\$ 874,550	\$ -	\$ 874,550
Total Liabilities	<u>\$ -</u>	<u>\$ 874,550</u>	<u>\$ -</u>	<u>\$ 874,550</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>July 01, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2012</u>
<u>FED. - SP. ED. - PRE-SCHOOL FLOW THROUGH</u>				
Assets				
Due from other governments	\$ -	\$ 16,800	\$ -	\$ 16,800
Total Assets	<u>\$ -</u>	<u>\$ 16,800</u>	<u>\$ -</u>	<u>\$ 16,800</u>
Liabilities				
Due to other governments	\$ -	\$ 16,800	\$ -	\$ 16,800
Total Liabilities	<u>\$ -</u>	<u>\$ 16,800</u>	<u>\$ -</u>	<u>\$ 16,800</u>
<u>FED. - SP. ED. - I.D.E.A. - FLOW THROUGH</u>				
Assets				
Due from other governments	\$ -	\$ 676,840	\$ -	\$ 676,840
Total Assets	<u>\$ -</u>	<u>\$ 676,840</u>	<u>\$ -</u>	<u>\$ 676,840</u>
Liabilities				
Due to other governments	\$ -	\$ 676,840	\$ -	\$ 676,840
Total Liabilities	<u>\$ -</u>	<u>\$ 676,840</u>	<u>\$ -</u>	<u>\$ 676,840</u>
<u>TOTALS ALL AGENCY FUNDS</u>				
Assets				
Cash and cash equivalents	\$ 89,740	\$ 9,815,254	\$ 9,816,910	\$ 88,084
Due from other governments	-	1,568,190		1,568,190
Total Assets	<u>\$ 89,740</u>	<u>\$ 11,383,444</u>	<u>\$ 9,816,910</u>	<u>\$ 1,656,274</u>
Liabilities				
Due to other governments	\$ 89,740	\$ 11,383,444	\$ 9,816,910	\$ 1,656,274
Total Liabilities	<u>\$ 89,740</u>	<u>\$ 11,383,444</u>	<u>\$ 9,816,910</u>	<u>\$ 1,656,274</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, 2012

	<b>Education Service Network</b>	<b>Kendall County Special Ed.</b>	<b>Grundy/ Kendall General School Fund</b>	<b>Total</b>
Federal Special Education - IDEA Flow Through	\$ -	\$ 2,752,512	\$ -	\$ 2,752,512
Special Education Personnel	-	4,434,763	-	4,434,763
ARRA-Federal Special Education - IDEA Flow Through	-	524,906	-	524,906
General State Aid	794,708	-	-	794,708
Truants Alternative	414,729	-	-	414,729
Regional Safe Schools	214,288	-	-	214,288
Medicaid matching fund	-	307,200	-	307,200
Fed. Spec. Ed. Pre School	-	30,910	-	30,910
ARRA-Fed. Spec. Ed. Pre School	-	100,633	-	100,633
Illinois Step Ahead	43,600	-	-	43,600
Teen Reach	61,408	-	-	61,408
Homeless liaison	18,000	-	-	18,000
ROE school bus driver training	-	-	772	772
Totals	<u>\$ 1,546,733</u>	<u>\$ 8,150,924</u>	<u>\$ 772</u>	<u>\$ 9,698,429</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/ Pass-Through Grantor/ <u>Program or Cluster Title</u>	<u>CFDA Number</u>	Project # (1st eight digits) or <u>Contract #</u>	<u>Federal Expenditures 7/1/11 - 6/30/12</u>
<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	12-4920-00	14,681
	84.196	11-4920-00	6,043
			20,724
ARRA - Education Jobs Fund			
Passed-Through Illinois State Board of Education	84.410	11-4880-93	27
Passed-Through Illinois State Board of Education	84.410	12-4880-93	1,224
Passed-Through Will County Regional Office of Education #56	84.410	12-4880-93	81,769
Total ARRA - Education Jobs Fund			83,020
<b>Total U.S. Department of Education</b>			103,744
<b>Department of Labor</b>			
Workforce Investment Act Cluster-			
Passed-Through Kane County Department of Employment and Education			
Workforce Investment Act (WIA) - Kendall County	17.259	ESN 712010	147,395
Total Passed-Through Kane County Department of Employment and Education			147,395
Workforce Investment Act Cluster-			
Passed-Through Workforce Investment Board of Will County			
Workforce Investment Act (WIA) - Premier Youth	17.259	2011-5000	312,835
	17.259	2010-5000	82,608
Total Workforce Investment Act Cluster			542,838 (M)
<b>Total Department of Labor</b>			542,838
<b>Total Expenditures of Federal Awards</b>			\$ 646,582

(M) Program was audited as a major program.

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, 2012

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>
Workforce Investment Act Cluster	17.259	\$ 32,638

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