

State of Illinois
KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
FINANCIAL AUDIT
(In Accordance with the Single Audit Act
and OMB Circular A-133)
For the Year Ended June 30, 2010

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

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REGIONAL OFFICE OF EDUCATION NO. 31
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**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31**

OFFICIALS

Regional Superintendent
(current and during the audit period)

Mr. Douglas Johnson

Assistant Regional Superintendent
(current)

Ms. Julie Vallejo

Associate Regional Superintendent
(during the audit period)

Mr. Harrison Schneider

Office is located at:

210 S. Sixth Street
Geneva, Illinois 60134

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31**

COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	2	0
Repeated audit findings	0	0
Prior recommendations implemented or not repeated	0	2

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

Additional matters which are less than significant deficiencies or material weaknesses but more than inconsequential, have been reported in a Management Letter of Comments to the Regional Superintendent. In prior years, this issue may have been included as an immaterial finding in the auditors' reports.

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
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FINDINGS (GOVERNMENT AUDITING STANDARDS)

10-1	12	Controls Over Financial Statement Preparation	Material Weakness
10-2	14	Controls Over Financial Reporting for Grant Programs	Material Weakness

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

None

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

None

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

None

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31**

COMPLIANCE REPORT SUMMARY

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at a formal exit conference held on June 3, 2011. Attending were Honorable Douglas Johnson, Regional Superintendent, Julie Vallejo, Assistance Regional Superintendent, Tom Campeggio, Director of Finance, and Ryan Steines and Kristyl McDaniel, auditors with Winkel, Parker & Foster, CPA PC. Responses to the recommendations were provided by Honorable Douglas Johnson, Regional Superintendent and Tom Campeggio, Director of Finance on April 18, 2011.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Kane County Regional Office of Education No. 31 was performed by Winkel, Parker & Foster, CPA PC.

Based on their audit, the auditors expressed an unqualified opinion on the Kane County Regional Office of Education No. 31's basic financial statements.



**Winkel, Parker
& Foster, CPA PC**

Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kane County Regional Office of Education No. 31, as of and for the year ended June 30, 2010, which collectively comprise the Kane County Regional Office of Education No. 31's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Kane County Regional Office of Education No. 31's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kane County Regional Office of Education No. 31, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2011 on our consideration of Kane County Regional Office of Education No. 31's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 20 through 30 and 65 are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kane County Regional Office of Education No. 31's basic financial statements. The accompanying supplemental information, such as the combining and individual nonmajor fund financial statements, budgetary comparison schedules and the Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Kane County Regional Office of Education No. 31. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, the Schedule of Disbursements to School District Treasurers and Other Entities, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Wendy Palm & Foster, CPA PC

Clinton, Iowa
June 3, 2011



**Winkel, Parker
& Foster, CPA PC**

Certified Public Accountants & Consultants

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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kane County Regional Office of Education No. 31, as of and for the year ended June 30, 2010, which collectively comprise the Kane County Regional Office of Education No. 31's basic financial statements and have issued our report thereon dated June 3, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Kane County Regional Office of Education No. 31'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 Kane County Regional Office of Education No. 31's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Kane County Regional Office of Education No. 31's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in findings 10-1 and 10-2 in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Kane County Regional Office of Education No. 31's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters which we have reported to management of the Kane County Regional Office of Education No. 31 in a separate letter dated June 3, 2011.

Kane County Regional Office of Education No. 31's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Kane County Regional Office of Education No. 31's responses and, accordingly, we express no opinion on them.

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

Wendy Palm & Foster, CPA PC

Clinton, Iowa
June 3, 2011

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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited Kane County Regional Office of Education No. 31'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 Kane County Regional Office of Education No. 31's major federal programs for the year ended June 30, 2010. The Kane County Regional Office of Education No. 31's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Kane County Regional Office of Education No. 31's management. Our responsibility is to express an opinion on the Kane County Regional Office of Education No. 31'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 Kane County Regional Office of Education No. 31'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 on the Kane County Regional Office of Education No. 31's compliance with those requirements.

In our opinion, the Kane County Regional Office of Education No. 31 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the Kane County Regional Office of Education No. 31 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 Kane County Regional Office of Education No.31's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Kane County Regional Office of Education No. 31's internal control over compliance.

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

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

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

Wendy Palm & Foster, CPA PC

Clinton, Iowa
June 3, 2011

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

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? x yes no
- Significant deficiencies identified that are not
 considered to be material weaknesses? yes x none reported
- Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes x no
- Significant deficiencies identified that are not
 considered to be material weaknesses? yes x none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010A</u>	<u>Title I - School Improvement & Accountability</u>
<u>84.394A, 84.397A</u>	<u>State Fiscal Stabilization Cluster</u>
_____	_____
_____	_____
_____	_____

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

Auditee qualified as low-risk auditee? yes x no

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

Section II: Financial Statement Findings:

FINDING NO. 10-1 - Controls Over Financial Statement Preparation

Criteria/Specific Requirement:

The Regional Office of Education No. 31 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 No. 31 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of most 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. Auditors, in their review of the Regional Office's accounting records, noted numerous adjustments were required to present the financial statements in accordance with generally accepted accounting principles.

Effect:

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

Cause:

Management did not effectively detect all of the material adjustments needed in order to present financial statements in accordance with GAAP.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

Section II: Financial Statement Findings:

FINDING NO. 10-1 - Controls Over Financial Statement Preparation (Continued)

Recommendation:

As part of internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education No. 31 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's activities and operations.

Management's Response:

Beginning with the FY2011 Audit, the Regional Office of Education No. 31 will begin preparing all financial statements in accordance with Generally Accepted Accounting Principles (GAAP) and using all GASB Pronouncements when required. Additional training for the Director of Finance through seminars and webinars will be done as needed.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

Section II: Financial Statement Findings:

FINDING NO. 10-2 - Controls Over Financial Reporting for Grant Programs

Criteria/Specific Requirement:

The Regional Office of Education (ROE) Accounting Manual states that separate funds or separate source of fund codes should be used to account for resources of a program or activity that are restricted to spending of a specified type or for a specified purpose. ROEs should establish and maintain: funds required by law; sound financial management; and financial statements in accordance with generally accepted accounting principles (GAAP).

Condition:

The Regional Office of Education No. 31 uses its accounting system to record activity in its funds based on the grant period rather than the fiscal period. The Regional Office posts grant activity to a single fiscal year regardless of when revenue or expenditures were actually incurred or recognized (grant period basis). As a result, revenues or expenditures that should be posted to the current fiscal year, based on GAAP, were posted to a prior or subsequent year.

Effect:

The trial balance provided by the Regional Office of Education No. 31 was not in accordance with GAAP.

Cause:

Management uses the accounting system to record activity for an entire grant period for some grants, as opposed to a fiscal period.

Recommendation:

The Regional Office of Education No. 31 should ensure their accounting records are maintained in accordance with GAAP. The Regional Office should ensure accounting records for the fiscal year include all appropriate revenues and expenditures and exclude revenues and expenditures that were incurred or recognized in a different fiscal year. The Regional Office should establish an accounting system that will be able to reflect accurate activity for the fiscal year and also allow management to monitor grant activity.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

Section II: Financial Statement Findings:

FINDING NO. 10-2 - Controls Over Financial Reporting for Grant Programs (Continued)

Management's Response:

Beginning with the FY2011 Audit all accounting records will be maintained in accordance with GAAP (Generally Accepted Accounting Principles). All accruals for revenues and expenses received that is specific for the fiscal year ending June 30th will be recorded in that grant year with a reversing entry done in the next fiscal year. The trial balance used by the Regional Office of Education No. 31 is solely intended to help prepare the financial statements for each year's audit.

KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

Section III: Findings and Questioned Costs for Federal Awards:

None

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2010**

FINDING NO. 10-1 - Controls Over Financial Statement Preparation

Condition:

The Regional Office of Education No. 31 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of most 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. Auditors, in their review of the Regional Office's accounting records, noted numerous adjustments were required to present the financial statements in accordance with generally accepted accounting principles.

Plan:

The Regional Office of Education No. 31 will prepare all financial statements in accordance with Generally Accepted Accounting Principles (GAAP) and using all GASB Pronouncements when required. Additional training for the Director of Finance through seminars and webinars will be done as needed.

Anticipated Completion Date:

By the beginning of the FY2011 Audit

Contact Person Responsible for Corrective Action:

Mr. Tom Campeggio, Finance Director, Kane County Regional Office of Education No. 31

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ended June 30, 2010**

FINDING NO. 10-2 - Controls Over Financial Reporting for Grant Programs

Condition:

The Regional Office of Education No. 31 uses its accounting system to record activity in its funds based on the grant period rather than the fiscal period. The Regional Office posts grant activity to a single fiscal year regardless of when revenue or expenditures were actually incurred or recognized (grant period basis). As a result, revenues or expenditures that should be posted to the current fiscal year, based on GAAP, were posted to a prior or subsequent year.

Plan:

All accounting records will be maintained in accordance with GAAP (Generally Accepted Accounting Principles). All accruals for revenues and expenses received that is specific for the fiscal year ending June 30th will be recorded in that grant year with a reversing entry done in the next fiscal year. The trial balance used by the Regional Office of Education No. 31 is solely intended to help prepare the financial statements for each year's audit.

Anticipated Completion Date:

By the beginning of the FY2011 Audit

Contact Person Responsible for Corrective Action:

Mr. Tom Campeggio, Finance Director, Kane County Regional Office of Education No. 31

KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2010

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
None		

Management's Discussion and Analysis

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

This discussion and analysis of the Kane County Regional Office of Education's financial report provides an overview of the financial activities for the year ended June 30, 2010 with comparative information for the year ended June 30, 2009. The intent of this discussion and analysis is to look at the Regional Office of Education's performance as a whole. Readers should review the financial statements and any notes to the basic financial statements to assist them in understanding the role of the Regional Office of Education, its operations and financial condition.

The purpose of the Kane County Regional Office of Education No. 31 is to promote quality education for the citizens of the Kane County Educational Service Region by acting as an advocate for education, providing leadership, performing regulatory functions as directed by the Illinois State Board of Education and the Illinois School Code, providing access to needed resources and disseminating information to school districts, educators, and the community.

Mission

The mission of the Kane County Regional Office of Education is to provide leadership in the learning community by developing educational resources, facilitating learning and collaborating with all educational partners.

Education Service Region

The Kane County Regional Office of Education serves over 130,000 students, which includes 121,628 public school students and 11,413 private/parochial students. Our region includes nine (K-12) unit districts, two community college districts, 177 public school buildings, and over 9,000 public/private school teachers.

Overview/Issues

Again, there were some programs that were required under the Illinois School Code that did not receive continued funding or received reduced funding for this fiscal year. The expectation from our constituents is to maintain or even expand our services and programs. The need does not go away for programs such as the Illinois Administrators Academy and Regional Safe Schools. A major funding source for Professional Development comes from the ROE/ISC budget which flows through the Illinois State Board of Education. Our ROE/ISC school services budget was again reduced since the last fiscal year with the expectation that we maintain or expand services to our school districts. The need to maintain and build an enterprise fund so the ROE can provide needed services to our schools and pay personnel in the future, with anticipated long delayed payments and reduced funding from the State is critical. In addition, county level funding has been reduced and operating costs continue to rise even to maintain mandated services. Our overall budget for next year will reflect reduction or even possible elimination of some one time revenues while maintaining existing programs and support. We will continue to aggressively pursue new grants and opportunities to be able to maintain and expand the services provided by our office and to provide funding and resources for our local school districts.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

2010 Financial Highlights

- General Fund revenues decreased from \$528,724 in fiscal year 2009 to \$469,213 in fiscal year 2010, while General Fund expenditures also decreased from \$528,055 in fiscal year 2009 to \$509,385 in fiscal year 2010. The reason for the change is primarily due to a state reduction in the ROE/ISC Operating Grant.
- Education Fund revenues increased from \$3,362,601 in fiscal year 2009 to \$3,499,710 in fiscal year 2010. Expenses also increased from \$3,108,103 in fiscal year 2009 to \$3,133,590 in fiscal year 2010. The increase in revenues and expenses in the Education Fund is due to two one-time grants in Gifted Education and Title I Reading First.
- Institute Fund revenues increased from \$63,782 in fiscal year 2009 to \$105,497 in fiscal year 2010. The increase was primarily due to more teachers registering their certificate than the previous year. Expenses in the Institute Fund decreased from \$52,592 in fiscal year 2009 to \$48,191 in fiscal year 2010. This decrease was primarily due to a slight decrease in expenses for professional development workshops this year.
- Enterprise Fund revenues and expenses were comparable between 2009 and 2010. Revenues decreased from \$439,579 in fiscal year 2009 to \$419,057 in fiscal year 2010. Enterprise Fund expenses increased from \$332,803 in fiscal year 2009 to \$336,120 in fiscal year 2010.
- Government-wide revenues increased by approximately 14% from \$4,489,293 in fiscal year 2009 to \$5,119,337 in fiscal year 2010. Government-wide expenses increased by approximately 3% from \$4,179,185 in fiscal year 2009 to \$4,285,354 in fiscal year 2010.

USING THIS ANNUAL REPORT

The annual 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 Regional Office's finances.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

The fund financial statements report the Regional Office's operations in more detail than the government-wide statements by providing information that is needed for a full understanding of the data provided in the basic financial statements.

Notes to the financial statements provide additional information that is needed for a full understanding of the data provided in the basic financial statements.

Required Supplemental Information further explains and supports the financial statements with information about the Illinois Municipal Retirement Fund Schedule of Funding Progress.

Other Supplemental Information provides detailed information about the major and nonmajor funds.

REPORTING KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about Kane County Regional Office of Education No. 31 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of Kane County Regional Office of Education No. 31's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid using generally accepted accounting principles and GASB 34.

The two government-wide financial statements report the Office's net assets and how they have changed. Net assets - the difference between assets and liabilities - are one way to measure the Regional Office's financial health or financial position. Over time, increases or decreases in net assets can be an indicator of whether financial position is improving or deteriorating. To assess the Regional Office's overall condition, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the State level need to be considered.

Fund Financial Statements

The fund financial statements provide more detailed information about Kane County Regional Office of Education No. 31's funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. Kane County Regional Office of Education No. 31 established other funds to control and manage money for particular purposes.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

Kane County Regional Office of Education No. 31 has three kinds of funds:

1) *Governmental funds*: Account for those funds through which most governmental functions of the Regional Office are financed. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at the year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Regional Office's programs. The governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balance.

2) *Proprietary funds*: Account for resources from fees charged directly to those entities or individuals that use its services. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements. The proprietary funds required financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows.

3) *Fiduciary funds*: Account for assets held by the Regional Office in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds required financial statements include a Statement of Fiduciary Net Assets.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve when examined over time as one indicator of the financial position of the Regional Office. The net assets at the end of fiscal year 2010 and 2009 totaled \$3,807,258 and \$2,919,396, respectively. The analysis that follows provides a summary of the Regional Office's net assets as of June 30.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

<u>2010</u>	Governmental Activities	Business- Type Activities	Total
Current assets	\$ 4,555,443	\$ 394,714	\$ 4,950,157
Capital assets, net of accumulated depreciation	<u>58,513</u>	<u>28,415</u>	<u>86,928</u>
Total assets	<u>4,613,956</u>	<u>423,129</u>	<u>5,037,085</u>
Current liabilities	995,328	74,550	1,069,878
Noncurrent liabilities	<u>152,164</u>	<u>7,785</u>	<u>159,949</u>
Total liabilities	<u>1,147,492</u>	<u>82,335</u>	<u>1,229,827</u>
Net assets			
Invested in capital assets, net of related debt	55,094	12,374	67,468
Unrestricted	2,869,732	328,420	3,198,152
Restricted for teacher professional development	<u>541,638</u>	<u>-</u>	<u>541,638</u>
Total net assets	<u>\$ 3,466,464</u>	<u>\$ 340,794</u>	<u>\$ 3,807,258</u>
 <u>2009</u>			
	Governmental Activities	Business- Type Activities	Total
Current assets	\$ 3,635,552	\$ 381,523	\$ 4,017,075
Capital assets, net of accumulated depreciation	<u>101,702</u>	<u>41,462</u>	<u>143,164</u>
Total assets	<u>3,737,254</u>	<u>422,985</u>	<u>4,160,239</u>
Current liabilities	1,153,129	68,254	1,221,383
Noncurrent liabilities	<u>3,419</u>	<u>16,041</u>	<u>19,460</u>
Total liabilities	<u>1,156,548</u>	<u>84,295</u>	<u>1,240,843</u>
Net assets			
Invested in capital assets, net of related debt	96,475	17,632	114,107
Unrestricted	1,997,899	321,058	2,318,957
Restricted for teacher professional development	<u>486,332</u>	<u>-</u>	<u>486,332</u>
Total net assets	<u>\$ 2,580,706</u>	<u>\$ 338,690</u>	<u>\$ 2,919,396</u>

The Regional Office's net assets increased by \$887,862 (30%) from fiscal year 2009. The increase was primarily due to the excess of revenue over expenses for the Youth Home Education Fund and the General State Aid Fund.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

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

<u>2010</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Revenues:			
Program revenues			
Charges for services	\$ -	\$ 417,429	\$ 417,429
Operating grants and contributions	3,230,954	-	3,230,954
General revenues			
Local sources	269,757	1,628	271,385
State sources	885,094	-	885,094
On-behalf payments	<u>314,475</u>	<u>-</u>	<u>314,475</u>
Total revenues	<u>4,700,280</u>	<u>419,057</u>	<u>5,119,337</u>
Expenses:			
Education			
Salaries and benefits	1,728,756	-	1,728,756
Purchased services	857,135	316,783	1,173,918
Supplies and materials	215,288	3,836	219,124
Payments to other governments	779,804	-	779,804
Other objects	3,271	198	3,469
Capital outlay	192	1,226	1,418
Depreciation	50,313	14,077	64,390
Administrative			
On-behalf payments	<u>314,475</u>	<u>-</u>	<u>314,475</u>
Total expenses	<u>3,949,234</u>	<u>336,120</u>	<u>4,285,354</u>
Income before transfers	751,046	82,937	833,983
Transfers	<u>(14,360)</u>	<u>14,360</u>	<u>-</u>
Change in net assets	736,686	97,297	833,983
Net assets, beginning as restated	<u>2,729,778</u>	<u>243,497</u>	<u>2,973,275</u>
Net assets, ending	<u>\$ 3,466,464</u>	<u>\$ 340,794</u>	<u>\$ 3,807,258</u>

KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010

<u>2009</u>	Governmental Activities	Business- Type Activities	Total
Revenues:			
Program revenues			
Charges for services	\$ 151,835	\$ 436,474	\$ 588,309
Operating grants and contributions	3,597,584	-	3,597,584
General revenues			
State and local sources	29,254	3,105	32,359
On-behalf payments	<u>271,041</u>	<u>-</u>	<u>271,041</u>
Total revenues	<u>4,049,714</u>	<u>439,579</u>	<u>4,489,293</u>
Expenses:			
Education			
Salaries and benefits	1,678,959	-	1,678,959
Purchased services	847,431	291,117	1,138,548
Supplies and materials	158,762	9,888	168,650
Payments to other governments	828,530	-	828,530
Capital outlay	1,287	16,431	17,718
Depreciation	60,372	15,367	75,739
Administrative			
On-behalf payments	<u>271,041</u>	<u>-</u>	<u>271,041</u>
Total expenses	<u>3,846,382</u>	<u>332,803</u>	<u>4,179,185</u>
Income before transfers	203,332	106,776	310,108
Transfers	<u>17,000</u>	<u>(17,000)</u>	<u>-</u>
Change in net assets	220,332	89,776	310,108
Net assets, beginning	<u>2,360,374</u>	<u>248,914</u>	<u>2,609,288</u>
Net assets, ending	<u>\$ 2,580,706</u>	<u>\$ 338,690</u>	<u>\$ 2,919,396</u>

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

Governmental Activities

Revenues for governmental activities were \$4,700,280 and \$4,049,714 and expenses were \$3,949,234 and \$3,846,382 for 2010 and 2009, respectively. The increase in program revenues and expenses was mainly due to two additional grants consisting of Gifted Education and Title I Reading First.

Business-Type Activities

Revenues for business-type activities were \$419,057 and \$439,579 and expenses were \$336,120 and \$332,803 for 2010 and 2009, respectively. The decrease in revenues and increase in expenditures are primarily due to a slight increase in expenses for developing new professional development trainings.

INDIVIDUAL FUND ANALYSIS

As previously noted, Kane County Regional Office of Education No. 31 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Kane County Regional Office of Education No. 31's governmental funds reported combined fund balances of \$3,044,278, above last year's ending fund balances of \$2,633,303 (as restated).

Governmental Fund Highlights

The General Fund fund balance decreased from \$932,600 in 2009 to \$887,768 in 2010. The decrease in fund balance was small in comparison to expenditures of \$509,385. The General Fund fund balance decrease was mostly attributable to a decrease in the ROE/ISC Grant.

The Education Fund fund balance increased from \$996,033 (as restated) in 2009 to \$1,356,153 in 2010. The Education Fund is primarily made up of grants the Regional Office receives and this can vary greatly from year to year as some programs are discontinued while others see a funding increase. Over the various programs that make up the fund, total revenues exceeded expenditures by \$360,120 thus increasing fund balance to \$1,356,153 in fiscal year 2010. In consideration that the total Education Fund revenue is \$3,499,710, \$360,120 is a very small change.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

Proprietary Fund Highlights

Enterprise Fund net assets increased to \$340,794 at June 30, 2010. The primary reason for the increase is attributable to the fact that revenues were received during May and June of 2010 and the expenses were not paid out until July and August of 2010 in the Professional Development fund and the Local Administrators Academy fund. These are local funds requiring no stipulation as to when expenses are to be paid out.

The Enterprise Fund revenues remained comparable. There was a slight decrease from \$439,579 in fiscal year 2009 to \$419,057 in fiscal year 2010.

Fiduciary Fund Highlights

Fiduciary funds remained fairly consistent when compared to the prior year. Total assets and liabilities decreased from \$71,080 in fiscal year 2009 to \$59,387 in fiscal year 2010. Transactions during fiscal year 2010 represent mainly transfers in and out of funds for the distributive and payroll funds.

BUDGETARY HIGHLIGHTS

The Kane County Regional Office of Education No. 31 annually prepares budgets for several funds which serve as a guideline for activities and expenditures. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Board for their approval. The Office Operations Budget covers a fiscal year which runs from December 1 to November 30. All grant budgets are prepared by the Regional Office of Education No. 31 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Additionally, the Regional Office of Education funds are reported and included in our annual report. In addition, the Institute Fund is printed in a newspaper of general circulation in Kane County.

CAPITAL ASSETS

The Regional Office's capital assets include office equipment, computers, audio-visual equipment, and office furniture. The Regional Office maintains an inventory of capital assets which have been accumulated over time. For fiscal year 2010, total additions and retirements amounted to \$8,154 and \$122,630, respectively. Depreciation expense for fiscal year 2010 was \$62,247.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

ECONOMIC FACTORS BEARING ON KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31'S FUTURE

The State Aid foundation for FY2011 increased slightly. The State Aid foundation level is unknown for FY2012, but is expected to remain at least level.

County Board support for ROE No. 31 was unexpectedly reduced for FY2011, but is expected to remain at the reduced level for FY2012.

Several major state grants were reduced for FY2011, but one time federal ARRA grants will help offset the revenue loss. One time federal grants are not expected for FY2012.

The growth in the region was stabilized.

State FY2011 grant payments continue to be delayed and state FY2012 grant payments are anticipated to be delayed.

CONTACTING KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31'S FINANCIAL MANAGEMENT

This financial report is designed to provide Kane County Regional Office of Education No. 31's citizens, taxpayers, customers, and creditors with a general overview of Kane County Regional Office of Education No. 31's finances and to demonstrate Kane County Regional Office of Education No. 31's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kane County Regional Office of Education No. 31 at 210 South Sixth Street, Geneva, IL 60134. For a more detailed analysis and explanation of operations and programs, the complete fiscal year 2010 Annual Report is posted on the Kane County Regional Office of Education No. 31's website at <http://www.kaneroe.org>.

BASIC FINANCIAL STATEMENTS

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
STATEMENT OF NET ASSETS
June 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,607,998	\$ 363,008	\$ 3,971,006
Accounts receivable	11,373	9,545	20,918
Due from other governments	957,108	1,125	958,233
Due from other funds	(21,036)	21,036	-
Total current assets	4,555,443	394,714	4,950,157
Non-current assets:			
Capital assets, being depreciated, net	58,513	28,415	86,928
Total assets	4,613,956	423,129	5,037,085
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	254,823	20,187	275,010
Due to other governments	639,956	37,107	677,063
Deferred revenue	98,632	9,000	107,632
Leases payable	1,917	8,256	10,173
Total current liabilities	995,328	74,550	1,069,878
Non-current liabilities:			
Leases payable	1,502	7,785	9,287
Other postemployment benefits	150,662	-	150,662
Total non-current liabilities	152,164	7,785	159,949
Total liabilities	1,147,492	82,335	1,229,827
NET ASSETS			
Invested in capital assets, net of related debt	55,094	12,374	67,468
Unrestricted	2,869,732	328,420	3,198,152
Restricted for teacher professional development	541,638	-	541,638
Total net assets	\$ 3,466,464	\$ 340,794	\$ 3,807,258

The accompanying notes are an integral part of the financial statements.

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 STATEMENT OF ACTIVITIES
 Year Ended June 30, 2010

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary government:						
Governmental activities:						
Education:						
Salaries and benefits	\$ 1,728,756	\$ -	\$ 1,481,025	\$ (247,731)	\$ -	\$ (247,731)
Purchased services	857,135	-	806,109	(51,026)	-	(51,026)
Supplies and materials	215,288	-	202,046	(13,242)	-	(13,242)
Payments to other governments	779,804	-	731,838	(47,966)	-	(47,966)
Other objects	3,271	-	3,070	(201)	-	(201)
Capital outlay	192	-	6,866	6,674	-	6,674
Depreciation and disposition losses	50,313	-	-	(50,313)	-	(50,313)
Administrative:						
On-behalf payments	314,475	-	-	(314,475)	-	(314,475)
Total governmental activities	3,949,234	-	3,230,954	(718,280)	-	(718,280)
Business-type activities:						
Professional development	336,120	417,429	-	-	81,309	81,309
Total primary government	\$ 4,285,354	\$ 417,429	\$ 3,230,954	(718,280)	81,309	(636,971)
General revenues:						
Local sources				269,757	1,628	271,385
State sources				885,094	-	885,094
On-behalf payments				314,475	-	314,475
Transfers				(14,360)	14,360	-
Total general revenue and transfers				1,454,966	15,988	1,470,954
CHANGES IN NET ASSETS				736,686	97,297	833,983
NET ASSETS, BEGINNING OF YEAR AS RESTATED				2,729,778	243,497	2,973,275
NET ASSETS, END OF YEAR				\$ 3,466,464	\$ 340,794	\$ 3,807,258

The accompanying notes are an integral part of the financial statements.

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	Special Revenue				Total Governmental Funds
	General Fund	Institute Fund	Education Fund	Other Nonmajor Funds	
ASSETS					
Cash and cash equivalents	\$ 689,308	\$ 531,926	\$ 2,133,866	\$ 252,898	\$ 3,607,998
Accounts receivable	292	4,675	25	6,381	11,373
Due from other governments	98,695	-	856,008	2,405	957,108
Due from other funds	295,735	8,950	49,570	-	354,255
TOTAL ASSETS	\$ 1,084,030	\$ 545,551	\$ 3,039,469	\$ 261,684	\$ 4,930,734
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	\$ 4,247	\$ 2,581	\$ 245,030	\$ 2,965	\$ 254,823
Due to other governments	-	1,332	638,624	-	639,956
Due to other funds	133,320	-	241,971	-	375,291
Deferred revenue	58,695	-	557,691	-	616,386
Total liabilities	196,262	3,913	1,683,316	2,965	1,886,456
FUND BALANCE					
Unreserved, reported in:					
General fund	887,768	-	-	-	887,768
Special revenue funds	-	541,638	1,356,153	258,719	2,156,510
Total fund balance	887,768	541,638	1,356,153	258,719	3,044,278
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,084,030	\$ 545,551	\$ 3,039,469	\$ 261,684	\$ 4,930,734

The accompanying notes are an integral part of the financial statements.

**KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2010**

Total fund balance of governmental funds (page 34)	\$ 3,044,278
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.	58,513
Capital lease obligations are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(3,419)
Receivables not collected within 60 days of year end are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	517,754
Other postemployment benefits reported in the statement net assets do not require the use of current financial resources and therefore are not reported as liabilities in the governmental funds.	<u>(150,662)</u>
Net assets of governmental activities (page 32)	<u>\$ 3,466,464</u>

The accompanying notes are an integral part of the financial statements.

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2010

	Special Revenue				Total Governmental Funds
	General Fund	Institute Fund	Education Fund	Other Nonmajor Funds	
REVENUES:					
Local sources	\$ 19,738	\$ 105,497	\$ 40,071	\$ 104,451	\$ 269,757
State sources	135,000	-	2,307,714	3,655	2,446,369
Federal sources	-	-	1,151,925	-	1,151,925
On-behalf payments	314,475	-	-	-	314,475
Total revenues	<u>469,213</u>	<u>105,497</u>	<u>3,499,710</u>	<u>108,106</u>	<u>4,182,526</u>
EXPENDITURES:					
Education:					
Salaries and benefits	138,630	-	1,413,340	26,124	1,578,094
Purchased services	43,908	42,588	748,748	23,699	858,943
Supplies and materials	7,248	3,908	189,190	14,942	215,288
Payments to other governments	2,500	-	777,304	-	779,804
Other objects	316	1,695	-	1,260	3,271
On-behalf payments	314,475	-	-	-	314,475
Capital outlay	2,308	-	5,008	-	7,316
Total expenditures	<u>509,385</u>	<u>48,191</u>	<u>3,133,590</u>	<u>66,025</u>	<u>3,757,191</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(40,172)</u>	<u>57,306</u>	<u>366,120</u>	<u>42,081</u>	<u>425,335</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	30,249	-	30,249
Transfers out	(4,660)	(2,000)	(36,249)	(1,700)	(44,609)
Total other financing sources (uses)	<u>(4,660)</u>	<u>(2,000)</u>	<u>(6,000)</u>	<u>(1,700)</u>	<u>(14,360)</u>
NET CHANGE IN FUND BALANCE	(44,832)	55,306	360,120	40,381	410,975
FUND BALANCE, BEGINNING OF YEAR AS RESTATED	<u>932,600</u>	<u>486,332</u>	<u>996,033</u>	<u>218,338</u>	<u>2,633,303</u>
FUND BALANCE, END OF YEAR	<u>\$ 887,768</u>	<u>\$ 541,638</u>	<u>\$ 1,356,153</u>	<u>\$ 258,719</u>	<u>\$ 3,044,278</u>

The accompanying notes are an integral part of the financial statements.

**KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
Year Ended June 30, 2010**

Net change in fund balance (page 36) \$ 410,975

Amounts reported for governmental activities in the
Statement of Activities are different because:

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

Capital outlay	\$	7,124	
Depreciation		(48,170)	
Loss on disposal of assets		<u>(2,143)</u>	(43,189)

Repayment of long-term capital lease obligations
is reported as an expenditure in the
governmental funds, but the repayment
reduces long-term liabilities in the Statement
of Net Assets. 1,808

Some receivables will not be collected for several
months after fiscal year end, so they are
not considered as "available" revenues in the
governmental funds, and they are instead
counted as deferred revenues. They are,
however, recorded as revenues in the
Statement of Activities. 517,754

Other postemployment benefits are reported in the
statement of activities but not require the use
of current financial resources and therefore
are not reported in the governmental funds. (150,662)

Change in net assets of governmental activities (page 33) \$ 736,686

The accompanying notes are an integral part of the financial statements.

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010

	Business-Type Activities Enterprise Funds <hr style="width: 100%;"/> Other Nonmajor Funds
ASSETS	
Current assets	
Cash and cash equivalents	\$ 363,008
Accounts receivable	9,545
Due from other governments	1,125
Due from other funds	49,986
Total current assets	423,664
Noncurrent assets	
Capital assets, net	28,415
TOTAL ASSETS	452,079
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	20,187
Due to other governments	37,107
Due to other funds	28,950
Deferred revenue	9,000
Leases payable	8,256
Total current liabilities	103,500
Noncurrent liabilities	
Leases payable	7,785
TOTAL LIABILITIES	111,285
NET ASSETS	
Invested in capital assets, net of related debt	12,374
Unrestricted	328,420
TOTAL NET ASSETS	\$ 340,794

The accompanying notes are an integral part of the financial statements.

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2010

	Business-Type Activities Enterprise Funds <hr/> Other Nonmajor Funds
OPERATING REVENUES:	
Local sources	\$ <u>417,429</u>
OPERATING EXPENSES:	
Purchased services	315,283
Supplies and materials	5,336
Other objects	198
Capital outlay	1,226
Depreciation	<u>14,077</u>
Total operating expenses	<u>336,120</u>
OPERATING INCOME	81,309
NONOPERATING REVENUES	
Interest revenue	<u>1,628</u>
INCOME BEFORE TRANSFERS	82,937
Transfers in	22,860
Transfers out	<u>(8,500)</u>
Total transfers	<u>14,360</u>
INCREASE IN NET ASSETS	97,297
NET ASSETS, BEGINNING OF YEAR AS RESTATED	<u>243,497</u>
NET ASSETS, END OF YEAR	\$ <u><u>340,794</u></u>

The accompanying notes are an integral part of the financial statements.

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2010

	Business-Type Activities Enterprise Funds <u>Other Nonmajor Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts for workshops and services	\$ 386,150
Payments to suppliers and providers of goods and services	<u>(355,177)</u>
Net cash provided by operating activities	<u>30,973</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers from (to) other funds	<u>14,360</u>
Net cash provided by noncapital financing activities	<u>14,360</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Purchase of capital assets	(1,030)
Principal paid on capital lease obligations	<u>(7,789)</u>
Net cash used in capital financing activities	<u>(8,819)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest	<u>1,628</u>
Net cash provided by investing activities	<u>1,628</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	38,142
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>324,866</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 363,008</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 81,309
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	14,077
Effects of changes in assets and liabilities:	
Accounts receivable	8,677
Due from (to) other funds	8,927
Accounts payable and accrued expenses	(33,134)
Deferred revenue	<u>(48,883)</u>
Net cash provided by operating activities	<u>\$ 30,973</u>

The accompanying notes are an integral part of the financial statements.

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2010

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 53,940
Due from other governments	<u>5,447</u>
TOTAL ASSETS	<u>\$ 59,387</u>
LIABILITIES	
Due to other governments	<u>\$ 59,387</u>

The accompanying notes are an integral part of the financial statements.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Kane County Regional Office of Education No. 31 operates under the School Code (Article 3 and 3A of Illinois Compiled Statutes, Chapter 105). The Regional Superintendent of Schools (Superintendent) serves as chief administrative officer of the Regional Office of Education No. 31 and is elected to the position for a four year term pursuant to Article 3 of Illinois Compiled Statutes, Chapter 105. The principal financial duty of the Superintendent is to receive and distribute monies due to school districts from general state aid, state categorical grants, and various other sources.

The Superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring of the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses.

These are the only activities considered to be part of (controlled by or dependent on) the Kane County Regional Office of Education No. 31, as determined by the application of the criteria set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. The criteria for inclusion of an entity include, but are not limited to, legal standing, fiscal dependency, imposition of will and potential for financial benefit or burden.

Kane County Regional Office of Education No. 31 has determined that no other outside agency meets any of the above criteria and, therefore, no other agency has been included as a component unit in the financial statements. Furthermore, the Kane County Regional Office of Education No. 31 does not consider itself to be a component unit of any other entity.

Basis of Presentation

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

KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Statement of Net Assets presents the Kane County Regional Office of Education No. 31's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

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

Restricted net assets represent resources in which the Regional Office is legally obligated to spend in accordance with restrictions imposed by enabling legislations.

Unrestricted net assets represent resources used for transactions relating to the general operations of the Regional Office and may be used at the discretion of management to meet expenses for any purpose.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to users who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Items not properly included among program revenues are reported instead as general revenues. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus and Basis of Accounting

The financial statements of Kane County Regional Office of Education No. 31 are prepared in accordance with generally accepted principles (GAAP). The Kane County Regional Office of Education No. 31 applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund and fiduciary financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Kane County Regional Office of Education No. 31 considers revenues to be available if they are collected within 60 days after year end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

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

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

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

Fund Accounting.

The accounts of Kane County Regional Office of Education No. 31 are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. The resources allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following summarizes the fund types used:

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

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Fund - Accounts for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted for in another fund. The general fund is reported as a major governmental fund in the financial statements. The following are included in the general funds:

ROE/ISC Operations - Accounts for grant monies received for, and payment of expenditures in assisting schools in all areas of school improvement.

Regional Program Development - Accounts for monies received for, and payment of expenditures to provide for the general improvement and expansion of education within Kane County Regional Office of Education No. 31 including the educational program for the students at the Kane County Juvenile Justice Center (Youth Home Education).

Special Revenue Funds - Accounts for the specific revenue sources (other than those accounted for in the Fiduciary Funds) that are legally restricted to expenditures for specified purposes. The Kane County Regional Office of Education No. 31 reports the following special revenue funds as major governmental funds:

Education Fund - Accounts for State and federal grant monies received for, and payment of expenditures incurred in administering numerous grant awards which include:

Technology for Success - Accounts for grant monies received for, and payment of expenditures to support learning technology services to the local school districts.

Federal Special Education - IDEA Flow-Through - Accounts for grant monies received for, and payment of expenditures to enhance the capacity of schools to safely and effectively educate all students by applying research-based behavior support systems that maximize academic achievement of student and teacher outcomes.

Regional Safe Schools - Accounts for the grant monies received for, and payment of expenditures of the alternative school program for at-risk youth, creating alternative placement for those students.

General State Aid - Accounts for the grant monies received for, and payment of expenditures for Regional Learning Academy supplements.

ARRA - General State Aid (State Fiscal Stabilization Fund Cluster) - Accounts for grant monies received for, and payment of expenditures related to help stabilize state budgets in order to minimize the possible impact of the State's current fiscal deficit and avoid reductions in education. This is funded by the American Reinvestment and Recovery Act (ARRA) - General State Aid.

KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Truants' Alternative Optional Education Program (TAOEP) - Accounts for grant monies received for, and payment of expenditures of the Truants' Alternative Program.

SOS - Q4 Teacher Quality - Accounts for grant monies received for, and payment of expenditures for improving teacher quality through professional development. Funds are received from the Professional Development Alliance of the Will County Regional Office of Education No. 56.

Title II - Teacher Quality - Leadership - Accounts for grant monies received for, and payment of expenditures incurred in providing professional development training to teachers for improvement of instruction in the classroom.

Title I - School Improvement & Accountability - Accounts for the grant monies received for, and payment of expenditures of the Title I - Accountability grant. This grant provides school districts with funds to carry out their school improvement and corrective action responsibilities under Section 1116(c) of Title I while offering students in schools indentified for improvement and corrective action the opportunity to transfer to another higher performing public school, including a public charter within the district.

McKinney Education for Homeless Children - Accounts for grant monies received for, and payment of expenditures to provide counseling and educational support to homeless children and their families. The programs are funded by a Federal Stewart B. McKinney Education for Homeless Children and Youth Grant administered through the Will County Regional Office of Education No. 56.

Youth Home Education - Accounts for the grant monies received for, and payment of expenditures to provide an educational program for the students at the Kane County Juvenile Justice Center.

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

Preschool Monitoring - Accounts for the grant monies received for, and payment of expenditures to reimburse personnel who evaluate preschools that receive funds from the universal preschool program initiated in 2006 by the Illinois Governor's office.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Gifted Education - Accounts for the revenues and expenditures associated with ongoing professional development for administrators and teachers for gifted and talented students.

Title I - Reading First - Accounts for the revenues and expenditures associated with ongoing professional development for administrators and teachers for the improvement of students' reading.

Institute Fund - Accounts for fees collected for the registration and renewal of teaching certificates. These fees are used to defray administrative expenses incidental to teachers' institutes, workshops or meetings of a professional nature that are designed to promote the professional growth of teachers or for the purpose of defraying the expense of any general or special meeting of teachers or school personnel, which has been approved by the Kane County Regional Office of Education No. 31. All funds generated remain restricted until expended only on the aforementioned activities.

Nonmajor Special Revenue Funds - The Kane County Regional Office of Education No. 31 reported the following special revenue funds as nonmajor governmental funds.

General Educational Development (GED) - Accounts for the revenues and expenditures associated with the processing of applications for the high school level test of General Education Development and the issuance of diplomas upon the successful completion of the examination.

Bus Driver Training - Accounts for the revenues received from individuals and contractors to sponsor instructional training courses for school bus drivers.

Supervisory - Accounts for travel and other expenditures necessary to perform the duty of supervising the school districts in Kane County Regional Office of Education No. 31.

Local Truancy - Accounts for revenues from local sources to address the truancy problem in Kane County.

Operation Snowball - Accounts for the revenues and expenditures associated with programs for the prevention of alcohol and drug abuse of teens in our local high schools and to support them making smart choices in life.

Enterprise Funds account for resources from fees charged directly to those entities or individuals that use its services.

Nonmajor Special Revenue Funds - The Kane County Regional Office of Education No. 31 reported the following proprietary funds as nonmajor funds.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Education Service Center (ESC) Professional Development Local 2 - Accounts for local monies received for, and payment of expenditures from workshops conducted by Kane County Regional Office of Education No. 31.

Visual Media Cooperative - Accounts for funds received and disbursed by the Regional Superintendent as administrative agent for the Kane County Visual Media Cooperative. The Visual Media Cooperative is a cooperative of school districts, which maintains a library of educational films. New and replacement films and videos are financed from rental charges to users.

Technology - A collaboration between the Northeastern Illinois Regional Offices of Education to provide computer workshops for the teachers of Northern Illinois. This fund is locally funded by Area 1, which is comprised of the Northeastern Illinois Regional Offices of Education.

Local Administrators Academy - Accounts for local revenues and disbursements related to the Academy Program.

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

Kane County Human Resources Consortium - Accounts for monies received for, and payment of expenditures for the Kane County Human Resources Consortium program.

Kane County Library Resources Consortium - Accounts for monies received for, and payment of expenditures for the Kane County Public Schools Library Resources program.

Discovery Education United Streaming - Accounts for local revenues received from school districts which are used to pay for the digital video-on-demand services provided by Discovery Education.

Fiduciary Fund Types

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

Agency Funds - Account for assets held as an agent for individuals, private organizations, other governmental units and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of operations. The Agency Funds include the following:

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Payroll - Accounts for local monies received and subsequent payment of payroll expenditures.

Juvenile Drug Court - The Regional Office provides fiscal support to the Sixteenth Judicial Circuit Court for a program to assist juvenile drug offenders in DeKalb, Kane and Kendall Counties. The program is funded by a grant from the City of Aurora.

Distributive - Accounts for State and federal funds appropriated to Valley Education for Employment System and to school districts which are paid through the Kane County Regional Office of Education No. 31. These proceeds are received and disbursed to these entities and accounted for in a trustee capacity.

Kane Cares - Accounts for monies received, and disbursements paid in administering the Kane Cares program funded by the Kane County Health Department.

Revenues - Exchange and Non-exchange Transactions

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

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

Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash and cash equivalents - For presentation in the financial statements, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Due from other governments - Due from other governments represents amounts due from the Illinois State Board of Education, other agencies, and districts.

KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets - Capital assets result from expenditures in the governmental and propriety funds. These assets are reported in the governmental and business-type activities column of the government-wide Statement of net Assets but are not reported in the fund financial statements for governmental funds. Capital assets are recorded at cost at the time of acquisition or fair value at the date of donation. The Regional Office capitalizes items costing \$500 or more. Depreciation is calculated on a straight-line basis over the estimated useful lives (five to seven years) of the respective assets.

Impairment of Long Lived Assets - Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

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

Fund equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted net assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

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

KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

Kane County Regional Office of Education No. 31 did not formally adopt a budget for the year ended June 30, 2010 and is not legally required to do so. The Illinois State Board of Education requires budgets for certain State and Federal programs. These budgets were used to prepare the Budgetary Comparison Schedules for the following programs:

General Fund:

- ROE/ISC Operations

Special Revenue Funds:

- Technology for Success
- Regional Safe Schools
- Truants' Alternative and Optional Education Program (TAOEP)
- Gifted Education
- Title I - Reading First

Revenue from Federal and State Grants

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

Interest Revenue

Illinois State Board of Education (ISBE) funds received by the Regional Office for the Distributive Fund accrue interest for the period of time between the receipt of the funds and clearance of checks to the recipient. In accordance with an agreement dated May 24, 1988 with the school district boards served, interest earned on Distributive Fund deposits is transferred to the General Fund to offset wire service and other bank charges incurred by the Distributive Fund.

Distributive Fund interest earned and related charges are recognized as revenues and expenditures in the general fund.

Subsequent Events

Management has evaluated subsequent events through June 3, 2011, the date the financial statements were available to be issued.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 2 - CASH AND INVESTMENTS

Deposits

The Kane County Regional Office of Education No. 31 utilizes several different bank accounts for its various activities. The book balance of such accounts is \$4,024,946 at June 30, 2010, while the bank balance was \$4,405,666. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2010. Of the total bank balances as of June 30, 2010, \$562,076 was secured by federal depository insurance, and \$3,843,590 was collateralized by securities pledged by the Regional Office of Education No. 31's financial institution on behalf of the Regional Office.

Investments

The Regional Office's established investment policy follows the State of Illinois Public Funds Investment Act which authorizes the Regional Office to purchase certain obligations of the U.S. Treasury, federal agencies and instrumentalities; certificates of deposit and time deposits covered by Federal depository insurance; commercial paper of U.S. corporations with assets exceeding \$500,000,000, if such paper is rated at the highest classification established by at least two standard rating services; money market funds and the Illinois Funds.

As of June 30, 2010, the Kane County Regional Office of Education No. 31 had investments with carrying and fair value of \$62,076, respectively invested in the Illinois Funds Money Market.

Credit Risk

At June 30, 2010, the Illinois Funds Money Market Fund had a Standards and Poor's AAAm rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

Interest Rate Risk

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

Concentration of Credit Risk

Unless specifically authorized by the Treasurer, the Illinois Funds Money Market Fund's investment policy limits investment categories to not exceed 25% of portfolio, with the exception of cash equivalents of U.S. Treasury securities. Further, certificates of deposit cannot exceed 10% of any single financial institution's total deposits.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 3 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2010 is as follows:

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2010</u>
Governmental Funds:				
Furniture and equipment	\$ 793,100	\$ 7,124	\$ (122,630)	\$ 677,594
Less: accumulated depreciation	<u>(691,398)</u>	<u>(48,170)</u>	<u>120,487</u>	<u>(619,081)</u>
Capital assets, net	<u>\$ 101,702</u>	<u>\$ (41,046)</u>	<u>\$ (2,143)</u>	<u>\$ 58,513</u>
Proprietary Funds:				
Furniture and equipment	\$ 89,209	\$ 1,030	\$ -	\$ 90,239
Less: accumulated depreciation	<u>(47,747)</u>	<u>(14,077)</u>	<u>-</u>	<u>(61,824)</u>
Capital assets, net	<u>\$ 41,462</u>	<u>\$ (13,047)</u>	<u>\$ -</u>	<u>\$ 28,415</u>

Depreciation expense was charged as follows:

Governmental Funds:	
Depreciation expense	\$ 48,170
Proprietary Funds:	
Depreciation expense	<u>14,077</u>
Total depreciation expense	<u>\$ 62,247</u>

NOTE 4 - CAPITAL LEASE

Kane County Regional Office of Education No. 31 has entered into lease agreements as lessee for financing the acquisition of copiers. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date in the capital assets account.

The future minimum lease obligations and the net present value of these lease payments as of June 30, 2010 were as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2011	\$ 11,341
2012	9,319
2013	<u>555</u>
Total minimum lease payments	21,215
Less: amount representing interest	<u>1,755</u>
Present value of minimum lease payments	<u>\$ 19,460</u>

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 5 - SALARIES AND PENSION PLAN CONTRIBUTIONS

The salaries of the Regional Superintendent and the Assistant Regional Superintendent are paid by the State of Illinois. The salaries of all other employees of the Kane County Regional Office of Education No. 31 are paid by Kane County. Pension plan contributions associated with these salaries are also paid either by the State of Illinois or Kane County.

The Kane County Regional Office of Education No. 31 reimburses Kane County for salaries as well as the employer contributions made to the Illinois Municipal Retirement Fund (IMRF). Pension plan obligations for Kane County Regional Office of Education No. 31 employees (except for visual media personnel) are included in the statistics IMRF provides to Kane County.

NOTE 6 - RETIREMENT FUND COMMITMENTS

Teachers' Retirement System of the State of Illinois

The Regional Office of Education participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2010, was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2009 and 2008.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education No. 31's TRS-covered employees.

- **On-behalf Contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 31. For the year ended June 30, 2010, the State of Illinois contributions were based on 23.38 percent of creditable earnings not paid from federal funds and the Regional Office of Education No. 31 recognized revenue and expenditures of \$84,010 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2009 and June 30, 2008 the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 17.08 percent (\$44,156) and 13.11 percent (\$33,796), respectively.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)

Kane County Regional Office of Education No. 31 makes other types of employer contributions directly to TRS.

- **2.2 Formula Contributions.** Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2010 were \$974. Contributions for the years ending June 30, 2009 and June 30, 2008 were \$1,499 and \$1,513, respectively.
- **Federal and Special Trust Fund Contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 31, there is a statutory requirement for the Regional Office of Education No. 31 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 paid from federal and special trust funds will be the same as the state contribution rate for TRS.

For the year ended June 30, 2010, the employer pension contribution was 23.38 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2009 and 2008, the employer contribution was 17.08 and 13.11 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2010, salaries totaling \$5,373 were paid from federal and special trust funds that required employer contributions of \$1,256. For the years ended June 30, 2009 and June 30, 2008, required employer contributions were \$243 and \$508, respectively.

- **Early Retirement Option.** The Regional Office of Education No. 31 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. Public Act 94-0004 made changes in the ERO program that was in effect for all ERO retirements in fiscal years 2008 through 2010. The act increased member and employer contributions and eliminated the waiver of member and employer ERO contributions that have been in effect for members with 34 years of service. Under the current ERO, the maximum employer contribution is 117.5 percent and applies when the member is age 55 at retirement. For the years ended June 30, 2010, June 30, 2009 and June 30, 2008, the Regional Office Education No. 31 paid no ERO contributions.
- **Salary increases over 6 percent and excess sick leave.** Public Act 94-0004 added two new employer contributions to TRS.
 - If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases up to 6 percent. For the years ended June 30, 2010, June 30, 2009, and June 30, 2008, the Regional Office of Education No. 31 did not make any contributions to TRS for salary increases in excess of 6 percent.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)

- If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.55 percent of salary during the year ended June 30, 2010). For the years ended June 30, 2010, June 30, 2009, and June 30, 2008, the Regional Office of Education No. 31 did not make any contributions to TRS for sick leave days granted in excess of the normal annual allotment.

TRS financial information, an explanation of TRS' benefits, and descriptions of member, employer and state funding requirements can be found in the TRS Comprehensive Annual Financial Report for the year ended June 30, 2009. The report for the year ended June 30, 2010, is expected to be available in late 2010.

The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at trs.illinois.gov.

Illinois Municipal Retirement Fund

Plan Description. The Regional Office of Education No. 31'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 No. 31'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 on-line at www.imrf.org.

Funding Policy. As set by statute, the Regional Office of Education No. 31's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2009 was 0.00 percent of annual covered payroll. The Regional Office of Education No. 31 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. For fiscal year ending December 31, 2009, the Regional Office of Education No. 31's annual pension cost of \$0 for the Regular plan was equal to the Regional Office of Education No. 31's required and actual contributions.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)

TREND INFORMATION			
<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/09	\$ -	100%	\$ -
12/31/08	-	100%	-
12/31/07	-	100%	-

The required contribution for 2009 was determined as part of the December 31, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007, 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 the Regional Office of Education No. 31's 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 15% corridor between the actuarial and market value of assets. The Regional Office of Education No. 31's Regular plan's overfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2007, valuation was 5 years.

Funded Status and Funding Progress. As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 110.21 percent funded. The actuarial accrued liability for benefits was \$40,969 and the actuarial value of assets was \$45,152, resulting in an overfunded actuarial accrued liability (UAAL) of \$4,183. The covered payroll (annual payroll of active employees covered by the plan) was \$0 and the ratio of the UAAL to the covered payroll was and since the plan is overfunded, there is no ratio of the UAAL to the covered payroll. In conjunction with the December 2009 actuarial valuation the market value of investments was determined using techniques that spread the effect 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. In 2010, the overfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 10 year basis.

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.

KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS

The Regional Office of Education No. 31 participates in the Kane County Retiree postretirement medical plans (OPEB). The OPEB Plan recognizes the implicit rate subsidy as required by GASB Statement No. 45.

The actuarial valuation of liabilities under the OPEB Plan is calculated using the unprojected unit credit actuarial cost method as of the December 31, 2008 actuarial valuation and is for the 12 months period from January 1, 2009 through December 31, 2009. This method requires the calculation of an unfunded actuarial accrued liability, which was approximately \$29,184,000 for Kane County as of December 31, 2009. The Regional Office of Education No. 31's portion of the unfunded actuarial accrued liability is not separately determinable from the Kane County actuarial study.

The Regional Office of Education No. 31 recognized an estimated net OPEB liability of \$150,662 for other postemployment benefits, which represents the Regional Office of Education No. 31's portion of Kane County's net OPEB obligation. The Regional Office of Education No. 31's estimated portion of the net OPEB obligation was calculated using the ratio of full-time equivalent employees of the Regional Office of Education No. 31 compared to full-time equivalent employees of Kane County.

Details of the OPEB Plan are available in Kane County's audit report for the year ended November 30, 2009. The report may be obtained by writing to the Kane County Government Center, 719 S. Batavia Avenue, Geneva, IL 60134.

Teachers Health Insurance Security Fund

The Regional Office of Education No. 31 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the state administered participating provider option plan or choose from several managed care options.

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

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

- **On-behalf Contributions.** The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No.31. State contributions are intended to match contributions to THIS Fund from active members which were 0.84 percent of pay during the year ended June 30, 2010. State of Illinois contributions were \$3,018, and the Regional Office of Education No. 31 recognized revenue and expenditures of this amount during the year. Had the Regional Office of Education No. 31 recognized revenue and expenditures for State contributions intended to match contributions during the years ended June 30, 2009 and June 30, 2008, under the current standards, the contribution match would have been 0.84 percent of pay or \$2,172 and \$2,165, respectively.
- **Employer Contributions.** The Regional Office of Education No. 31 also makes contributions to THIS Fund. The employer THIS fund contribution was 0.63 percent during the years ended June 30, 2010, June 30, 2009, and June 30, 2008. For the year ended June 30, 2010, the Regional Office of Education No. 31 paid \$1,058 to the THIS Fund. For the years ended June 30, 2009 and June 30, 2008, the Regional Office of Education No. 31 paid \$1,629 and \$3,790 to the THIS Fund, respectively, which was 100 percent of the require contribution.

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

NOTE 8 - ON-BEHALF PAYMENTS

The breakdown of the on-behalf payments by the State of Illinois for the Regional Superintendent and the Assistant Regional Superintendent of the Kane County Regional Office of Education No. 31 are as follows:

Regional Superintendent - salary	\$ 100,762
Regional Superintendent - benefits (includes state paid insurance)	22,912
Assistant Regional Superintendent - salary	90,686
Assistant Regional Superintendent - benefits (includes state paid insurance)	13,087
TRS on-behalf payments	84,010
THIS on-behalf payments	3,018
Total on-behalf payments	<u>\$ 314,475</u>

Salary and benefit data for the Regional Superintendent and the Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 9 - DEFICIT FUND BALANCES

At June 30, 2010, the following funds had deficit fund balances. They are expected to correct themselves in 2011, through payments from the State and transfers from local funds.

General Fund	
ROE/ISC Operations	\$ (67,839)
Education Fund	
Technology For Success	(25,882)
Regional Safe Schools	(276,933)
Truants Alternative and Optional Education Program (TAOEP)	(76,340)
Principal Mentoring	(29,986)
Preschool Monitoring	(20,101)

NOTE 10 - DUE FROM/TO OTHER GOVERNMENTS

The Kane County Regional Office of Education No. 31's General Fund, Special Revenue Funds, Enterprise Funds, and Agency Funds have funds due to and from various other governmental units which consist of the following:

Due From Other Governments

General Fund	
ROE Operations	
Illinois State Board of Education	\$ 98,695
Education Fund	
Technology for Success	
Illinois State Board of Education	42,041
Federal Special Education - IDEA Flow-Through	
Local Government	24,963
Regional Safe Schools	
Illinois State Board of Education	507,618
Truants Alternative Education	
Illinois State Board of Education	183,046
Title II - Teacher Quality - Leadership	
Local Government	2,070
Title I - School Improvement & Accountability	
Local Government	65,126
Preschool Monitoring	
Local Government	23,060
Title I - Reading First	
Illinois State Board of Education	8,084
Nonmajor Special Revenue Funds	
GED	
Local Government	2,405

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 10 - DUE FROM/TO OTHER GOVERNMENTS (CONTINUED)

Nonmajor Proprietary Funds		
ESC Professional Development Local 2		
Local Government	\$	1,125
Agency Funds		
Juvenile Drug Court		
Local Government		5,447
Total		<u>\$ 963,680</u>
<u>Due To Other Governments</u>		
Institute Fund	\$	1,332
Education Fund		
Regional Safe Schools		
Other local entities		583,133
Title I - School Improvement & Accountability		
Other local entities		55,491
Nonmajor Proprietary Funds		
Visual Media Cooperative		
Other local entities		37,107
Agency Funds		
Payroll		
Other local entities		53,470
Juvenile Drug Court		
Other local entities		1,847
Distributive		
Other local entities		4,070
Total		<u>\$ 736,450</u>

NOTE 11 - DUE FROM/TO FUNDS

The following is a summary of amounts due from/to funds as of June 30, 2010:

	<u>Due From</u>	<u>Due To</u>
General Fund		
ROE/ISC Operations	\$ -	\$ 103,750
Regional Program Development	295,735	29,570
Institute Fund	8,950	-
Education Fund		
Technology for Success	-	39,177
Federal Special Education - IDEA Flow-Through	-	14,858
Truants Alternative and Optional Education Program (TAOEP)	-	94,789
McKinney Education for Homeless Children	29,570	-

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 11 - DUE FROM/TO FUNDS (CONTINUED)

	<u>Due From</u>	<u>Due To</u>
Education Fund		
Principal Mentoring	\$ 20,000	\$ 49,986
Preschool Monitoring	-	43,161
Nonmajor Proprietary Funds		
ESC Professional Development Local 2	21,036	-
Total	<u>\$ 375,291</u>	<u>\$ 375,291</u>

NOTE 12 - TRANSFERS

The following is the detail of interfund transfers as of June 30, 2010:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
ROE/ISC Operations	\$ -	\$ 4,660
Institute Fund	-	2,000
Education Fund		
General State Aid	-	6,000
SOS - Q4 Teacher Quality	-	30,249
Title I - School Improvement & Accountability	30,249	-
Nonmajor Special Revenue Funds		
GED	-	800
Bus Driver Training	-	900
Nonmajor Proprietary Funds		
ESC Professional Development Local 2	22,860	-
Local Administrators Academy	-	7,000
Kane County Human Resources Consortium	-	1,500
Total	<u>\$ 53,109</u>	<u>\$ 53,109</u>

NOTE 13 - RESTATEMENT OF BEGINNING FUND BALANCE AND NET ASSETS

The Regional Office restated the following fund balance/net assets previously reported:

	<u>Title I - School Improvement & Accountability</u>	<u>Kane County Human Resources Consortium</u>	<u>Kane County Library Resources Consortium</u>
Fund balance/net assets, June 30, 2009 as previously reported	\$ (15,679)	\$ 87,754	\$ 50,443
Add payables and expenditures recorded in excess	149,072	-	-
Less receivables and revenue recorded in excess	<u>-</u>	<u>(49,000)</u>	<u>(46,193)</u>
Fund balance/net assets, July 1, 2009 as restated	<u>\$ 133,393</u>	<u>\$ 38,754</u>	<u>\$ 4,250</u>

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

**NOTE 13 - RESTATEMENT OF BEGINNING FUND BALANCE AND NET ASSETS
(CONTINUED)**

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
Net assets, June 30, 2009, as previously reported	\$ 2,580,706	\$ 338,690
Add payables and expenditures recorded in excess	149,072	-
Less receivables and revenue recorded in excess	-	(95,193)
Net assets, July 1, 2009, as restated	<u>\$ 2,729,778</u>	<u>\$ 243,497</u>

The restatement of the Title I - School Improvement & Accountability fund balance and the Governmental Activities net assets was to remove payables and expenses that were actually incurred during fiscal year 2010.

The restatement of the Kane County Human Resources Consortium, Kane County Library Resources Consortium, and Business-Type Activities net assets was to remove receivables and revenues that were actually earned during fiscal year 2010.

NOTE 14 - RISK MANAGEMENT

Kane County Regional Office of Education No. 31 is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. Kane County Regional Office of Education No. 31 assumes liability for any deductibles and claims in excess of coverage limitations. There has been no significant reduction in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the year.

NOTE 15 - NEW PRONOUNCEMENTS

In 2010, Kane County Regional Office of Education No. 31 adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*; GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*; GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*; and GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. The Regional Office of Education No. 31 implemented these standards during the current year; however, there was no significant impact of the implementation of GASB No. 45, 51, 53, and 58 on the financial statements.

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTAL INFORMATION
(Other than Management's Discussion and Analysis)

KANE COUNTY
 REGIONAL OFFICE OF EDUCATION NO. 31
 SCHEDULE OF FUNDING PROGRESS -
 ILLINOIS MUNICIPAL RETIREMENT FUND (Unaudited)
 June 30, 2010

ILLINOIS MUNICIPAL RETIREMENT FUND
 SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/09	\$ 45,152	\$ 40,969	\$ (4,183)	110.21%	\$ 0	0.00%
12/31/08	43,942	39,659	(4,283)	110.80%	0	N/A
12/31/07	46,851	39,535	(7,316)	118.51%	0	N/A

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$44,290. On a market basis, the funded ratio would be 108.11%.

SUPPLEMENTAL INFORMATION

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND ACCOUNTS
 June 30, 2010

	<u>ROE/ISC Operations</u>	<u>Regional Program Development</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 689,308	\$ 689,308
Accounts receivable	-	292	292
Due from other governments	98,695	-	98,695
Due from other funds	-	295,735	295,735
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 98,695	\$ 985,335	\$ 1,084,030
LIABILITIES AND FUND BALANCE (DEFICIT)			
LIABILITIES			
Accounts payable and accrued expenses	\$ 4,089	\$ 158	\$ 4,247
Due to other funds	103,750	29,570	133,320
Deferred revenue	58,695	-	58,695
	<hr/>	<hr/>	<hr/>
Total liabilities	166,534	29,728	196,262
 FUND BALANCE (DEFICIT), UNRESERVED	 (67,839)	 955,607	 887,768
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT), UNRESERVED	\$ 98,695	\$ 985,335	\$ 1,084,030
	<hr/>	<hr/>	<hr/>

**KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
Year Ended June 30, 2010**

	<u>ROE/ISC Operations</u>	<u>Regional Program Development</u>	<u>Totals</u>
REVENUES:			
Local sources	\$ -	\$ 19,738	\$ 19,738
State sources	135,000	-	135,000
On-behalf payments	314,475	-	314,475
Total revenues	<u>449,475</u>	<u>19,738</u>	<u>469,213</u>
EXPENDITURES:			
Education:			
Salaries	95,913	-	95,913
Benefits	42,717	-	42,717
Purchased services	33,904	10,004	43,908
Supplies and materials	7,248	-	7,248
Payments to other governments	-	2,500	2,500
Other objects	-	316	316
On-behalf payments	314,475	-	314,475
Capital outlay	2,308	-	2,308
Total expenditures	<u>496,565</u>	<u>12,820</u>	<u>509,385</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(47,090)	6,918	(40,172)
OTHER FINANCING USES			
Transfers out	(4,660)	-	(4,660)
NET CHANGE IN FUND BALANCE (DEFICIT)	(51,750)	6,918	(44,832)
FUND BALANCE (DEFICIT), UNRESERVED, BEGINNING OF YEAR	<u>(16,089)</u>	<u>948,689</u>	<u>932,600</u>
FUND BALANCE (DEFICIT), UNRESERVED, END OF YEAR	<u>\$ (67,839)</u>	<u>\$ 955,607</u>	<u>\$ 887,768</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND ACCOUNTS
 Year Ended June 30, 2010

SCHEDULE 3

	ROE/ISC Operations Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
State sources	\$ 123,057	\$ 193,695	\$ 135,000	\$ (58,695)
On-behalf payments	-	-	314,475	314,475
Total revenues	123,057	193,695	449,475	255,780
EXPENDITURES:				
Education:				
Salaries	61,788	102,270	95,913	6,357
Benefits	19,793	42,145	42,717	(572)
Purchased services	36,000	39,468	33,904	5,564
Supplies	2,976	7,312	7,248	64
On-behalf payments	-	-	314,475	(314,475)
Capital outlay	2,500	2,500	2,308	192
Total expenditures	123,057	193,695	496,565	(302,870)
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	-	(47,090)	(47,090)
OTHER FINANCING USES				
Transfers out	-	-	(4,660)	-
NET CHANGE IN FUND BALANCE	\$ -	\$ -	(51,750)	\$ (47,090)
FUND BALANCE (DEFICIT), UNRESERVED, BEGINNING OF YEAR			(16,089)	
FUND BALANCE (DEFICIT), UNRESERVED, END OF YEAR			\$ (67,839)	

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND ACCOUNTS
 June 30, 2010

	<u>Technology for Success</u>	<u>Federal Special Education - IDEA Flow-Through</u>	<u>Regional Safe Schools</u>	<u>General State Aid</u>	<u>ARRA General State Aid</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 149,187	\$ 848,389	\$ -
Accounts receivable	-	-	-	-	-
Due from other governments	42,041	24,963	507,618	-	-
Due from other funds	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 42,041</u>	<u>\$ 24,963</u>	<u>\$ 656,805</u>	<u>\$ 848,389</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE (DEFICIT)					
LIABILITIES					
Accounts payable and accrued expenses	\$ 2,351	\$ 996	\$ 32,987	\$ 2,466	\$ -
Due to other governments	-	-	583,133	-	-
Due to other funds	39,177	14,858	-	-	-
Deferred revenue	26,395	-	317,618	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	67,923	15,854	933,738	2,466	-
FUND BALANCE (DEFICIT)					
Unreserved	<hr/> (25,882)	<hr/> 9,109	<hr/> (276,933)	<hr/> 845,923	<hr/> -
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 42,041</u>	<u>\$ 24,963</u>	<u>\$ 656,805</u>	<u>\$ 848,389</u>	<u>\$ -</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2010

	Truants' Alternative and Optional Education Program (TAOEP)	SOS -Q4 Teacher Quality	Title II - Teacher Quality - Leadership	Title I - School Improvement & Accountability	McKinney Education for Homeless Children
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 7,734	\$ 160,635	\$ 35,584
Accounts receivable	-	-	-	-	-
Due from other governments	183,046	-	2,070	65,126	-
Due from other funds	-	-	-	-	29,570
TOTAL ASSETS	\$ 183,046	\$ -	\$ 9,804	\$ 225,761	\$ 65,154
LIABILITIES AND FUND BALANCE (DEFICIT)					
LIABILITIES					
Accounts payable and accrued expenses	\$ 49,551	\$ -	\$ 550	\$ 6,753	\$ 11,162
Due to other governments	-	-	-	55,491	-
Due to other funds	94,789	-	-	-	-
Deferred revenue	115,046	-	-	-	-
Total liabilities	259,386	-	550	62,244	11,162
FUND BALANCE (DEFICIT)					
Unreserved	(76,340)	-	9,254	163,517	53,992
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 183,046	\$ -	\$ 9,804	\$ 225,761	\$ 65,154

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND ACCOUNTS
June 30, 2010

	<u>Youth Home Education</u>	<u>Principal Mentoring</u>	<u>Preschool Monitoring</u>	<u>Gifted Education</u>	<u>Title I - Reading First</u>	<u>Totals</u>
ASSETS						
Cash and cash equivalents	\$ 702,028	\$ -	\$ -	\$ 228,314	\$ 1,995	\$ 2,133,866
Accounts receivable	-	-	-	25	-	25
Due from other governments	-	-	23,060	-	8,084	856,008
Due from other funds	-	20,000	-	-	-	49,570
TOTAL ASSETS	<u>\$ 702,028</u>	<u>\$ 20,000</u>	<u>\$ 23,060</u>	<u>\$ 228,339</u>	<u>\$ 10,079</u>	<u>\$ 3,039,469</u>
LIABILITIES AND FUND BALANCE (DEFICIT)						
LIABILITIES						
Accounts payable and accrued expenses	\$ 3,992	\$ -	\$ -	\$ 124,176	\$ 10,046	\$ 245,030
Due to other governments	-	-	-	-	-	638,624
Due to other funds	-	49,986	43,161	-	-	241,971
Deferred revenue	-	-	-	98,632	-	557,691
Total liabilities	<u>3,992</u>	<u>49,986</u>	<u>43,161</u>	<u>222,808</u>	<u>10,046</u>	<u>1,683,316</u>
FUND BALANCE (DEFICIT)						
Unreserved	<u>698,036</u>	<u>(29,986)</u>	<u>(20,101)</u>	<u>5,531</u>	<u>33</u>	<u>1,356,153</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 702,028</u>	<u>\$ 20,000</u>	<u>\$ 23,060</u>	<u>\$ 228,339</u>	<u>\$ 10,079</u>	<u>\$ 3,039,469</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 Year Ended June 30, 2010

SCHEDULE 5

	<u>Technology for Success</u>	<u>Federal Special Education - IDEA Flow-Through</u>	<u>Regional Safe Schools</u>	<u>General State Aid</u>	<u>ARRA General State Aid</u>
REVENUES:					
Local sources	\$ -	\$ -	\$ -	\$ 3,150	\$ -
State sources	52,438	-	570,000	474,462	-
Federal sources	-	94,109	-	-	105,436
Total revenues	52,438	94,109	570,000	477,612	105,436
EXPENDITURES:					
Education:					
Salaries	46,265	68,726	173,013	107,649	77,308
Benefits	14,394	20,338	70,958	24,932	13,330
Purchased services	4,689	5,377	31,389	15,817	14,043
Supplies and materials	8,196	-	691	934	755
Payment to other governments	-	-	583,132	-	-
Capital outlay	2,003	-	-	-	-
Total expenditures	75,547	94,441	859,183	149,332	105,436
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(23,109)	(332)	(289,183)	328,280	-
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(6,000)	-
Total other financing sources (uses)	-	-	-	(6,000)	-
NET CHANGE IN FUND BALANCE (DEFICIT)	(23,109)	(332)	(289,183)	322,280	-
FUND BALANCE (DEFICIT), UNRESERVED, BEGINNING OF YEAR AS RESTATED	(2,773)	9,441	12,250	523,643	-
FUND BALANCE (DEFICIT), UNRESERVED, END OF YEAR	\$ (25,882)	\$ 9,109	\$ (276,933)	\$ 845,923	\$ -

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 Year Ended June 30, 2010

SCHEDULE 5
 (CONTINUED)

	Truants' Alternative and Optional Education Program (TAOEP)	SOS -Q4 Teacher Quality	Title II - Teacher Quality - Leadership	Title I - School Improvement & Accountability	McKinney Education for Homeless Children
REVENUES:					
Local sources	\$ -	\$ -	\$ 60	\$ 377	\$ 98
State sources	204,000	33,852	-	-	-
Federal sources	-	-	71,150	737,074	61,072
Total revenues	<u>204,000</u>	<u>33,852</u>	<u>71,210</u>	<u>737,451</u>	<u>61,170</u>
EXPENDITURES:					
Education:					
Salaries	206,848	-	-	74,839	41,944
Benefits	71,207	-	-	27,451	7,178
Purchased services	13,069	-	61,176	372,568	19,874
Supplies and materials	219	-	12,742	68,546	2,976
Payment to other governments	-	-	-	194,172	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>291,343</u>	<u>-</u>	<u>73,918</u>	<u>737,576</u>	<u>71,972</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(87,343)</u>	<u>33,852</u>	<u>(2,708)</u>	<u>(125)</u>	<u>(10,802)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	30,249	-
Transfers out	-	(30,249)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(30,249)</u>	<u>-</u>	<u>30,249</u>	<u>-</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	<u>(87,343)</u>	<u>3,603</u>	<u>(2,708)</u>	<u>30,124</u>	<u>(10,802)</u>
FUND BALANCE (DEFICIT), UNRESERVED, BEGINNING OF YEAR AS RESTATED	<u>11,003</u>	<u>(3,603)</u>	<u>11,962</u>	<u>133,393</u>	<u>64,794</u>
FUND BALANCE (DEFICIT), UNRESERVED, END OF YEAR	<u>\$ (76,340)</u>	<u>\$ -</u>	<u>\$ 9,254</u>	<u>\$ 163,517</u>	<u>\$ 53,992</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 Year Ended June 30, 2010

SCHEDULE 5
 (CONTINUED)

	<u>Youth Home Education</u>	<u>Principal Mentoring</u>	<u>Preschool Monitoring</u>	<u>Gifted Education</u>	<u>Title I - Reading First</u>	<u>Totals</u>
REVENUES:						
Local sources	\$ 2,047	\$ 33,750	\$ -	\$ 556	\$ 33	\$ 40,071
State sources	762,619	-	46,500	163,843	-	2,307,714
Federal sources	-	-	-	-	83,084	1,151,925
Total revenues	<u>764,666</u>	<u>33,750</u>	<u>46,500</u>	<u>164,399</u>	<u>83,117</u>	<u>3,499,710</u>
EXPENDITURES:						
Education:						
Salaries	264,719	-	-	14,179	-	1,075,490
Benefits	85,100	-	-	2,962	-	337,850
Purchased services	13,390	18,000	43,750	98,863	36,743	748,748
Supplies and materials	3,926	-	1,000	42,864	46,341	189,190
Payment to other governments	-	-	-	-	-	777,304
Capital outlay	3,005	-	-	-	-	5,008
Total expenditures	<u>370,140</u>	<u>18,000</u>	<u>44,750</u>	<u>158,868</u>	<u>83,084</u>	<u>3,133,590</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>394,526</u>	<u>15,750</u>	<u>1,750</u>	<u>5,531</u>	<u>33</u>	<u>366,120</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	30,249
Transfers out	-	-	-	-	-	(36,249)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,000)</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	394,526	15,750	1,750	5,531	33	360,120
FUND BALANCE (DEFICIT), UNRESERVED, BEGINNING OF YEAR AS RESTATED	<u>303,510</u>	<u>(45,736)</u>	<u>(21,851)</u>	<u>-</u>	<u>-</u>	<u>996,033</u>
FUND BALANCE (DEFICIT), UNRESERVED, END OF YEAR	<u>\$ 698,036</u>	<u>\$ (29,986)</u>	<u>\$ (20,101)</u>	<u>\$ 5,531</u>	<u>\$ 33</u>	<u>\$ 1,356,153</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2010

	Technology for Success				Regional Safe Schools			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	68,233	78,833	52,438	(26,395)	888,796	888,796	570,000	(318,796)
Federal sources	-	-	-	-	-	-	-	-
Total revenues	68,233	78,833	52,438	(26,395)	888,796	888,796	570,000	(318,796)
EXPENDITURES:								
Education:								
Salaries	49,536	49,536	46,265	3,271	227,159	227,159	173,013	54,146
Benefits	14,394	14,394	14,394	-	94,766	94,766	70,958	23,808
Purchased services	4,303	4,653	4,689	(36)	39,371	39,371	31,389	7,982
Supplies and materials	-	8,250	8,196	54	2,000	2,000	691	1,309
Payments to other governments	-	-	-	-	521,500	521,500	583,132	(61,632)
Capital outlay	-	2,000	2,003	(3)	4,000	4,000	-	4,000
Total expenditures	68,233	78,833	75,547	3,286	888,796	888,796	859,183	29,613
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ -	\$ -	(23,109)	\$ (23,109)	\$ -	\$ -	(289,183)	\$ (289,183)
FUND BALANCE (DEFICIT), UNRESERVED, BEGINNING OF YEAR			(2,773)				12,250	
FUND BALANCE (DEFICIT), UNRESERVED, END OF YEAR			\$ (25,882)				\$ (276,933)	

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2010

	Truants' Alternative and Optional Education Program				Gifted Education			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 556	\$ 556
State sources	319,046	319,046	204,000	(115,046)	257,500	257,500	163,843	(93,657)
Federal sources	-	-	-	-	-	-	-	-
Total revenues	319,046	319,046	204,000	(115,046)	257,500	257,500	164,399	(93,101)
EXPENDITURES:								
Education:								
Salaries	218,602	218,602	206,848	11,754	-	14,640	14,179	461
Benefits	84,654	84,654	71,207	13,447	-	3,944	2,962	982
Purchased services	15,473	15,473	13,069	2,404	217,000	196,000	98,863	97,137
Supplies and materials	317	317	219	98	40,500	42,916	42,864	52
Payments to other governments	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	319,046	319,046	291,343	27,703	257,500	257,500	158,868	98,632
NET CHANGE IN FUND BALANCE (DEFICIT)								
	\$ -	\$ -	(87,343)	\$ (87,343)	\$ -	\$ -	5,531	\$ 5,531
FUND BALANCE (DEFICIT), UNRESERVED, BEGINNING OF YEAR								
			11,003				-	
FUND BALANCE (DEFICIT), UNRESERVED, END OF YEAR								
			\$ (76,340)				\$ 5,531	

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2010

	Title I - Reading First				Total			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
REVENUES:								
Local sources	\$ -	\$ -	\$ 33	\$ 33	\$ -	\$ -	\$ 589	\$ 589
State sources	-	-	-	-	1,533,575	1,544,175	990,281	(553,894)
Federal sources	127,526	127,526	83,084	(44,442)	127,526	127,526	83,084	(44,442)
Total revenues	127,526	127,526	83,117	(44,409)	1,661,101	1,671,701	1,073,954	(597,747)
EXPENDITURES:								
Education:								
Salaries	-	-	-	-	495,297	509,937	440,305	69,632
Benefits	-	-	-	-	193,814	197,758	159,521	38,237
Purchased services	74,675	74,675	36,743	37,932	350,822	330,172	184,753	145,419
Supplies and materials	52,851	52,851	46,341	6,510	95,668	106,334	98,311	8,023
Payments to other governments	-	-	-	-	521,500	521,500	583,132	(61,632)
Capital outlay	-	-	-	-	4,000	6,000	2,003	3,997
Total expenditures	127,526	127,526	83,084	44,442	1,661,101	1,671,701	1,468,025	203,676
NET CHANGE IN								
FUND BALANCE (DEFICIT)	\$ -	\$ -	33	33	\$ -	\$ -	(394,071)	(394,071)
FUND BALANCE (DEFICIT), UNRESERVED, BEGINNING OF YEAR			-				20,480	
FUND BALANCE (DEFICIT), UNRESERVED, END OF YEAR			\$ 33				\$ (373,591)	

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2010

	<u>GED</u>	<u>Bus Driver Training</u>	<u>Supervisory</u>	<u>Local Truancy</u>	<u>Operation Snowball</u>	<u>Totals</u>
ASSETS						
Cash and cash equivalents	\$ 74,212	\$ 1,132	\$ 40	\$ 176,435	\$ 1,079	\$ 252,898
Accounts receivable	3,005	950	-	2,426	-	6,381
Due from other governments	2,405	-	-	-	-	2,405
TOTAL ASSETS	<u>\$ 79,622</u>	<u>\$ 2,082</u>	<u>\$ 40</u>	<u>\$ 178,861</u>	<u>\$ 1,079</u>	<u>\$ 261,684</u>
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts payable and accrued expenses	\$ 2,865	\$ 100	\$ -	\$ -	\$ -	\$ 2,965
FUND BALANCE						
Unreserved	76,757	1,982	40	178,861	1,079	258,719
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 79,622</u>	<u>\$ 2,082</u>	<u>\$ 40</u>	<u>\$ 178,861</u>	<u>\$ 1,079</u>	<u>\$ 261,684</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 Year Ended June 30, 2010

SCHEDULE 8

	<u>GED</u>	<u>Bus Driver Training</u>	<u>Supervisory</u>	<u>Local Truancy</u>	<u>Operation Snowball</u>	<u>Totals</u>
REVENUES:						
Local sources	\$ 79,075	\$ 6,539	\$ 1	\$ 17,359	\$ 1,477	\$ 104,451
State sources	-	2,655	1,000	-	-	3,655
Total revenues	<u>79,075</u>	<u>9,194</u>	<u>1,001</u>	<u>17,359</u>	<u>1,477</u>	<u>108,106</u>
EXPENDITURES:						
Education:						
Salaries	19,745	-	-	-	-	19,745
Benefits	6,379	-	-	-	-	6,379
Purchased services	16,409	5,850	1,000	440	-	23,699
Supplies and materials	13,739	351	-	454	398	14,942
Other objects	1,258	2	-	-	-	1,260
Total expenditures	<u>57,530</u>	<u>6,203</u>	<u>1,000</u>	<u>894</u>	<u>398</u>	<u>66,025</u>
EXCESS OF REVENUES OVER EXPENDITURES	21,545	2,991	1	16,465	1,079	42,081
OTHER FINANCING USES:						
Transfers out	<u>(800)</u>	<u>(900)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,700)</u>
NET CHANGE IN FUND BALANCE	20,745	2,091	1	16,465	1,079	40,381
FUND BALANCE (DEFICIT), UNRESERVED, BEGINNING OF YEAR	<u>56,012</u>	<u>(109)</u>	<u>39</u>	<u>162,396</u>	<u>-</u>	<u>218,338</u>
FUND BALANCE, UNRESERVED, END OF YEAR	<u>\$ 76,757</u>	<u>\$ 1,982</u>	<u>\$ 40</u>	<u>\$ 178,861</u>	<u>\$ 1,079</u>	<u>\$ 258,719</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 JUNE 30, 2010

SCHEDULE 9

	ESC Professional Development <u>Local 2</u>	Visual Media Cooperative	Technology	Local Administrators <u>Academy</u>	Criminal Background <u>Investigation</u>
ASSETS					
Current assets					
Cash and cash equivalents	\$ 87,829	\$ 50,690	\$ 19,505	\$ 82,019	\$ 43,723
Accounts receivable	7,425	-	-	1,460	660
Due from other governments	1,125	-	-	-	-
Due from other funds	49,986	-	-	-	-
Total current assets	146,365	50,690	19,505	83,479	44,383
Non current assets					
Capital assets, net	15,572	-	10,700	219	1,924
TOTAL ASSETS	161,937	50,690	30,205	83,698	46,307
LIABILITIES					
Current liabilities					
Accounts payable and accrued expenses	6,984	-	338	699	4,139
Due to other governments	-	37,107	-	-	-
Due to other funds	28,950	-	-	-	-
Deferred revenue	-	-	-	-	-
Leases payable	8,256	-	-	-	-
Total current liabilities	44,190	37,107	338	699	4,139
Noncurrent liabilities					
Leases payable	7,785	-	-	-	-
TOTAL LIABILITIES	51,975	37,107	338	699	4,139
NET ASSETS					
Invested in capital assets, net of related debt	(469)	-	10,700	219	1,924
Unrestricted	110,431	13,583	19,167	82,780	40,244
TOTAL NET ASSETS	\$ 109,962	\$ 13,583	\$ 29,867	\$ 82,999	\$ 42,168

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 JUNE 30, 2010

SCHEDULE 9
 (CONTINUED)

	<u>Kane County Human Resources Consortium</u>	<u>Kane County Library Resources Consortium</u>	<u>Discovery Education United Streaming</u>	<u>Totals</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 65,237	\$ 11,571	\$ 2,434	\$ 363,008
Accounts receivable	-	-	-	9,545
Due from other governments	-	-	-	1,125
Due from other funds	-	-	-	49,986
Total current assets	65,237	11,571	2,434	423,664
Non current assets				
Capital assets, net	-	-	-	28,415
TOTAL ASSETS	65,237	11,571	2,434	452,079
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	-	8,027	-	20,187
Due to other governments	-	-	-	37,107
Due to other funds	-	-	-	28,950
Deferred revenue	9,000	-	-	9,000
Leases payable	-	-	-	8,256
Total current liabilities	9,000	8,027	-	103,500
Noncurrent liabilities				
Leases payable	-	-	-	7,785
TOTAL LIABILITIES	9,000	8,027	-	111,285
NET ASSETS				
Invested in capital assets, net of related debt	-	-	-	12,374
Unrestricted	56,237	3,544	2,434	328,420
TOTAL NET ASSETS	\$ 56,237	\$ 3,544	\$ 2,434	\$ 340,794

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2010

SCHEDULE 10

	ESC Professional Development <u>Local 2</u>	Visual Media Cooperative	Technology	Local Administrators <u>Academy</u>	Criminal Background <u>Investigation</u>
OPERATING REVENUES:					
Local sources	\$ 29,066	\$ -	\$ 4,050	\$ 50,711	\$ 132,869
OPERATING EXPENSES:					
Purchased services	3,669	-	10,545	6,274	115,473
Supplies and materials	1,052	-	2,901	966	417
Other objects	99	-	-	99	-
Capital outlay	-	-	1,226	-	-
Depreciation	8,473	-	3,890	119	1,595
Total operating expenses	<u>13,293</u>	<u>-</u>	<u>18,562</u>	<u>7,458</u>	<u>117,485</u>
OPERATING INCOME (LOSS)	15,773	-	(14,512)	43,253	15,384
NONOPERATING REVENUES					
Interest revenue	<u>233</u>	<u>695</u>	<u>63</u>	<u>209</u>	<u>98</u>
INCOME (LOSS) BEFORE TRANSFERS	16,006	695	(14,449)	43,462	15,482
Transfers in	22,860	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,000)</u>	<u>-</u>
Total transfers	<u>22,860</u>	<u>-</u>	<u>-</u>	<u>(7,000)</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS	38,866	695	(14,449)	36,462	15,482
NET ASSETS, BEGINNING OF YEAR AS RESTATED	<u>71,096</u>	<u>12,888</u>	<u>44,316</u>	<u>46,537</u>	<u>26,686</u>
NET ASSETS, END OF YEAR	<u>\$ 109,962</u>	<u>\$ 13,583</u>	<u>\$ 29,867</u>	<u>\$ 82,999</u>	<u>\$ 42,168</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2010

SCHEDULE 10
 (CONTINUED)

	Kane County Human Resources <u>Consortium</u>	Kane County Library Resources <u>Consortium</u>	Discovery Education United <u>Streaming</u>	<u>Totals</u>
OPERATING REVENUES:				
Local sources	\$ 49,000	\$ 57,233	\$ 94,500	\$ 417,429
OPERATING EXPENSES:				
Purchased services	30,177	57,958	91,187	315,283
Supplies and materials	-	-	-	5,336
Other objects	-	-	-	198
Capital outlay	-	-	-	1,226
Depreciation	-	-	-	14,077
Total operating expenses	<u>30,177</u>	<u>57,958</u>	<u>91,187</u>	<u>336,120</u>
OPERATING INCOME (LOSS)	18,823	(725)	3,313	81,309
NONOPERATING REVENUES				
Interest revenue	<u>160</u>	<u>19</u>	<u>151</u>	<u>1,628</u>
INCOME (LOSS) BEFORE TRANSFERS	18,983	(706)	3,464	82,937
Transfers in	-	-	-	22,860
Transfers out	<u>(1,500)</u>	<u>-</u>	<u>-</u>	<u>(8,500)</u>
Total transfers	<u>(1,500)</u>	<u>-</u>	<u>-</u>	<u>14,360</u>
INCREASE (DECREASE) IN NET ASSETS	17,483	(706)	3,464	97,297
NET ASSETS, BEGINNING OF YEAR AS RESTATED	<u>38,754</u>	<u>4,250</u>	<u>(1,030)</u>	<u>243,497</u>
NET ASSETS, END OF YEAR	<u>\$ 56,237</u>	<u>\$ 3,544</u>	<u>\$ 2,434</u>	<u>\$ 340,794</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2010

SCHEDULE 11

	ESC Professional Development Local 2	Visual Media Cooperative	Technology	Local Administrators Academy	Criminal Background Investigation
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts for workshops and services	\$ 42,564	\$ -	\$ 4,300	\$ 52,407	\$ 135,029
Payments to suppliers and providers of goods and services	(8,396)	-	(14,334)	(9,120)	(145,782)
Net cash provided by (used in) operating activities	<u>34,168</u>	<u>-</u>	<u>(10,034)</u>	<u>43,287</u>	<u>(10,753)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers from (to) other funds	22,860	-	-	(7,000)	-
Net cash provided by (used in) noncapital financing activities	<u>22,860</u>	<u>-</u>	<u>-</u>	<u>(7,000)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Purchase of capital assets	-	-	-	-	(1,030)
Principal paid on capital lease obligations	(7,789)	-	-	-	-
Net cash used in capital financing activities	<u>(7,789)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,030)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest	233	695	63	209	98
Net cash provided by investing activities	<u>233</u>	<u>695</u>	<u>63</u>	<u>209</u>	<u>98</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	49,472	695	(9,971)	36,496	(11,685)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>38,357</u>	<u>49,995</u>	<u>29,476</u>	<u>45,523</u>	<u>55,408</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 87,829</u>	<u>\$ 50,690</u>	<u>\$ 19,505</u>	<u>\$ 82,019</u>	<u>\$ 43,723</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 15,773	\$ -	\$ (14,512)	\$ 43,253	\$ 15,384
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	8,473	-	3,890	119	1,595
Effects of increase in liabilities:					
Accounts receivable	(2,252)	-	7,073	1,696	2,160
Due from (to) other funds	15,750	-	(6,823)	-	-
Accounts payable and accrued expenses	(3,576)	-	338	(1,781)	(29,892)
Deferred revenue	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 34,168</u>	<u>\$ -</u>	<u>\$ (10,034)</u>	<u>\$ 43,287</u>	<u>\$ (10,753)</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2010

SCHEDULE 11
 (CONTINUED)

	<u>Kane County Human Resources Consortium</u>	<u>Kane County Library Resources Consortium</u>	<u>Discovery Education United Streaming</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts for workshops and services	\$ 31,000	\$ 26,350	\$ 94,500	\$ 386,150
Payments to suppliers and providers of goods and services	<u>(30,177)</u>	<u>(49,931)</u>	<u>(97,437)</u>	<u>(355,177)</u>
Net cash provided by (used in) operating activities	<u>823</u>	<u>(23,581)</u>	<u>(2,937)</u>	<u>30,973</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from (to) other funds	<u>(1,500)</u>	<u>-</u>	<u>-</u>	<u>14,360</u>
Net cash provided by (used in) noncapital financing activities	<u>(1,500)</u>	<u>-</u>	<u>-</u>	<u>14,360</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Purchase of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,030)</u>
Principal paid on capital lease obligations	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,789)</u>
Net cash used in capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,819)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest	<u>160</u>	<u>19</u>	<u>151</u>	<u>1,628</u>
Net cash provided by investing activities	<u>160</u>	<u>19</u>	<u>151</u>	<u>1,628</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(517)	(23,562)	(2,786)	38,142
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>65,754</u>	<u>35,133</u>	<u>5,220</u>	<u>324,866</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 65,237</u>	<u>\$ 11,571</u>	<u>\$ 2,434</u>	<u>\$ 363,008</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 18,823	\$ (725)	\$ 3,313	\$ 81,309
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	-	14,077
Effects of increase in liabilities:				
Accounts receivable	-	-	-	8,677
Due from (to) other funds	-	-	-	8,927
Accounts payable and accrued expenses	-	8,027	(6,250)	(33,134)
Deferred revenue	<u>(18,000)</u>	<u>(30,883)</u>	<u>-</u>	<u>(48,883)</u>
Net cash provided by (used in) operating activities	<u>\$ 823</u>	<u>\$ (23,581)</u>	<u>\$ (2,937)</u>	<u>\$ 30,973</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 June 30, 2010

	<u>Payroll</u>	<u>Juvenile Drug Court</u>	<u>Distributive</u>	<u>Kane Cares</u>	<u>Total</u>
ASSETS					
Cash (overdrafts) and cash equivalents	\$ 53,470	\$ (3,600)	\$ 4,070	\$ -	\$ 53,940
Due from other governments	<u>-</u>	<u>5,447</u>	<u>-</u>	<u>-</u>	<u>5,447</u>
TOTAL ASSETS	<u>\$ 53,470</u>	<u>\$ 1,847</u>	<u>\$ 4,070</u>	<u>\$ -</u>	<u>\$ 59,387</u>
LIABILITIES					
Due to other governments	<u>\$ 53,470</u>	<u>\$ 1,847</u>	<u>\$ 4,070</u>	<u>\$ -</u>	<u>\$ 59,387</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year Ended June 30, 2010

	<u>Balance,</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance,</u> <u>June 30, 2010</u>
PAYROLL				
ASSETS				
Cash and cash equivalents	\$ 60,539	\$ 1,763,429	\$ 1,770,498	\$ 53,470
LIABILITIES				
Due to other governments	\$ 60,539	\$ 1,763,429	\$ 1,770,498	\$ 53,470
JUVENILE DRUG COURT				
ASSETS				
Cash (overdrafts) and cash equivalents	\$ 6,290	\$ 34,492	\$ 44,382	\$ (3,600)
Due from other governments	-	5,447	-	5,447
TOTAL ASSETS	<u>\$ 6,290</u>	<u>\$ 39,939</u>	<u>\$ 44,382</u>	<u>\$ 1,847</u>
LIABILITIES				
Due to other governments	\$ 6,290	\$ 39,939	\$ 44,382	\$ 1,847
DISTRIBUTIVE				
ASSETS				
Cash and cash equivalents	\$ 4,008	\$ 1,266,267	\$ 1,266,205	\$ 4,070
LIABILITIES				
Due to other governments	\$ 4,008	\$ 1,266,267	\$ 1,266,205	\$ 4,070
KANE CARES				
ASSETS				
Cash (overdrafts) and cash equivalents	\$ (20,584)	\$ 45,173	\$ 24,589	\$ -
Due from other governments	20,827	-	20,827	-
TOTAL ASSETS	<u>\$ 243</u>	<u>\$ 45,173</u>	<u>\$ 45,416</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 243	\$ 45,173	\$ 45,416	\$ -
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 50,253	\$ 3,109,361	\$ 3,105,674	\$ 53,940
Due from other governments	20,827	5,447	20,827	5,447
TOTAL ASSETS	<u>\$ 71,080</u>	<u>\$ 3,114,808</u>	<u>\$ 3,126,501</u>	<u>\$ 59,387</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 243	\$ 45,173	\$ 45,416	\$ -
Due to other governments	70,837	3,069,635	3,081,085	59,387
TOTAL LIABILITIES	<u>\$ 71,080</u>	<u>\$ 3,114,808</u>	<u>\$ 3,126,501</u>	<u>\$ 59,387</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT
 TREASURERS AND OTHER ENTITIES
 Year Ended June 30, 2010

Valley Education for Employment System

Vocational Education - Career and Technical Education Improvement	\$	586,200
Vocational Education - Agriculture Education		27,403
Vocational Education - CTE Perkins		560,932
Other		91,670
	<u>\$</u>	<u>1,266,205</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010

Federal Grantor/Pass- Through Grantor, Program or Cluster Title	CFDA Number	Project Number (1st 8 digits) or Contract #	Federal Expenditures June 30, 2010
U.S. Department of Education passed through Illinois State Board of Education:			
Reading First State Grants			
Title I - Reading First	84.357A	10-4337-00	\$ <u>83,084</u>
State Fiscal Stabilization Cluster			
State Fiscal Stabilization Funds (SFSF) - Education State Grants, Recovery Act (Education Stabilization Fund)			
(M)ARRA General State Aid	84.394A	10-4850-93	79,077
State Fiscal Stabilization Funds (SFSF) - Government Services, Recovery Act			
(M)ARRA General State Aid	84.397A	10-4870-93	<u>26,359</u>
State Fiscal Stabilization Cluster			<u>105,436</u>
U.S. Department of Education passed through Northern Suburban Special Education District:			
Special Education Grants to States			
Federal Special Education - IDEA Flow-Through	84.027A	10-4630-01	<u>94,441</u>
U.S. Department of Education passed through Will County Regional Office of Education No. 56:			
Title I Grants to Local Educational Agencies			
(M)Title I - School Improvement & Accountability	84.010A	09-4331-SS	149,546
(M)Title I - School Improvement & Accountability	84.010A	10-4331-SS	<u>587,528</u>
			<u>737,074</u>
Education of Homeless Children and Youth Cluster			
McKinney Education for Homeless Children	84.196A	10-4920-00	70,004
ARRA - McKinney Education for Homeless Children	84.387A	10-4820-00	<u>1,870</u>
Education of Homeless Children and Youth Cluster			<u>71,874</u>
Improving Teacher Quality State Grants			
Title II - Teacher Quality - Leadership	84.367A	10-4935-SS	<u>73,858</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,165,767</u>

(M) Program was audited as a major program

The accompanying notes are an integral part of this schedule.

**KANE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 31
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Kane County Regional Office of Education No. 31 and is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the basic financial statements.

NOTE 2 - SUBRECIPIENTS

N/A

NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM

The following federal programs were audited as major programs in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Title I - School Improvement & Accountability - Accounts for the grant monies received for, and payment of expenditures of the Title I - Accountability grant. This grant provides school districts with funds to carry out their school improvement and corrective action responsibilities under Section 1116(c) of Title I while offering students in schools identified for improvement and corrective action the opportunity to transfer to another higher performing public school, including a public charter within the district.

State Fiscal Stabilization Cluster - Accounts for grant monies received for, and payment of expenditures related to helping stabilize state budgets in order to minimize the possible impact of the State's current fiscal deficit and avoid reductions in education. This is funded by the American Reinvestment and Recovery Act (ARRA) - General State Aid.

NOTE 4 - NON-CASH ASSISTANCE

N/A

NOTE 5 - AMOUNT OF INSURANCE

N/A

NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

N/A

This information is an integral part of the accompanying schedule.