

**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, 2011**

**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  
(During the audit period)

Mr. Douglas Johnson

Regional Superintendent  
(current effective June 12, 2012)

Ms. Patricia Dal Santo

Associate Regional Superintendent  
(During the audit period)

Mr. Harrison Schneider

Assistant Regional Superintendent  
(current and during the audit period)

Ms. Julie Vallejo

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 contain scope limitations, disclaimers, or other significant non-standard language.

**SUMMARY OF AUDIT FINDINGS**

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	2	2
Repeated audit findings	1	0
Prior recommendations implemented or not repeated	1	0

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

An additional matter which is less than a significant deficiency or material weaknesses but more than inconsequential, has 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)

11-1	12	Controls Over Financial Statement Preparation	Material Weakness
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FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

11-2	14	Inaccurate Expenditure Report	Material Weakness and Noncompliance
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PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

10-2	18	Controls Over Financial Reporting for Grant Programs	Material Weakness
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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 8, 2012. Attending were Honorable Patricia Dal Santo, Regional Superintendent, Harrison Schneider, Associate Regional Superintendent, Julie Vallejo, Assistant Regional Superintendent, Joe Yagel, Interim Director of Finance, Shirley LeClere, Director of Professional Development, Phil Morris, Director of Technology, and Jill Van Roekel, auditor with Winkel, Parker & Foster, CPA PC. Responses to the recommendations were provided by Joe Yagel, Interim Director of Finance, on May 22, 2012.

**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.

## 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, 2011, 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, 2011, 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.

The Kane County Regional Office of Education No. 31 adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended June 30, 2011. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on any of the Kane County Regional Office of Education No. 31's governmental funds' assets or liabilities nor was there any effect to the total amount of any of the Kane County Regional Office of Education No. 31's governmental fund balances as of and for the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2012 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 66 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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.

*Winkel, Parker & Foster, CPA PC*

Clinton, Iowa  
June 18, 2012

**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, 2011, which collectively comprise the Kane County Regional Office of Education No. 31's basic financial statements and have issued our report thereon dated June 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the Kane County Regional Office of Education No. 31 is responsible for establishing and maintaining effective 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 opinion(s) 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 a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 deficiency described in finding 11-1 in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

## **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 a certain matter which we have reported to management of the Kane County Regional Office of Education No. 31 in a separate letter dated June 18, 2012.

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, 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.

*Winkel, Parker & Foster, CPA PC*

Clinton, Iowa  
June 18, 2012

**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, 2011. 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 of the Kane County Regional Office of Education No. 31's compliance with those requirements.

As described in item 11-2 in the accompanying Schedule of Findings and Questioned Costs, the Kane County Regional Office of Education No. 31 did not comply with requirements regarding reporting that are applicable to its Title I, Part A Cluster. Compliance with such requirements is necessary, in our opinion, for the Kane County Regional Office of Education No. 31 to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2011.

## Internal Control Over Compliance

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 the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Kane County Regional Office of Education No. 31's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 11-2 to be a material weakness.

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 the Kane County Regional Office of Education No. 31's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, others within the entity, 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.

*Winkel, Parker & Foster, CPA PC*

Clinton, Iowa  
June 18, 2012



**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2011**

**Section II: Financial Statement Findings:**

**FINDING NO. 11-1 - Controls Over Financial Statement Preparation (Repeat from 2010 - No. 10-1)**

**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 and correct 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 and correct 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, 2011**

**Section II: Financial Statement Findings:**

**FINDING NO. 11-1 - Controls Over Financial Statement Preparation (Repeat from 2010 - No. 10-1) (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:**

The Finance Office under the direction of the Financial Director will be responsible to provide accurate and complete financial statements. Working with the ROE Superintendent and appropriate personnel a regular and ongoing review of financial statements will be conducted periodically during each fiscal year. The goal will be to insure that financial statements are accurate and completed on a timely basis. Grant Managers and Project Managers will be involved in the review of their respective financial documents. The audit will be scheduled at a time when the final fiscal year reports have been completed and reviewed by the appropriate staff and necessary materials prepared for auditors review. The appropriate Financial Office personnel, including the Financial Director, will be scheduled to receive training necessary to effectively incorporate GAAP into daily operations.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2011**

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

**FINDING NO. 11-2 - Inaccurate Expenditure Report**

**Federal Program Name and Year: ARRA - Title I School Improvement and Accountability**

**Project Number: 2011-4854-00**

**CFDA Number: 84.389A**

**Passed Through: Illinois State Board of Education**

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

**Criteria/Specific Requirement:**

Amounts submitted on grant expenditure reports to the Illinois State Board of Education should be in agreement with the general ledger.

**Condition:**

The Regional Office of Education No. 31 did not report expenditures accurately for the ARRA - Title I School Improvement and Accountability grant program. The total amount reported was overstated on the ARRA - Title I School Improvement and Accountability grant program final expenditure report by \$99,144. There were not adequate internal controls over reporting to detect and correct a duplicate reporting of expenditures.

**Questioned Costs:**

N/A

**Context:**

N/A

**Effect:**

The final expenditure report that was submitted did not accurately reflect the activity of the period and overstated actual expenditures by \$99,144.

**Cause:**

The Regional Office of Education No. 31 unintentionally included some of the June 30, 2011 payables twice in their final expenditure report. There were not adequate internal controls in place to prevent or detect and correct the error.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2011**

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

**FINDING NO. 11-2 - Inaccurate Expenditure Report (Continued)**

**Recommendation:**

The Regional Office of Education No. 31 should review expenditure reports and their supporting documentation to ensure they are in agreement with the general ledger.

**Management's Response:**

The Financial Office will develop procedures with the goal of performing a monthly closing review of the General Ledger. The month-end bank statements will be compared to the GL to insure current balances agree. Grant and Project managers will be involved in a regular review of their respective areas of responsibility to insure revenue and expenditures have been recorded into the correct accounts and in the correct amounts. Supporting documentation including the appropriate authorizations will be required before entering data into the General Ledger. During the course of the 2013 fiscal year the Financial Office will work with the Superintendent of the ROE to develop procedures for the expenditure of funds which will include follow-up reviews on a regular basis.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
Year Ended June 30, 2011**

**FINDING NO. 11-1 - Controls Over Financial Statement Preparation (Repeat from 2010 - No. 10-1)**

**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 and correct 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:**

Effective with the FY12 Audit the Regional Office of Education No. 31 will incorporate procedures to insure the accuracy of the General Ledger. The audit will not be scheduled until a thorough review of the General Ledger by Grant and Project Managers and the Director of Finance has been completed. Adjustments will be completed on a timely basis and in accordance with GAAP.

**Anticipated Completion Date:**

August 31, 2012

**Contact Person Responsible for Corrective Action:**

The Director of Finance working under the supervision of Mr. Harrison Schneider, Acting As Superintendent, 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, 2011**

**FINDING NO. 11-2 - Inaccurate Expenditure Report**

**Federal Program Name and Year: ARRA - Title I School Improvement and Accountability  
Project Number: 2011-4854-00  
CFDA Number: 84.389A  
Passed Through: Illinois State Board of Education  
Federal Agency: U.S. Department of Education**

**Condition:**

The Regional Office of Education No. 31 did not report expenditures accurately for the ARRA - Title I School Improvement and Accountability grant program. The total amount reported was overstated on the ARRA - Title I School Improvement and Accountability grant program final expenditure report by \$99,144. There were not adequate internal controls over reporting to detect and correct a duplicate reporting of expenditures.

**Plan:**

All expenditure reports will be reviewed for accuracy by the Grant Manager/Project Manager, the Finance Office, and the Associate Regional Superintendent prior to submitting final reports. Accruals on the report from the previous year will be examined so as not to double up expenses that actually occurred with the previous year's audit.

**Anticipated Completion Date:**

August 31, 2012

**Contact Person Responsible for Corrective Action:**

The Financial Director working under the supervision of Mr. Harrison Schneider, Acting As Superintendent, Kane County Regional Office of Education No. 31.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
June 30, 2011**

<b><u>Finding No.</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
10-1	Controls Over Financial Statement Preparation	Repeated
10-2	Controls Over Financial Reporting for Grant Programs	Resolved

## **Management's Discussion and Analysis**

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

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, 2011 with comparative information for the year ended June 30, 2010. 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.

During fiscal year 2011 the Kane County Regional Office of Education No. 31 implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which required certain programs and funds to be reclassified and the restatement of beginning fund balances as detailed in Note 13 to the financial statements. Because of these reclassifications, the fund analysis is not comparable between fiscal year 2010 and fiscal year 2011.

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 121,557 public school students and 11,413 private/parochial students. Our region includes nine (K-12) unit districts, two community college districts, 170 public school buildings, and over 9,000 public/private school teachers.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

**Overview/Issues**

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 need does not go away for programs even though the funding may. The expectation from our constituents is to maintain or even expand our services and programs.

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. As a result, with anticipated long delayed payments and reduced funding from the State, the need to maintain and build an enterprise fund is critical so the ROE can provide needed services to our schools and pay personnel in the future.

We will continue to aggressively pursue new grants and opportunities to be able to maintain and expand the services provided by our offices and to provide funding and resources for our local school districts.

**2011 Financial Highlights**

- General Fund revenues increased from \$469,213 in fiscal year 2010 to \$1,681,555 in fiscal year 2011, while General Fund expenditures also increased from \$509,385 in fiscal year 2010 to \$877,121 in fiscal year 2011. The reason for the change is primarily due to fund reclassifications.
- Education Fund revenues decreased from \$3,499,710 in fiscal year 2010 to \$3,049,951 in fiscal year 2011. Expenses also decreased from \$3,133,590 in fiscal year 2010 to \$2,564,196 in fiscal year 2011. The decrease in revenues and expenses in the Education Fund is due to fund reclassifications. Additionally, the Education Fund is made up of grants that the Regional Office receives and these can vary greatly from year to year as some programs have decreased funding or are discontinued while others see a funding increase.
- Institute Fund revenues increased from \$105,497 in fiscal year 2010 to \$133,931 in fiscal year 2011. The increase was primarily due to an increase of teacher certifications. Expenses in the Institute Fund increased from \$48,191 in fiscal year 2010 to \$54,458 in fiscal year 2011. This increase was primarily due to an increase in workshop expenses.

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- Enterprise Fund revenues increased from \$419,057 in fiscal year 2010 to \$801,046 in fiscal year 2011. The increase was primarily due to reimbursement for a local technology project. Enterprise Fund expenses also increased from \$336,120 in fiscal year 2010 to \$713,565 in fiscal year 2011. This increase was primarily due to expenditures for a local technology project.
- Government-wide revenues decreased by less than 1% from \$5,119,337 in fiscal year 2010 to \$5,418,734 in fiscal year 2011. Government-wide expenses increased by approximately 1% from \$4,285,354 in fiscal year 2010 to \$4,338,976 in fiscal year 2011.

**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.

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.

**KANE COUNTY  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**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 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.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

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 2011 and 2010 totaled \$5,212,154 and \$3,807,258, respectively. The analysis that follows provides a summary of the Regional Office's net assets as of June 30.

**2011**

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
Current assets	\$ 5,532,116	\$ 483,819	\$ 6,015,935
Capital assets, net of accumulated depreciation	<u>31,395</u>	<u>40,605</u>	<u>72,000</u>
<b>Total assets</b>	<u>5,563,511</u>	<u>524,424</u>	<u>6,087,935</u>
Current liabilities	519,434	162,549	681,983
Non-current liabilities	<u>193,274</u>	<u>524</u>	<u>193,798</u>
<b>Total liabilities</b>	<u>712,708</u>	<u>163,073</u>	<u>875,781</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	29,893	32,820	62,713
Unrestricted	3,767,382	328,531	4,095,913
Restricted for educational purposes	<u>1,053,528</u>	<u>-</u>	<u>1,053,528</u>
<b>Total net assets</b>	<u>\$ 4,850,803</u>	<u>\$ 361,351</u>	<u>\$ 5,212,154</u>

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

<b><u>2010</u></b>	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b><u>Total</u></b>
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>
<b>Total assets</b>	<b><u>4,613,956</u></b>	<b><u>423,129</u></b>	<b><u>5,037,085</u></b>
Current liabilities	995,328	74,550	1,069,878
Noncurrent liabilities	<u>152,164</u>	<u>7,785</u>	<u>159,949</u>
<b>Total liabilities</b>	<b><u>1,147,492</u></b>	<b><u>82,335</u></b>	<b><u>1,229,827</u></b>
<b>Net assets</b>			
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 educational purposes	<u>541,638</u>	<u>-</u>	<u>541,638</u>
<b>Total net assets</b>	<b><u>\$ 3,466,464</u></b>	<b><u>\$ 340,794</u></b>	<b><u>\$ 3,807,258</u></b>

The Regional Office's net assets increased by \$1,404,896 (37%) from fiscal year 2010. The increase was primarily due to reduced or stable expenditures and increased revenues from a variety of sources.

**KANE COUNTY  
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**Changes in net assets.** The following shows the changes in net assets for the years ended June 30, 2011 and 2010.

<b><u>2011</u></b>	<b><u>Governmental Activities</u></b>	<b><u>Business- Type Activities</u></b>	<b><u>Total</u></b>
<b>Revenues:</b>			
Program revenues			
Charges for services	\$ -	\$ 799,858	\$ 799,858
Operating grants and contributions	3,009,898	-	3,009,898
General revenues			
Local sources	305,228	1,188	306,416
State sources	984,827	-	984,827
On-behalf payments	<u>317,735</u>	<u>-</u>	<u>317,735</u>
Total revenues	<u>4,617,688</u>	<u>801,046</u>	<u>5,418,734</u>
<b>Expenses:</b>			
Education			
Salaries and benefits	1,692,531	-	1,692,531
Purchased services	716,065	682,934	1,398,999
Supplies and materials	139,604	12,593	152,197
Payments to other governments	724,510	-	724,510
Other objects	3,770	283	4,053
Capital outlay	8	2,555	2,563
Depreciation	31,188	15,200	46,388
Administrative			
On-behalf payments	<u>317,735</u>	<u>-</u>	<u>317,735</u>
Total expenses	<u>3,625,411</u>	<u>713,565</u>	<u>4,338,976</u>
<b>Income before transfers</b>	992,277	87,481	1,079,758
Transfers	<u>66,924</u>	<u>(66,924)</u>	<u>-</u>
<b>Change in net assets</b>	1,059,201	20,557	1,079,758
<b>Net assets, beginning as restated</b>	<u>3,791,602</u>	<u>340,794</u>	<u>4,132,396</u>
<b>Net assets, ending</b>	<u>\$ 4,850,803</u>	<u>\$ 361,351</u>	<u>\$ 5,212,154</u>

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

<u>2010</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<b>Revenues:</b>			
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>
<b>Expenses:</b>			
Education			
Salaries and benefits	1,728,756	-	1,728,756
Purchased services	857,135	315,283	1,172,418
Supplies and materials	215,288	5,336	220,624
Payments to other governments	779,804	-	779,804
Other objects	3,271	198	3,469
Capital outlay	192	1,226	1,418
Depreciation and disposition losses	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>
<b>Income before transfers</b>	751,046	82,937	833,983
Transfers	<u>(14,360)</u>	<u>14,360</u>	<u>-</u>
<b>Change in net assets</b>	736,686	97,297	833,983
<b>Net assets, beginning as restated</b>	<u>2,729,778</u>	<u>243,497</u>	<u>2,973,275</u>
<b>Net assets, ending</b>	<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, 2011**

**Governmental Activities**

Revenues for governmental activities were \$4,617,688 and \$4,700,280 and expenses were \$3,625,411 and \$3,949,234 for 2011 and 2010, respectively. The decrease in program revenues and expenses was mainly due to lower funding levels which curtailed activities.

**Business-Type Activities**

Revenues for business-type activities were \$801,046 and \$419,057 and expenses were \$713,565 and \$336,120 for 2011 and 2010, respectively. The increase in revenues and expenses are primarily due to the ROE acting as the coordinator to upgrade local district's technology infrastructure. The ROE paid for initial costs and was in turn reimbursed by the districts.

**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 \$4,493,443, above last year's ending fund balances of \$3,044,278.

**Governmental Fund Highlights**

The General Fund fund balance increased from \$887,768 in 2010 to \$3,547,164 in 2011. The increase in fund balance was mostly attributable to fund reclassifications and a net change in fund balance of \$867,658.

The Education Fund fund balance decreased from \$1,356,153 in 2010 to \$230,110 in 2011. The decrease in fund balance was mostly attributable to fund reclassifications and a net change in fund balance of \$485,755. 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.

The Institute Fund fund balance increased from \$541,638 in 2010 to \$623,111 in 2011. The increase in fund balance was mostly attributable to increased revenue from teacher certifications.

**Proprietary Fund Highlights**

Enterprise Fund net assets increased to \$361,351 at June 30, 2011. The primary reason for the increase is attributable to fees charged for services and management of related expenses.

Enterprise Fund revenues increased from \$419,057 in fiscal year 2010 to \$801,046 in fiscal year 2011. The increase was primarily due to reimbursements for technology upgrades for county school districts. Enterprise Fund expenses also increased from \$336,120 in fiscal year 2010 to \$713,565 in fiscal year 2011. This increase was primarily due to expenses related to technology upgrades for county school districts.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

**Fiduciary Fund Highlights**

Fiduciary funds remained fairly consistent when compared to the prior year. Total assets and liabilities increased from \$59,387 in fiscal year 2010 to \$81,373 in fiscal year 2011. Transactions during fiscal year 2011 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 2011, total additions and retirements amounted to \$31,460 and \$24,536, respectively. Depreciation expense for fiscal year 2011 was \$46,388.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

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

The State Aid Foundation for FY2011 increased slightly over the prior year and is expected to increase slightly for FY2012.

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

The population growth in the region has stabilized.

State FY2011 grant payments continue to be delayed with no expected improvement for FY2012.

**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 2011 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, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 3,880,676	\$ 415,008	\$ 4,295,684
Accounts receivable	8,055	52,233	60,288
Due from other governments	1,658,628	1,335	1,659,963
Due from other funds	(15,243)	15,243	-
Total current assets	5,532,116	483,819	6,015,935
Non-current assets:			
Capital assets, being depreciated, net	31,395	40,605	72,000
Total assets	5,563,511	524,424	6,087,935
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	123,141	72,698	195,839
Due to other governments	394,791	37,107	431,898
Deferred revenue	-	45,483	45,483
Leases payable	1,502	7,261	8,763
Total current liabilities	519,434	162,549	681,983
Non-current liabilities:			
Leases payable	-	524	524
Other postemployment benefits	193,274	-	193,274
Total non-current liabilities	193,274	524	193,798
Total liabilities	712,708	163,073	875,781
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	29,893	32,820	62,713
Unrestricted	3,767,382	328,531	4,095,913
Restricted for educational purposes	1,053,528	-	1,053,528
<b>Total net assets</b>	<b>\$ 4,850,803</b>	<b>\$ 361,351</b>	<b>\$ 5,212,154</b>

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, 2011

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government</u>		<u>Total</u>
				<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Primary government:						
Governmental activities:						
Education:						
Salaries and benefits	\$ 1,692,531	\$ -	\$ 1,532,808	\$ (159,723)	\$ -	\$ (159,723)
Purchased services	716,065	-	667,020	(49,045)	-	(49,045)
Supplies and materials	139,604	-	129,695	(9,909)	-	(9,909)
Payments to other governments	724,510	-	673,084	(51,426)	-	(51,426)
Other objects	3,770	-	3,502	(268)	-	(268)
Capital outlay	8	-	3,789	3,781	-	3,781
Depreciation	31,188	-	-	(31,188)	-	(31,188)
Administrative:						
On-behalf payments	317,735	-	-	(317,735)	-	(317,735)
Total governmental activities	<u>3,625,411</u>	<u>-</u>	<u>3,009,898</u>	<u>(615,513)</u>	<u>-</u>	<u>(615,513)</u>
Business-type activities:						
Professional development	<u>713,565</u>	<u>799,858</u>	<u>-</u>	<u>-</u>	<u>86,293</u>	<u>86,293</u>
Total primary government	<u>\$ 4,338,976</u>	<u>\$ 799,858</u>	<u>\$ 3,009,898</u>	<u>(615,513)</u>	<u>86,293</u>	<u>(529,220)</u>
General revenues:						
Local sources				305,228	1,188	306,416
State sources				984,827	-	984,827
On-behalf payments				317,735	-	317,735
Transfers				66,924	(66,924)	-
Total general revenue and transfers				<u>1,674,714</u>	<u>(65,736)</u>	<u>1,608,978</u>
CHANGES IN NET ASSETS				1,059,201	20,557	1,079,758
NET ASSETS, BEGINNING OF YEAR AS RESTATED				<u>3,791,602</u>	<u>340,794</u>	<u>4,132,396</u>
NET ASSETS, END OF YEAR				<u>\$ 4,850,803</u>	<u>\$ 361,351</u>	<u>\$ 5,212,154</u>

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, 2011

	Special Revenue				Total Governmental Funds
	General Fund	Institute Fund	Education Fund	Other Nonmajor Funds	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,053,520	\$ 613,584	\$ 120,603	\$ 92,969	\$ 3,880,676
Accounts receivable	-	3,846	-	4,209	8,055
Due from other governments	630,701	-	1,027,927	-	1,658,628
Due from other funds	<u>313,508</u>	<u>8,950</u>	<u>29,570</u>	<u>-</u>	<u>352,028</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,997,729</u>	<u>\$ 626,380</u>	<u>\$ 1,178,100</u>	<u>\$ 97,178</u>	<u>\$ 5,899,387</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 7,503	\$ 493	\$ 111,025	\$ 4,120	\$ 123,141
Due to other governments	-	2,776	392,015	-	394,791
Due to other funds	29,570	-	337,701	-	367,271
Deferred revenue	413,492	-	107,249	-	520,741
Total liabilities	<u>450,565</u>	<u>3,269</u>	<u>947,990</u>	<u>4,120</u>	<u>1,405,944</u>
<b>FUND BALANCE</b>					
Restricted	-	623,111	286,770	93,058	1,002,939
Assigned	789,729	-	-	-	789,729
Unassigned	2,757,435	-	(56,660)	-	2,700,775
Total fund balance	<u>3,547,164</u>	<u>623,111</u>	<u>230,110</u>	<u>93,058</u>	<u>4,493,443</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 3,997,729</u>	<u>\$ 626,380</u>	<u>\$ 1,178,100</u>	<u>\$ 97,178</u>	<u>\$ 5,899,387</u>

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, 2011**

<b>Total fund balance of governmental funds (page 34)</b>	<b>\$ 4,493,443</b>
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.	31,395
Capital lease obligations are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(1,502)
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.	520,741
Other postemployment benefits reported in the Statement of Net Assets do not require the use of current financial resources and therefore are not reported as liabilities in the governmental funds.	<u>(193,274)</u>
<b>Net assets of governmental activities (page 32)</b>	<b><u>\$ 4,850,803</u></b>

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, 2011**

	Special Revenue				Total Governmental Funds
	General Fund	Institute Fund	Education Fund	Other Nonmajor Funds	
<b>REVENUES:</b>					
Local sources	\$ 60,387	\$ 133,931	\$ 39,163	\$ 71,747	\$ 305,228
State sources	1,249,595	-	1,535,059	2,655	2,787,309
Federal sources	53,838	-	1,475,729	-	1,529,567
On-behalf payments	317,735	-	-	-	317,735
Total revenues	<u>1,681,555</u>	<u>133,931</u>	<u>3,049,951</u>	<u>74,402</u>	<u>4,939,839</u>
<b>EXPENDITURES:</b>					
Education:					
Salaries and benefits	495,863	-	1,129,304	24,752	1,649,919
Purchased services	56,839	49,697	592,426	19,020	717,982
Supplies and materials	3,148	2,875	116,962	16,619	139,604
Payments to other governments	-	-	724,510	-	724,510
Other objects	452	1,886	-	1,432	3,770
On-behalf payments	317,735	-	-	-	317,735
Capital outlay	3,084	-	994	-	4,078
Total expenditures	<u>877,121</u>	<u>54,458</u>	<u>2,564,196</u>	<u>61,823</u>	<u>3,557,598</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>804,434</u>	<u>79,473</u>	<u>485,755</u>	<u>12,579</u>	<u>1,382,241</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	450,385	2,000	-	1,700	454,085
Transfers out	(387,161)	-	-	-	(387,161)
Total other financing sources (uses)	<u>63,224</u>	<u>2,000</u>	<u>-</u>	<u>1,700</u>	<u>66,924</u>
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	867,658	81,473	485,755	14,279	1,449,165
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR AS RESTATED</b>	<u>2,679,506</u>	<u>541,638</u>	<u>(255,645)</u>	<u>78,779</u>	<u>3,044,278</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 3,547,164</u>	<u>\$ 623,111</u>	<u>\$ 230,110</u>	<u>\$ 93,058</u>	<u>\$ 4,493,443</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, 2011**

**Net change in fund balance (page 36)** **\$ 1,449,165**

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	\$	4,070	
Depreciation		<u>(31,188)</u>	(27,118)

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.

1,917

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.

(322,151)

Other postemployment benefits are reported in the  
Statement of Activities but do not require the use  
of current financial resources and therefore  
are not reported in the governmental funds.

(42,612)

**Change in net assets of governmental activities (page 33)** **\$ 1,059,201**

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, 2011

	Business-Type Activities Enterprise Funds				Total
	ESC Professional Development Local 2	Technology	Kane County Library Resources Consortium	Other Nonmajor Funds	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 39,690	\$ -	\$ 90,587	\$ 284,731	\$ 415,008
Accounts receivable	20,050	30,883	-	1,300	52,233
Due from other governments	1,125	-	-	210	1,335
Due from other funds	96,790	-	-	-	96,790
Total current assets	<u>157,655</u>	<u>30,883</u>	<u>90,587</u>	<u>286,241</u>	<u>565,366</u>
Noncurrent assets:					
Capital assets, net	8,433	13,490	17,173	1,509	40,605
<b>TOTAL ASSETS</b>	<u>166,088</u>	<u>44,373</u>	<u>107,760</u>	<u>287,750</u>	<u>605,971</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued expenses	6,233	30,883	35,582	-	72,698
Due to other governments	-	-	-	37,107	37,107
Due to other funds	78,937	2,610	-	-	81,547
Deferred revenue	-	-	36,483	9,000	45,483
Leases payable	7,261	-	-	-	7,261
Total current liabilities	<u>92,431</u>	<u>33,493</u>	<u>72,065</u>	<u>46,107</u>	<u>244,096</u>
Non-current liabilities:					
Leases payable	524	-	-	-	524
<b>TOTAL LIABILITIES</b>	<u>92,955</u>	<u>33,493</u>	<u>72,065</u>	<u>46,107</u>	<u>244,620</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	648	13,490	17,173	1,509	32,820
Unrestricted	72,485	(2,610)	18,522	240,134	328,531
<b>TOTAL NET ASSETS</b>	<u>\$ 73,133</u>	<u>\$ 10,880</u>	<u>\$ 35,695</u>	<u>\$ 241,643</u>	<u>\$ 361,351</u>

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, 2011

	Business-Type Activities Enterprise Funds				Total
	ESC Professional Development Local 2	Technology	Kane County Library Resources Consortium	Other Nonmajor Funds	
<b>OPERATING REVENUES:</b>					
Local sources	\$ 52,060	\$ 285,758	\$ 113,326	\$ 348,714	\$ 799,858
<b>OPERATING EXPENSES:</b>					
Purchased services	36,110	295,651	73,927	277,246	682,934
Supplies and materials	2,860	804	7,013	1,916	12,593
Other objects	131	-	-	152	283
Capital outlay	-	2,555	-	-	2,555
Depreciation	8,519	5,756	291	634	15,200
Total operating expenses	<u>47,620</u>	<u>304,766</u>	<u>81,231</u>	<u>279,948</u>	<u>713,565</u>
<b>OPERATING INCOME (LOSS)</b>	4,440	(19,008)	32,095	68,766	86,293
<b>NONOPERATING REVENUES</b>					
Interest revenue	139	21	56	972	1,188
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	4,579	(18,987)	32,151	69,738	87,481
Transfers in	-	-	-	8,500	8,500
Transfers out	(41,408)	-	-	(34,016)	(75,424)
Total transfers	<u>(41,408)</u>	<u>-</u>	<u>-</u>	<u>(25,516)</u>	<u>(66,924)</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(36,829)	(18,987)	32,151	44,222	20,557
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>109,962</u>	<u>29,867</u>	<u>3,544</u>	<u>197,421</u>	<u>340,794</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 73,133</u>	<u>\$ 10,880</u>	<u>\$ 35,695</u>	<u>\$ 241,643</u>	<u>\$ 361,351</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, 2011

	Business-Type Activities Enterprise Funds				Total
	ESC Professional Development Local 2	Technology	Kane County Library Resources Consortium	Other Nonmajor Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts for workshops and services	\$ 42,618	\$ 257,485	\$ 149,809	\$ 349,324	\$ 799,236
Payments to suppliers and providers of goods and services	(39,852)	(268,465)	(53,385)	(284,152)	(645,854)
Net cash provided by (used in) operating activities	2,766	(10,980)	96,424	65,172	153,382
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers from (to) other funds	(41,408)	-	-	(25,516)	(66,924)
Net cash used in noncapital financing activities	(41,408)	-	-	(25,516)	(66,924)
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>					
Purchase of capital assets	(1,380)	(8,546)	(17,464)	-	(27,390)
Principal paid on capital lease obligations	(8,256)	-	-	-	(8,256)
Net cash used in capital financing activities	(9,636)	(8,546)	(17,464)	-	(35,646)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest	139	21	56	972	1,188
Net cash provided by investing activities	139	21	56	972	1,188
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(48,139)	(19,505)	79,016	40,628	52,000
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	87,829	19,505	11,571	244,103	363,008
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 39,690	\$ -	\$ 90,587	\$ 284,731	\$ 415,008
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ 4,440	\$ (19,008)	\$ 32,095	\$ 88,766	\$ 86,293
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	8,519	5,756	291	634	15,200
Effects of changes in assets and liabilities:					
Accounts receivable	(12,625)	(30,853)	-	610	(42,898)
Due from (to) other funds	3,183	2,610	-	-	5,793
Accounts payable and accrued expenses	(751)	30,545	27,555	(4,838)	52,511
Deferred revenue	-	-	36,483	-	36,483
<b>Net cash provided by (used in) operating activities</b>	\$ 2,766	\$ (10,980)	\$ 96,424	\$ 65,172	\$ 153,382

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, 2011**

	<b><u>Agency Funds</u></b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>81,373</u>
<b>LIABILITIES</b>	
Due to other governments	\$ <u>81,373</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, 2011**

**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, 2011**

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

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

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

It is the policy of the Kane County Regional Office of Education No. 31 to have preference utilizing restricted funds first, then unrestricted. For unrestricted fund balance, committed funds are preferred to use first, then assigned, then unassigned funds (if any) as appropriate.

**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.

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:

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).

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

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.

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

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

Special Revenue Funds - Accounts and reports 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 and reports for the proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for specific purposes supporting education enhancement programs as follows:

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.

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

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 identified for improvement and corrective action the opportunity to transfer to another higher performing public school, including a public charter within the district.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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.

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.

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

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.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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

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.

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.

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

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

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.

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  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

Substitute Authorization - Accounts for monies received from the Substitute Authorization school code.

**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:

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.

**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.

**KANE COUNTY**  
**REGIONAL OFFICE OF EDUCATION NO. 31**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 and Liabilities**

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.

Capital assets - Capital assets result from expenditures in the governmental and proprietary 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.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

**Governmental Fund Balance**

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

Nonspendable Fund Balance - The portion of a Governmental Fund's net assets that are not available to be spent, either short term or long term, in either form or through legal restrictions. There are no accounts presenting a nonspendable fund balance.

Restricted Fund Balance - The portion of a Governmental Fund's net assets that are subject to external enforceable legal restrictions. The following accounts fund balances are restricted by grant agreements or contracts: Federal Special Education - IDEA Flow-Through, Regional Safe Schools, Truants' Alternative and Optional Education Program (TAOEP), Title II - Teacher Quality - Leadership, Title I - School Improvement & Accountability, McKinney Education for Homeless Children, Gifted Education, and Title I - Reading First. The following funds are restricted by Illinois Statute: General Education Development, Bus Driver Training, Supervisory, and Institute.

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

Assigned Fund Balance - The portion of a Governmental Fund's net assets to denote an intended use of resources. The following accounts comprise assigned fund balance: Youth Education Home, Local Truancy, and Operation Snowball.

Unassigned Fund Balance - Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of the following funds: Regional Program Development, General State Aid, Technology for Success, Principal Mentoring, Preschool Monitoring, and ROE/ISC Operations.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets**

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

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

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

Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets".

**Budgets and Budgetary Accounting**

Kane County Regional Office of Education No. 31 did not formally adopt a budget for the year ended June 30, 2011 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:

Special Revenue Funds:

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

**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.

**KANE COUNTY  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 18, 2012, the date the financial statements were available to be issued.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

**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 \$4,377,057 at June 30, 2011, while the bank balance was \$4,647,610. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2011. Of the total bank balances as of June 30, 2011, \$633,872 was secured by federal depository insurance, and \$4,013,738 was collateralized by securities pledged by the Regional Office of Education No. 31's financial institution on behalf of the Regional Office.

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, 2011, the Kane County Regional Office of Education No. 31 had cash equivalents with carrying and fair value of \$133,872 invested in the Illinois Funds Money Market.

*Credit Risk*

At June 30, 2011, 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

**KANE COUNTY  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)**

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.

**NOTE 3 - CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2011 is as follows:

	<u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2011</u>
Governmental Funds:				
Furniture and equipment	\$ 677,594	\$ 4,070	\$ (24,536)	\$ 657,128
Less: accumulated depreciation	<u>(619,081)</u>	<u>(31,188)</u>	<u>24,536</u>	<u>(625,733)</u>
Capital assets, net	<u>\$ 58,513</u>	<u>\$ (27,118)</u>	<u>\$ -</u>	<u>\$ 31,395</u>
Proprietary Funds:				
Furniture and equipment	\$ 90,239	\$ 27,390	\$ -	\$ 117,629
Less: accumulated depreciation	<u>(61,824)</u>	<u>(15,200)</u>	<u>-</u>	<u>(77,024)</u>
Capital assets, net	<u>\$ 28,415</u>	<u>\$ 12,190</u>	<u>\$ -</u>	<u>\$ 40,605</u>

Depreciation expense was charged as follows:

Governmental Funds:	
Depreciation expense	\$ 31,188
Proprietary Funds:	
Depreciation expense	<u>15,200</u>
Total depreciation expense	<u>\$ 46,388</u>

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**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, 2011 were as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2012	\$ 9,320
2013	555
Total minimum lease payments	9,875
Less: amount representing interest	588
Present value of minimum lease payments	<u>\$ 9,287</u>

**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 the primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
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June 30, 2011**

**NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)**

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

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, 2011, the State of Illinois contributions were based on 23.10 percent of creditable earnings not paid from federal funds, and the Regional Office of Education No. 31 recognized revenue and expenditures of \$84,943 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2010 and June 30, 2009, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.38 percent (\$84,010) and 17.08 percent (\$44,156), respectively.

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, 2011 were \$1,022. Contributions for the years ending June 30, 2010 and June 30, 2009 were \$974 and \$1,499, 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, 2011, the employer pension contribution was 23.10 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2010 and 2009, the employer contribution was 23.38 and 17.08 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2011, salaries totaling \$2,288 were paid from federal and special trust funds that required employer contributions of \$528. For the years ended June 30, 2010 and June 30, 2009, required employer contributions were \$1,256 and \$243, respectively.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)**

- **Early Retirement Option (ERO).** 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. The maximum employer ERO contribution is 117.5 percent and applies when the member is age 55 at retirement. For the years ended June 30, 2011, June 30, 2010 and June 30, 2009, the Regional Office of Education No. 31 paid no ERO contributions.
- **Salary increases over 6 percent and excess sick leave.** 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, 2011, June 30, 2010, and June 30, 2009, the Regional Office of Education No. 31 did not make any contributions to TRS for salary increases in excess of 6 percent.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.03 percent of salary during the year ended June 30, 2011 as recertified pursuant to Public Act 96-1511). For the years ended June 30, 2011, June 30, 2010, and June 30, 2009, 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, 2010. The report for the year ended June 30, 2011, is expected to be available in late 2011.

The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, 2815 West Washington Street, P.O. Box 19253, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at <http://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 online at [www.imrf.org](http://www.imrf.org).

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)**

*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 2010 was 0.00 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2010 was 8.52 percent. 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, 2010, the Regional Office of Education No. 31's actual contributions for pension cost for the Regular were \$0. Its required contribution for calendar year 2010 was \$0.

**THREE YEAR TREND INFORMATION FOR THE REGULAR PLAN**

<b>Calendar Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
12/31/10	\$ -	100%	\$ -
12/31/09	-	100%	-
12/31/08	-	100%	-

The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of 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 20% corridor between the actuarial and market value of assets. The Regional Office of Education No. 31's Regular plan's overfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 30 year basis.

*Funded Status and Funding Progress.* As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 113.23 percent funded. The actuarial accrued liability for benefits was \$42,128 and the actuarial value of assets was \$47,700, resulting in an overfunded actuarial accrued liability (UAAL) of \$5,572. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$0. Because the plan is overfunded, there is no ratio of the UAAL to the covered payroll.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 6 - RETIREMENT FUND COMMITMENTS (CONTINUED)**

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

**NOTE 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 projected unit credit actuarial cost method as of the January 1, 2010 actuarial valuation and is for the 12 month period from January 1, 2010 through December 31, 2010. This method requires the calculation of an unfunded actuarial accrued liability, which was approximately \$14,752,224 for Kane County as of December 31, 2010. 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 \$193,274 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, 2010. 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.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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

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 0.88 percent of pay during the year ended June 30, 2011. State of Illinois contributions were \$1,551, and the Regional Office of Education No. 31 recognized revenue and expenditures of this amount during the year. State contributions intended to match active member contributions during the years ended June 30, 2010 was 0.84 percent of pay. State contributions on behalf of the Regional Office of Education No. 31 employees were \$3,018. Had the Regional Office of Education No. 31 recognized revenue and expenditures for State contributions intended to match contributions during the year ended June 30, 2009, under the current standards, the contribution match would have been 0.84 percent of pay or \$2,172.
- **Employer Contributions.** The Regional Office of Education No. 31 also makes contributions to THIS Fund. The employer THIS fund contribution was 0.66 percent during the year ended June 30, 2011, and 0.63 percent during the years ended June 30, 2010, and June 30, 2009. For the year ended June 30, 2011, the Regional Office of Education No. 31 paid \$1,163 to the THIS Fund. For the years ended June 30, 2010 and June 30, 2009, the Regional Office of Education No. 31 paid \$1,058 and \$1,629 to the THIS Fund, respectively, which was 100 percent of the required 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. Grand Ave., Springfield, IL 62763-3838.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**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)	25,600
Assistant Regional Superintendent - salary	90,686
Assistant Regional Superintendent - benefits (includes state paid insurance)	14,193
TRS on-behalf payments	84,943
THIS on-behalf payments	1,551
<b>Total on-behalf payments</b>	<b><u>\$ 317,735</u></b>

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.

**NOTE 9 - DEFICIT FUND BALANCES**

At June 30, 2011, the following funds had deficit fund balances. They are expected to correct themselves in 2012, through payments from the State and transfers from local funds.

Education Fund	
Technology For Success	\$ (2,635)
Principal Mentoring	(26,803)
Preschool Monitoring	(1,649)
ROE/ISC Operations	(25,573)

**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	
Youth Home Education	
Local Government	\$ 630,701
Education Fund	
Technology for Success	
Illinois State Board of Education	31,121
Federal Special Education - IDEA Flow-Through	
Local Government	25,620

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

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

Regional Safe Schools	
Illinois State Board of Education	\$ 283,085
Truants' Alternative and Optional Education Program	
Illinois State Board of Education	144,162
Title I - School Improvement & Accountability	
Illinois State Board of Education	177,161
Local Government	274,796
ROE/ISC Operations	
Illinois State Board of Education	91,982
Proprietary Funds	
ESC Professional Development Local 2	
Local Government	1,125
Nonmajor Proprietary Funds	
Substitute Authorization	
Local Government	210
<b>Total</b>	<u>\$ 1,659,963</u>

**Due To Other Governments**

Institute Fund	\$ 2,776
Education Fund	
Regional Safe Schools	
Other local entities	303,581
Title I - School Improvement & Accountability	
Other local entities	88,434
Nonmajor Proprietary Funds	
Visual Media Cooperative	
Other local entities	37,107
Agency Funds	
Payroll	
Other local entities	77,206
Juvenile Drug Court	
Other local entities	3
Distributive	
Other local entities	4,164
<b>Total</b>	<u>\$ 513,271</u>

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 11 - DUE FROM/TO FUNDS**

The following is a summary of amounts due from/to funds as of June 30, 2011:

	<u>Due From</u>	<u>Due To</u>
General Fund		
Regional Program Development	\$ 313,508	\$ 29,570
Institute Fund	8,950	-
Education Fund		
Technology for Success	-	29,108
Federal Special Education - IDEA Flow-Through	-	15,523
Truants' Alternative and Optional Education Program (TAOEP)	-	68,939
Title I - School Improvement & Accountability	-	102,447
McKinney Education for Homeless Children	29,570	-
Principal Mentoring	-	26,803
Preschool Monitoring	-	1,649
ROE/ISC Operations	-	93,232
Proprietary Funds		
ESC Professional Development Local 2	96,790	78,937
Technology	-	2,610
<b>Total</b>	<u>\$ 448,818</u>	<u>\$ 448,818</u>

**NOTE 12 - TRANSFERS**

Transfers are generally made to provide supplemental funding or move resources from the fund required to collect the resources to the fund required to expend the resources. The following is the detail of interfund transfers as of June 30, 2011:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Regional Program Development	\$ 410,369	\$ -
General State Aid	40,016	-
Youth Home	-	387,161
Institute Fund	2,000	-
Nonmajor Special Revenue Funds		
GED	800	-
Bus Driver Training	900	-
Proprietary Funds		
ESC Professional Development Local 2	-	41,408
Nonmajor Proprietary Funds		
Local Administrators Academy	7,000	-
Kane County Human Resources Consortium	1,500	26,000
Substitute Authorization	-	8,016
<b>Total</b>	<u>\$ 462,585</u>	<u>\$ 462,585</u>

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 13 - FUND RECLASSIFICATIONS**

The Kane County Regional Office of Education No. 31 has reclassified funds within the governmental fund statements to more appropriately reflect the purpose of those funds. The impact of the fund reclassifications is an increase in the General Fund fund balance of \$1,791,738, a decrease in the Education Fund fund balance of \$1,611,798, and a decrease in the Other Nonmajor Funds fund balance of \$179,940. These reclassifications have no effect on the net change in fund balances or net assets.

**NOTE 14 - RESTATEMENT OF BEGINNING NET ASSETS**

The Regional Office of Education No. 31 restated the following net assets previously reported:

	<b>Governmental Activities</b>
Net assets, June 30, 2010, as previously reported	\$ 3,466,464
Additional revenue	<u>325,138</u>
Net assets, July 1, 2010, as restated	<u>\$ 3,791,602</u>

The restatement was to recognize additional revenue in fiscal year 2010 for the Youth Home Education program.

**NOTE 15 - 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.

**KANE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 31  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 16 - NEW PRONOUNCEMENTS**

In 2011, Kane County Regional Office of Education No. 31 implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, GASB Statement No. 59, *Financial Instruments Omnibus*, and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Regional Office of Education No. 31 implemented these standards during the current year; however, GASB Statements No. 59 and 62 had no impact on the financial statements. The implementation of GASB Statement No. 54 changed fund balance reporting for governmental funds by adding some additional fund balance classifications, clarifying governmental fund type definitions, and providing additional disclosures on how fund balance constraints are imposed and may be modified or eliminated.

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, 2011**

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
12/31/10	\$ 47,700	\$ 42,128	\$ (5,572)	113.23%	\$ -	N/A
12/31/09	45,152	40,969	(4,183)	110.21%	-	N/A
12/31/08	43,942	39,659	(4,283)	110.80%	-	N/A

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$49,668. On a market basis, the funded ratio would be 117.90%.

## SUPPLEMENTAL INFORMATION

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND ACCOUNTS  
June 30, 2011

	<u>Regional Program Development</u>	<u>General State Aid</u>	<u>Youth Home Education</u>	<u>Local Truancy</u>	<u>Operation Snowball</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,089,093	\$ 1,385,491	\$ 379,814	\$ 193,248	\$ 5,874	\$ 3,053,520
Due from other governments	-	-	630,701	-	-	630,701
Due from other funds	<u>313,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>313,508</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,402,601</u>	<u>\$ 1,385,491</u>	<u>\$ 1,010,515</u>	<u>\$ 193,248</u>	<u>\$ 5,874</u>	<u>\$ 3,997,729</u>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ -	\$ 1,087	\$ 6,416	\$ -	\$ -	\$ 7,503
Due to other funds	29,570	-	-	-	-	29,570
Deferred revenue	-	-	413,492	-	-	413,492
Total liabilities	<u>29,570</u>	<u>1,087</u>	<u>419,908</u>	<u>-</u>	<u>-</u>	<u>450,565</u>
<b>FUND BALANCE</b>						
Assigned	-	-	590,607	193,248	5,874	789,729
Unassigned	<u>1,373,031</u>	<u>1,384,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,757,435</u>
Total fund balance	<u>1,373,031</u>	<u>1,384,404</u>	<u>590,607</u>	<u>193,248</u>	<u>5,874</u>	<u>3,547,164</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 1,402,601</u>	<u>\$ 1,385,491</u>	<u>\$ 1,010,515</u>	<u>\$ 193,248</u>	<u>\$ 5,874</u>	<u>\$ 3,997,729</u>

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, 2011

	Regional Program <u>Development</u>	General <u>State Aid</u>	Youth Home <u>Education</u>	Local <u>Truancy</u>	Operation <u>Snowball</u>	<u>Totals</u>
<b>REVENUES:</b>						
Local sources	\$ 14,792	\$ 4,949	\$ 1,433	\$ 14,831	\$ 24,382	\$ 60,387
State sources	-	591,307	658,288	-	-	1,249,595
Federal sources	-	-	53,838	-	-	53,838
On-behalf payments	-	317,735	-	-	-	317,735
Total revenues	<u>14,792</u>	<u>913,991</u>	<u>713,559</u>	<u>14,831</u>	<u>24,382</u>	<u>1,681,555</u>
<b>EXPENDITURES:</b>						
Education:						
Salaries	-	73,184	307,332	-	-	380,516
Benefits	-	17,074	98,273	-	-	115,347
Purchased services	5,538	7,440	23,830	444	19,587	56,839
Supplies and materials	38	93	3,017	-	-	3,148
Other objects	452	-	-	-	-	452
On-behalf payments	-	317,735	-	-	-	317,735
Capital outlay	1,709	-	1,375	-	-	3,084
Total expenditures	<u>7,737</u>	<u>415,526</u>	<u>433,827</u>	<u>444</u>	<u>19,587</u>	<u>877,121</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	7,055	498,465	279,732	14,387	4,795	804,434
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	410,369	40,016	-	-	-	450,385
Transfers out	-	-	(387,161)	-	-	(387,161)
Total other financing sources (uses)	<u>410,369</u>	<u>40,016</u>	<u>(387,161)</u>	<u>-</u>	<u>-</u>	<u>63,224</u>
<b>NET CHANGE IN FUND BALANCE</b>	417,424	538,481	(107,429)	14,387	4,795	867,658
<b>FUND BALANCE, BEGINNING OF YEAR AS RESTATED</b>	<u>955,607</u>	<u>845,923</u>	<u>698,036</u>	<u>178,861</u>	<u>1,079</u>	<u>2,679,506</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,373,031</u>	<u>\$ 1,384,404</u>	<u>\$ 590,607</u>	<u>\$ 193,248</u>	<u>\$ 5,874</u>	<u>\$ 3,547,164</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND ACCOUNTS  
 June 30, 2011

	<u>Technology for Success</u>	<u>Federal Special Education - IDEA Flow-Through</u>	<u>Regional Safe Schools</u>	<u>Truants' Alternative and Optional Education Program (TAOEP)</u>	<u>Title II - Teacher Quality - Leadership</u>	<u>Title I - School Improvement &amp; Accountability</u>	<u>McKinney Education for Homeless Children</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 42	\$ 17	\$ 72,385	\$ 95	\$ 9,266	\$ -	\$ 28,335
Due from other governments	31,121	25,620	283,085	144,162	-	451,957	-
Due from other funds	-	-	-	-	-	-	29,570
<b>TOTAL ASSETS</b>	<b>\$ 31,163</b>	<b>\$ 25,637</b>	<b>\$ 355,470</b>	<b>\$ 144,257</b>	<b>\$ 9,266</b>	<b>\$ 451,957</b>	<b>\$ 57,905</b>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>							
<b>LIABILITIES</b>							
Accounts payable and accrued expenses	\$ 1,004	\$ 1,438	\$ 10,742	\$ 48,451	\$ -	\$ 40,285	\$ 667
Due to other governments	-	-	303,581	-	-	88,434	-
Due to other funds	29,108	15,523	-	68,939	-	102,447	-
Deferred revenue	3,686	-	33,085	4,162	-	50,325	-
<b>Total liabilities</b>	<b>33,798</b>	<b>16,961</b>	<b>347,408</b>	<b>121,552</b>	<b>-</b>	<b>281,491</b>	<b>667</b>
<b>FUND BALANCE (DEFICIT)</b>							
Restricted	-	8,676	8,062	22,705	9,266	170,466	57,238
Unassigned	(2,635)	-	-	-	-	-	-
<b>Total fund balance (deficit)</b>	<b>(2,635)</b>	<b>8,676</b>	<b>8,062</b>	<b>22,705</b>	<b>9,266</b>	<b>170,466</b>	<b>57,238</b>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ 31,163</b>	<b>\$ 25,637</b>	<b>\$ 355,470</b>	<b>\$ 144,257</b>	<b>\$ 9,266</b>	<b>\$ 451,957</b>	<b>\$ 57,905</b>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND ACCOUNTS  
June 30, 2011

	<u>Principal Mentoring</u>	<u>Preschool Monitoring</u>	<u>Gifted Education</u>	<u>Title I - Reading First</u>	<u>ROE/ISC Operations</u>	<u>Totals</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ 10,325	\$ 32	\$ 106	\$ 120,603
Due from other governments	-	-	-	-	91,982	1,027,927
Due from other funds	-	-	-	-	-	29,570
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,325</u>	<u>\$ 32</u>	<u>\$ 92,088</u>	<u>\$ 1,178,100</u>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>						
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 8,438	\$ 111,025
Due to other governments	-	-	-	-	-	392,015
Due to other funds	26,803	1,649	-	-	93,232	337,701
Deferred revenue	-	-	-	-	15,991	107,249
<b>Total liabilities</b>	<u>26,803</u>	<u>1,649</u>	<u>-</u>	<u>-</u>	<u>117,661</u>	<u>947,990</u>
<b>FUND BALANCE (DEFICIT)</b>						
Restricted	-	-	10,325	32	-	286,770
Unassigned	(26,803)	(1,649)	-	-	(25,573)	(56,660)
<b>Total fund balance (deficit)</b>	<u>(26,803)</u>	<u>(1,649)</u>	<u>10,325</u>	<u>32</u>	<u>(25,573)</u>	<u>230,110</u>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,325</u>	<u>\$ 32</u>	<u>\$ 92,088</u>	<u>\$ 1,178,100</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, 2011

SCHEDULE 4

	<u>Technology for Success</u>	<u>Federal Special Education - IDEA Flow-Through</u>	<u>Regional Safe Schools</u>	<u>Truants' Alternative and Optional Education Program (TAOEP)</u>	<u>Title II - Teacher Quality - Leadership</u>	<u>Title I - School Improvement &amp; Accountability</u>	<u>McKinney Education for Homeless Children</u>
<b>REVENUES:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 12	\$ 307	\$ 599
State sources	87,294	-	767,618	367,046	-	-	-
Federal sources	-	96,833	-	-	-	1,293,074	54,000
Total revenues	<u>87,294</u>	<u>96,833</u>	<u>767,618</u>	<u>367,046</u>	<u>12</u>	<u>1,293,381</u>	<u>54,599</u>
<b>EXPENDITURES:</b>							
Education:							
Salaries	50,592	69,492	110,280	188,064	-	316,502	36,383
Benefits	13,176	20,706	37,038	73,747	-	100,433	6,352
Purchased services	279	7,068	32,778	6,014	-	437,923	5,624
Supplies and materials	-	-	124	176	-	76,131	2,994
Payment to other governments	-	-	302,403	-	-	355,443	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>64,047</u>	<u>97,266</u>	<u>482,623</u>	<u>268,001</u>	<u>-</u>	<u>1,286,432</u>	<u>51,353</u>
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	23,247	(433)	284,995	99,045	12	6,949	3,246
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR AS RESTATED</b>	<u>(25,882)</u>	<u>9,109</u>	<u>(276,933)</u>	<u>(76,340)</u>	<u>9,254</u>	<u>163,517</u>	<u>53,992</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ (2,635)</u>	<u>\$ 8,676</u>	<u>\$ 8,062</u>	<u>\$ 22,705</u>	<u>\$ 9,266</u>	<u>\$ 170,466</u>	<u>\$ 57,238</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, 2011

SCHEDULE 4  
 (CONTINUED)

	<u>Principal Mentoring</u>	<u>Preschool Monitoring</u>	<u>Gifted Education</u>	<u>Title I - Reading First</u>	<u>ROE/ISC Operations</u>	<u>Totals</u>
<b>REVENUES:</b>						
Local sources	\$ 38,183	\$ -	\$ 55	\$ 6	\$ 1	\$ 39,163
State sources	-	18,452	74,962	-	219,687	1,535,059
Federal sources	-	-	-	31,822	-	1,475,729
Total revenues	<u>38,183</u>	<u>18,452</u>	<u>75,017</u>	<u>31,828</u>	<u>219,688</u>	<u>3,049,951</u>
<b>EXPENDITURES:</b>						
Education:						
Salaries	-	-	-	-	79,729	851,042
Benefits	-	-	723	-	26,087	278,262
Purchased services	35,000	-	2,836	9,845	55,259	592,426
Supplies and materials	-	-	-	22,184	15,353	116,962
Payment to other governments	-	-	66,664	-	-	724,510
Capital outlay	-	-	-	-	994	994
Total expenditures	<u>35,000</u>	<u>-</u>	<u>70,223</u>	<u>31,829</u>	<u>177,422</u>	<u>2,564,196</u>
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	3,183	18,452	4,794	(1)	42,266	485,755
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR AS RESTATED</b>	<u>(29,986)</u>	<u>(20,101)</u>	<u>5,531</u>	<u>33</u>	<u>(67,839)</u>	<u>(255,645)</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ (26,803)</u>	<u>\$ (1,649)</u>	<u>\$ 10,325</u>	<u>\$ 32</u>	<u>\$ (25,573)</u>	<u>\$ 230,110</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
 EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE  
 Year Ended June 30, 2011

	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
<b>REVENUES:</b>								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	66,233	66,233	87,294	21,061	483,085	483,085	767,618	284,533
Federal sources	-	-	-	-	-	-	-	-
Total revenues	66,233	66,233	87,294	21,061	483,085	483,085	767,618	284,533
<b>EXPENDITURES:</b>								
Education:								
Salaries	50,031	50,031	50,592	(561)	119,952	119,952	110,280	9,672
Benefits	15,519	15,519	13,176	2,343	42,017	42,017	37,038	4,979
Purchased services	280	280	279	1	32,700	32,700	32,778	(78)
Supplies and materials	403	403	-	403	2,806	2,806	124	2,682
Payments to other governments	-	-	-	-	281,610	281,610	302,403	(20,793)
Capital outlay	-	-	-	-	4,000	4,000	-	4,000
Total expenditures	66,233	66,233	64,047	2,186	483,085	483,085	482,623	462
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	\$ -	\$ -	23,247	\$ 23,247	\$ -	\$ -	284,995	\$ 284,995
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>			(25,882)				(276,933)	
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>			\$ (2,635)				\$ 8,062	

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE  
Year Ended June 30, 2011

	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		
<b>REVENUES:</b>								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55	\$ 55
State sources	256,162	256,162	367,046	110,884	257,500	257,500	74,962	(182,538)
Federal sources	-	-	-	-	-	-	-	-
Total revenues	256,162	256,162	367,046	110,884	257,500	257,500	75,017	(182,483)
<b>EXPENDITURES:</b>								
Education:								
Salaries	179,160	179,160	188,064	(8,904)	-	14,640	-	14,640
Benefits	69,798	69,798	73,747	(3,949)	-	3,944	723	3,221
Purchased services	7,025	7,025	6,014	1,011	40,000	65,500	2,836	62,664
Supplies and materials	179	179	176	3	40,500	42,916	-	42,916
Payments to other governments	-	-	-	-	177,000	130,500	66,664	63,836
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	256,162	256,162	268,001	(11,839)	257,500	257,500	70,223	187,277
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	\$ -	\$ -	99,045	\$ 99,045	\$ -	\$ -	4,794	\$ 4,794
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>			(76,340)				5,531	
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>			\$ 22,705				\$ 10,325	

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
EDUCATION FUND ACCOUNTS - BUDGETARY COMPARISON SCHEDULE  
Year Ended June 30, 2011

	Title I - Reading First				ROE/ISC Operations				Total			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final			Original	Final		
<b>REVENUES:</b>												
Local sources	\$ -	\$ -	\$ 6	\$ 6	\$ -	\$ -	\$ 1	\$ 1	\$ -	\$ -	\$ 62	\$ 62
State sources	-	-	-	-	176,982	176,982	219,687	42,705	1,239,962	1,239,962	1,516,607	276,645
Federal sources	127,526	127,526	31,822	(95,704)	-	-	-	-	127,526	127,526	31,822	(95,704)
Total revenues	127,526	127,526	31,828	(95,698)	176,982	176,982	219,688	42,706	1,367,488	1,367,488	1,548,491	181,003
<b>EXPENDITURES:</b>												
Education:												
Salaries	-	-	-	-	78,517	78,517	79,729	(1,212)	427,660	442,300	428,865	13,635
Benefits	-	-	-	-	34,050	34,050	26,087	7,963	161,384	165,328	150,771	14,557
Purchased services	74,675	74,675	9,645	65,030	43,949	43,949	55,259	(11,310)	198,629	224,129	106,811	117,318
Supplies and materials	52,851	52,851	22,184	30,667	19,216	19,216	15,353	3,863	115,955	118,371	37,837	80,534
Payments to other governments	-	-	-	-	-	-	-	-	458,610	412,110	369,067	43,043
Capital outlay	-	-	-	-	1,250	1,250	994	256	5,250	5,250	994	4,256
Total expenditures	127,526	127,526	31,829	95,697	176,982	176,982	177,422	(440)	1,367,488	1,367,488	1,094,145	273,343
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	\$ -	\$ -	(1)	(1)	\$ -	\$ -	42,266	\$ 42,266	\$ -	\$ -	454,346	\$ 454,346
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>			33				(67,839)				(441,430)	
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>			\$ 32				\$ (25,573)				\$ 12,916	

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 June 30, 2011

<b>ASSETS</b>	<u>GED</u>	<u>Bus Driver Training</u>	<u>Supervisory</u>	<u>Totals</u>
Cash and cash equivalents	\$ 88,349	\$ 4,580	\$ 40	\$ 92,969
Accounts receivable	<u>4,203</u>	<u>6</u>	<u>-</u>	<u>4,209</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 92,552</u></b>	<b><u>\$ 4,586</u></b>	<b><u>\$ 40</u></b>	<b><u>\$ 97,178</u></b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 4,120	\$ -	\$ -	\$ 4,120
<b>FUND BALANCE</b>				
Restricted	<u>88,432</u>	<u>4,586</u>	<u>40</u>	<u>93,058</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 92,552</u></b>	<b><u>\$ 4,586</u></b>	<b><u>\$ 40</u></b>	<b><u>\$ 97,178</u></b>

**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, 2011**

SCHEDULE 7

	<u>GED</u>	<u>Bus Driver Training</u>	<u>Supervisory</u>	<u>Totals</u>
<b>REVENUES:</b>				
Local sources	\$ 66,898	\$ 4,849	\$ -	\$ 71,747
State sources	-	2,655	-	2,655
Total revenues	66,898	7,504	-	74,402
<b>EXPENDITURES:</b>				
Education:				
Salaries	18,971	-	-	18,971
Benefits	5,781	-	-	5,781
Purchased services	13,420	5,600	-	19,020
Supplies and materials	16,428	191	-	16,619
Other objects	1,423	9	-	1,432
Total expenditures	56,023	5,800	-	61,823
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	10,875	1,704	-	12,579
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	800	900	-	1,700
<b>NET CHANGE IN FUND BALANCE</b>	11,675	2,604	-	14,279
<b>FUND BALANCE, BEGINNING OF YEAR AS RESTATED</b>	76,757	1,982	40	78,779
<b>FUND BALANCE, END OF YEAR</b>	\$ 88,432	\$ 4,586	\$ 40	\$ 93,058

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
 COMBINING STATEMENT OF NET ASSETS  
 NONMAJOR PROPRIETARY FUNDS  
 JUNE 30, 2011

SCHEDULE 8

	<u>Visual Media Cooperative</u>	<u>Local Administrators Academy</u>	<u>Criminal Background Investigation</u>	<u>Kane County Human Resources Consortium</u>	<u>Discovery Education United Streaming</u>	<u>Substitute Authorization</u>	<u>Totals</u>
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 51,296	\$ 116,463	\$ 58,285	\$ 58,686	\$ 1	\$ -	\$ 284,731
Accounts receivable	-	1,260	40	-	-	-	1,300
Due from other governments	-	-	-	-	-	210	210
Total current assets	<u>51,296</u>	<u>117,723</u>	<u>58,325</u>	<u>58,686</u>	<u>1</u>	<u>210</u>	<u>286,241</u>
Non current assets:							
Capital assets, net	-	100	1,409	-	-	-	1,509
<b>TOTAL ASSETS</b>	<u>51,296</u>	<u>117,823</u>	<u>59,734</u>	<u>58,686</u>	<u>1</u>	<u>210</u>	<u>287,750</u>
<b>LIABILITIES</b>							
Current liabilities:							
Due to other governments	37,107	-	-	-	-	-	37,107
Deferred revenue	-	-	-	9,000	-	-	9,000
Total current liabilities	<u>37,107</u>	<u>-</u>	<u>-</u>	<u>9,000</u>	<u>-</u>	<u>-</u>	<u>46,107</u>
<b>TOTAL LIABILITIES</b>	<u>37,107</u>	<u>-</u>	<u>-</u>	<u>9,000</u>	<u>-</u>	<u>-</u>	<u>46,107</u>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	-	100	1,409	-	-	-	1,509
Unrestricted	<u>14,189</u>	<u>117,723</u>	<u>58,325</u>	<u>49,686</u>	<u>1</u>	<u>210</u>	<u>240,134</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 14,189</u>	<u>\$ 117,823</u>	<u>\$ 59,734</u>	<u>\$ 49,686</u>	<u>\$ 1</u>	<u>\$ 210</u>	<u>\$ 241,643</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, 2011

SCHEDULE 9

	<u>Visual Media Cooperative</u>	<u>Local Administrators Academy</u>	<u>Criminal Background Investigation</u>	<u>Kane County Human Resources Consortium</u>	<u>Discovery Education United Streaming</u>	<u>Substitute Authorization</u>	<u>Totals</u>
<b>OPERATING REVENUES:</b>							
Local sources	\$ -	\$ 46,898	\$ 120,760	\$ 49,000	\$ 123,830	\$ 8,226	\$ 348,714
<b>OPERATING EXPENSES:</b>							
Purchased services	-	17,603	102,188	31,151	126,304	-	277,246
Supplies and materials	-	1,357	559	-	-	-	1,916
Other objects	-	152	-	-	-	-	152
Depreciation	-	119	515	-	-	-	634
Total operating expenses	<u>-</u>	<u>19,231</u>	<u>103,262</u>	<u>31,151</u>	<u>126,304</u>	<u>-</u>	<u>279,948</u>
<b>OPERATING INCOME (LOSS)</b>	-	27,667	17,498	17,849	(2,474)	8,226	68,766
<b>NONOPERATING REVENUES</b>							
Interest revenue	<u>606</u>	<u>157</u>	<u>68</u>	<u>100</u>	<u>41</u>	<u>-</u>	<u>972</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	606	27,824	17,566	17,949	(2,433)	8,226	69,738
Transfers in	-	7,000	-	1,500	-	-	8,500
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,000)</u>	<u>-</u>	<u>(8,016)</u>	<u>(34,016)</u>
Total transfers	<u>-</u>	<u>7,000</u>	<u>-</u>	<u>(24,500)</u>	<u>-</u>	<u>(8,016)</u>	<u>(25,516)</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	606	34,824	17,566	(6,551)	(2,433)	210	44,222
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>13,583</u>	<u>82,999</u>	<u>42,168</u>	<u>56,237</u>	<u>2,434</u>	<u>-</u>	<u>197,421</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 14,189</u>	<u>\$ 117,823</u>	<u>\$ 59,734</u>	<u>\$ 49,686</u>	<u>\$ 1</u>	<u>\$ 210</u>	<u>\$ 241,643</u>

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2011

SCHEDULE 10

	Visual Media Cooperative	Local Administrators Academy	Criminal Background Investigation	Kane County Human Resources Consortium	Discovery Education United Streaming	Substitute Authorization	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Receipts for workshops and services	\$ -	\$ 47,098	\$ 121,380	\$ 49,000	\$ 123,830	\$ 8,016	\$ 349,324
Payments to suppliers and providers of goods and services	-	(19,811)	(106,886)	(31,151)	(126,304)	-	(284,152)
Net cash provided by (used in) operating activities	-	27,287	14,494	17,849	(2,474)	8,016	65,172
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Transfers from (to) other funds	-	7,000	-	(24,500)	-	(8,016)	(25,516)
Net cash provided by (used in) noncapital financing activities	-	7,000	-	(24,500)	-	(8,016)	(25,516)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Interest	606	157	68	100	41	-	972
Net cash provided by investing activities	606	157	68	100	41	-	972
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>							
	606	34,444	14,562	(6,551)	(2,433)	-	40,628
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>							
	50,690	82,019	43,723	65,237	2,434	-	244,103
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>							
	\$ 51,296	\$ 116,463	\$ 58,285	\$ 58,686	\$ 1	\$ -	\$ 284,731
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>							
Operating income (loss)	\$ -	\$ 27,667	\$ 17,498	\$ 17,849	\$ (2,474)	\$ 8,226	\$ 68,766
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	-	119	515	-	-	-	634
Effects of changes in assets and liabilities:							
Accounts receivable	-	200	620	-	-	(210)	610
Accounts payable and accrued expenses	-	(699)	(4,139)	-	-	-	(4,838)
Net cash provided by (used in) operating activities	\$ -	\$ 27,287	\$ 14,494	\$ 17,849	\$ (2,474)	\$ 8,016	\$ 65,172

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 AGENCY FUNDS  
 June 30, 2011

	<u>Payroll</u>	<u>Juvenile Drug Court</u>	<u>Distributive</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 77,206	\$ 3	\$ 4,164	\$ 81,373
<b>LIABILITIES</b>				
Due to other governments	\$ 77,206	\$ 3	\$ 4,164	\$ 81,373

KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
 COMBINING STATEMENT OF CHANGES IN  
 ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 Year Ended June 30, 2011

	<u>Balance, June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2011</u>
<b>PAYROLL</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 53,470	\$ 1,791,588	\$ 1,767,852	\$ 77,206
<b>LIABILITIES</b>				
Due to other governments	\$ 53,470	\$ 1,791,588	\$ 1,767,852	\$ 77,206
<b>JUVENILE DRUG COURT</b>				
<b>ASSETS</b>				
Cash (overdrafts) and cash equivalents	\$ (3,600)	\$ 29,104	\$ 25,501	\$ 3
Due from other governments	5,447	-	5,447	-
<b>TOTAL ASSETS</b>	<u>\$ 1,847</u>	<u>\$ 29,104</u>	<u>\$ 30,948</u>	<u>\$ 3</u>
<b>LIABILITIES</b>				
Due to other governments	\$ 1,847	\$ 29,104	\$ 30,948	\$ 3
<b>DISTRIBUTIVE</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,070	\$ 2,119,297	\$ 2,119,203	\$ 4,164
<b>LIABILITIES</b>				
Due to other governments	\$ 4,070	\$ 2,119,297	\$ 2,119,203	\$ 4,164
<b>TOTAL ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 53,940	\$ 3,939,989	\$ 3,912,556	\$ 81,373
Due from other governments	5,447	-	5,447	-
<b>TOTAL ASSETS</b>	<u>\$ 59,387</u>	<u>\$ 3,939,989</u>	<u>\$ 3,918,003</u>	<u>\$ 81,373</u>
<b>LIABILITIES</b>				
Due to other governments	\$ 59,387	\$ 3,939,989	\$ 3,918,003	\$ 81,373

**KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31  
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT  
 TREASURERS AND OTHER ENTITIES  
 Year Ended June 30, 2011**

**Valley Education for Employment System**

Vocational Education - Career and Technical Education Improvement	\$ 1,399,020
Vocational Education - Agriculture Education	16,716
Vocational Education - CTE Perkins	611,797
Other	91,670
	<u>\$ 2,119,203</u>

**KANE COUNTY REGIONAL OFFICE OF EDUCATION NO. 31**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2011

Federal Grantor/Pass- Through Grantor, Program or Cluster Title	CFDA Number	Project Number (1st 8 digits) or Contract #	Federal Expenditures June 30, 2011
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>31,822</u>
Education Jobs Fund, Recovery Act	84.410A	11-4880-093	<u>53,838</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	11-4630-01	<u>96,833</u>
U.S. Department of Education passed through Will County Regional Office of Education No. 56: Title I, Part A Cluster (M)Title I - School Improvement & Accountability	84.010A	11-4331-SS	763,647
Illinois State Board of Education: Title I, Part A Cluster (M)ARRA - Title I - School Improvement & Accountability	84.389A	11-4854-00	<u>522,785</u>
			<u>1,286,432</u>
U.S. Department of Education passed through Will County Regional Office of Education No. 56: McKinney Education for Homeless Children	84.196A	11-4920-00	<u>51,353</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ <u>1,520,278</u></b>

(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, 2011**

**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 program was audited as a major program in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Title I, Part A Cluster - 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.

**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.