

**STATE OF ILLINOIS
LAKE COUNTY
REGIONAL OFFICE OF EDUCATION NO. 34**

**FINANCIAL AUDIT
(In Accordance with the Single Audit Act and OMB Circular A-133)
FOR THE YEAR ENDED JUNE 30, 2009**

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

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34

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**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
OFFICIALS**

Regional Superintendent
(current and during the audit period)

Honorable Roycealee J. Wood

Assistant Regional Superintendent
(current and during the audit period)

Mr. Gary E. Pickens

Office is located at:

800 Lancer Lane
Grayslake, Illinois 60030-2656

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
COMPLIANCE REPORT SUMMARY**

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
09-1	12	Inadequate Controls Over Purchased Services Expenditures	Significant Deficiency and Noncompliance
<i>FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)</i>			
	14	None	N/A
<i>PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)</i>			
		None	N/A
<i>PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)</i>			
		None	N/A

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
COMPLIANCE REPORT SUMMARY - CONTINUED**

EXIT CONFERENCE

The Lake County Regional Office of Education No. 34 exit conference for the financial audit for the year ended June 30, 2009 was held on August 17, 2010. The response to the recommendation was provided by Honorable Roycealee Wood, Regional Superintendent in a letter dated August 13, 2010.

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Lake County Regional Office of Education No. 34 was performed by James Williams & Company, LLC.

Based on their audit, the auditors expressed an unqualified opinion on the Lake County Regional Office of Education No. 34's basic financial statements.



JAMES WILLIAMS & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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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 Lake County Regional Office of Education #34, as of and for the year ended June 30, 2009, which collectively comprise the Lake County Regional Office of Education #34's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lake County Regional Office of Education #34'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. We have complied with generally accepted government auditing standards except for one condition recommended by the AICPA Peer Review Committee which we are currently in the process of meeting. 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 Lake County Regional Office of Education #34, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 28, 2010 on our consideration of the Lake County Regional Office of Education #34'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 on pages 17 through 22 is not a required part of the basic financial statements but is 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 Lake County Regional Office of Education #34's basic financial statements. The combining and individual nonmajor fund financial statements, and budgetary comparison schedules and Schedule of Disbursements to School District Treasurers and Others are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Others and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

James Williams & Company, LLC

Chicago, Illinois
October 28, 2010



JAMES WILLIAMS & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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**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 Lake County Regional Office of Education #34, as of and for the year ended June 30, 2009, which collectively comprise the Lake County Regional Office of Education #34's basic financial statements and have issued our report thereon dated October 28, 2010. 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. We have complied with generally accepted government auditing standards except for one condition recommended by the AICPA Peer Review Committee which we are currently in the process of meeting.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Lake County Regional Office of Education #34's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lake County Regional Office of Education #34's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lake County Regional Office of Education #34's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in finding 09-1, in the accompanying Schedule of Finding and Questioned Costs that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lake County Regional Office of Education #34's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Findings and Questioned Costs as item 09-1.

The Lake County Regional Office of Education #34's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Lake County Regional Office of Education #34's response and, accordingly, we express no opinion on it.

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.

Chicago, Illinois
October 28, 2010

James Williams & Company, LLC



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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the compliance of the Lake County Regional Office of Education #34 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Lake County Regional Office of Education #34's major federal programs are identified in the summary of the auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Lake County Regional Office of Education #34's management. Our responsibility is to express an opinion on the Lake County Regional Office of Education #34'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*. We have complied with generally accepted government auditing standards except for one condition recommended by the AICPA Peer Review Committee which we are currently in the process of meeting. 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 Lake County Regional Office of Education #34'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 Lake County Regional Office of Education #34's compliance with those requirements.

In our opinion, the Lake County Regional Office of Education #34 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Lake County Regional Office of Education #34 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 Lake County Regional Office of Education No. 34's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Lake County Regional Office of Education No. 34's internal control over compliance.

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

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

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

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

Chicago, Illinois
October 28, 2010

James Williams & Company, LLC

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

Part I: Summary of the Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.394A	State Fiscal Stabilization Fund – Education State Grants, Recovery Act
84.367A	Title II – Teacher Quality – Leadership Grant

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

Auditee qualified as low-risk auditee? Yes No

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

Part II: Findings Related to the Basic Financial Statements

**FINDING NO. 09-1 - Inadequate Controls Over Purchased Services Expenditures
(Repeat of Finding 08-1)**

Criteria/Specific Requirement:

Good internal controls require that all contracts be executed prior to services being performed and payments being made to contractors.

Condition:

During our review of expenditures, we noted one (1) of eighteen (18) (6%) program consultants did not have a contract on file. The amount paid to the consultant totaled \$35,832 and was paid out of Staff Development Workshop funds (\$12,938) and ROE/ISC Local funds (\$22,894).

Effect:

Failure to execute contracts with independent contractors may result in services being provided that are inconsistent with program goals and activities, inadequate protection of the Regional Office's interests, and the incurring of unallowable costs.

Cause:

ROE No. 34's management stated that the services and amount of the contractual services to be provided were the same as the prior year agreement. As a result, ROE 34 did not have on file a written contract with the independent consultant.

Auditors' Recommendation:

We recommend that the Lake County Regional Office of Education No. 34 establish procedures to ensure that all program costs are sufficiently documented and adequately supported. All consultant agreements should be supported by a written contract with detailed scope of services and rates of compensation.

Management's Response:

The Lake County Regional Office of Education No. 34 agreed with the finding. Contracts for said vendor will be obtained for FY 2009 and all future contracts will be executed.

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

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**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NONCOMPLIANCE:

None

SIGNIFICANT DEFICIENCY:

None

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
JUNE 30, 2009**

FINDING NO. 09-1 - Inadequate Controls Over Purchased Services Expenditures

Condition:

During our review of expenditures, we noted one (1) of eighteen (18) (6%) program consultants did not have a contract on file. The amount paid to the consultant totaled \$35,832 and was paid out of Staff Development Workshop funds (\$12,938) and ROE/ISC Local funds (\$22,894).

Plan:

The Lake County Regional Office of Education No. 34 will obtain a contract for said vendor for FY 2009 and implement procedures to insure that all future contractual agreements are executed on a timely basis.

Anticipated Date of Completion:

For the fiscal year ended June 30, 2009, the ROE obtained a signed contract dated June 28, 2010.

Name of Contact Person:

Honorable Roycealee Wood, Regional Superintendent of the Lake County Regional Office of Education No. 34.

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2009

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
08-1	Inadequate Controls Over Purchased Services Expenditures	Repeated

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

The Lake County Regional Office of Education No. 34 (ROE No. 34) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2009 with comparative information for the year ended June 30, 2008. Readers are encouraged to consider the information in conjunction with the ROE No. 34's basic financial statements.

2009 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$20,742 (3%) from \$756,331 in FY 2008 to \$777,073 in fiscal year 2009. General Fund expenditures decreased by \$51,336 (7%) from \$753,952 in FY 2008 to \$702,616 in FY 2009.
- Within the Governmental Funds, the Special Revenue Fund revenues increased by \$794,901 (16%) from \$4,927,447 in FY 2008 to \$5,722,348 in FY 2009. The Special Revenue Fund expenditures increased by \$631,883 (13%) from \$4,774,863 in FY 2008 to \$5,406,746 in FY 2009.
- The Proprietary Fund revenues decreased by \$43,804 (11%) from \$384,799 in FY 2008 to \$340,995 in FY 2009. The Proprietary Fund expenditures increased by \$47,603 (13%) from \$358,466 in FY 2008 to \$406,069 in FY 2009.

Using This Report

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

- *Management's Discussion and Analysis* introduces financial statements and provides an analytical overview of the 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 ROE No. 34 as a whole and present an overall view of the Office's finances.
- *Fund financial statements* report the ROE No. 34's operations in more detail than the government-wide statements by providing information about the most significant funds.
- *Notes to the financial statements* provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- *Required supplementary information* further explains and supports the financial statements and other supplementary information provides detailed information about the major and non-major funds.

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

Reporting the Lake County's Regional Office as a Whole

It is important to note that the ROE No. 34 is reported together with the following component units: Educational Services Division, Positive Alternative Services for Students, Northern Illinois Reading Recovery Consortium, ROE Alternative Program, and Regional Board of School Trustees.

The Statement of Net Assets and the Statement of Activities

Government-wide Financial Statements

The Government-wide financial statements report information about the ROE No. 34 as a whole. The Statement of Net Assets includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid using generally accepted accounting principles and GASB 34.

The Government-wide 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 Office's financial health or position.

- Over time, increases or decreases in the net assets can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office's overall health, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the State level need to be considered.

Fund Financial Statements

The fund financial statements provide detailed information about the ROE No. 34's funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by State law. The ROE No. 34 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

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

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

- (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 but with more detail for major and non-major enterprise funds. The proprietary funds required financial statements include a Statement of Net Assets, Statement of Revenues, Expenses and Changes in Fund Net Assets and a Statement of Cash Flows.
- (3) Fiduciary funds are used to account for assets held by the ROE No. 34 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds required financial statements include a Statement of Fiduciary Net Assets.

Government-Wide Financial Analysis

As noted earlier, net assets may serve when examined over time as one indicator of the financial position of the ROE No. 34. The net assets at the end of FY 2009 and FY 2008 totaled \$2,623,486 and \$2,303,036, respectively. The analysis that follows provides a summary of the ROE No. 34's net assets as of June 30.

CONDENSED STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
ASSETS						
Current assets	\$ 3,656,185	\$ 3,108,820	\$ (255,490)	\$ (235,695)	\$ 3,400,695	\$ 2,873,125
Capital assets, net of depreciation	39,405	75,532	7,402	3,272	46,807	78,804
TOTAL ASSETS	3,695,590	3,184,352	(248,088)	(232,423)	3,447,502	2,951,929
LIABILITIES						
Current liabilities	802,461	651,602	11,096	(37,984)	813,557	613,618
Noncurrent liabilities	10,459	35,275	-	-	10,459	35,275
TOTAL LIABILITIES	812,920	686,877	11,096	(37,984)	824,016	648,893
NET ASSETS						
Invested in capital assets net of related debt	4,130	8,994	7,402	3,272	11,532	12,266
Restricted for teacher professional development	376,370	399,214	-	-	376,370	399,214
Unrestricted	2,502,170	2,089,267	(266,586)	(197,711)	2,235,584	1,891,556
TOTAL NET ASSETS	\$ 2,882,670	\$ 2,497,475	\$ (259,184)	\$ (194,439)	\$ 2,623,486	\$ 2,303,036

The ROE No. 34's net assets increased by \$320,450 (14%) from FY 2008. The increase occurred primarily in the Education Fund. In addition, net assets related to the Teacher Institute Fund are considered restricted for teacher professional development.

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

CHANGES IN NET ASSETS

The following analysis shows the changes in net assets for the years ended June 30, 2009 and 2008.

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 1,428,443	\$ 1,100,450	\$ 340,995	\$ 384,799	\$ 1,769,438	\$ 1,485,249
Operating grants and contributions	4,278,027	3,769,332	-	-	4,278,027	3,769,332
General revenues:						
State and local sources	467,638	452,142	-	-	467,638	452,142
Interest income	21,906	65,483	329	1,154	22,235	66,637
On-behalf payments	303,407	296,371	-	-	303,407	296,371
Total revenues	6,499,421	5,683,778	341,324	385,953	6,840,745	6,069,731
Expenses:						
Salaries	1,944,139	1,741,306	60,556	107,767	2,004,695	1,849,073
Benefits	442,593	469,076	24,954	90,894	467,547	559,970
Purchased services	858,912	1,562,777	269,977	112,089	1,128,889	1,674,866
Supplies and materials	152,156	143,975	30,181	33,744	182,337	177,719
Capital expenditures	47,676	16,510	13,008	2,056	60,684	18,566
Depreciation	36,127	35,397	4,600	1,933	40,727	37,330
Payment to other governmental units	2,299,440	1,238,959	-	-	2,299,440	1,238,959
Miscellaneous	29,776	25,068	2,793	9,983	32,569	35,051
On-behalf payments	303,407	296,371	-	-	303,407	296,371
Total expenses	6,114,226	5,529,439	406,069	358,466	6,520,295	5,887,905
Income (loss) before other financing sources (uses)	385,195	154,339	(64,745)	27,487	320,450	181,826
Other financing sources (uses):						
Transfer in (out)	-	(13,690)	-	13,690	-	-
Change in net assets	385,195	140,649	(64,745)	41,177	320,450	181,826
Net assets, beginning	2,497,475	2,356,826	(194,439)	(235,616)	2,303,036	2,121,210
Net assets, ending	\$ 2,882,670	\$ 2,497,475	\$ (259,184)	\$ (194,439)	\$ 2,623,486	\$ 2,303,036

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

Governmental Activities

In FY 2009, revenues and expenses for governmental fund activities increased by \$815,643 and \$584,787, respectively. Education fund revenues increased by \$710,335 due mainly to state grants the ROE received. Expenses increased proportionately as more services were provided to accomplish the objectives of the grants.

Business-Type Activities

In FY 2009, revenues for business-type activities decreased by \$44,629, while expenditures increased by \$47,603. The decrease in revenue was mainly due to a reduced number of programs offered and a decrease in state revenues. The increase in expenditures was due to the higher cost of providing services.

Financial Analysis of the ROE No. 34 Funds

As previously noted, the ROE No. 34 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The ROE's Governmental Funds reported combined fund balances of \$2,878,540.

Governmental Fund Highlights

- The dollar return on investments (certificate of deposit, short-term investments and interest earned on a float), remained minimal because of continuing low interest rates.
- The State aid foundation level has increased to \$6,119 per student.

Proprietary Fund Highlights

Total proprietary fund net assets decreased by approximately \$64,745. The decrease was a direct result of the increase in workshop cost.

Fiduciary Fund Highlights

The fiduciary fund balance increased by \$275,832. The increase is attributable to funds received prior to June 30, not paid until after year end.

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

Budgetary Highlights

The ROE No. 34 annually adopts budgets for several funds. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Board for their approval. The Office Operations Budget covers a fiscal year which runs from December 1 to November 30. All grant budgets are prepared by the ROE No. 34 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency.

Capital Assets

ROE No. 34's capital assets include office equipment, computers, audio-visual equipment, and office furniture. The ROE No. 34 maintains an inventory of capital assets which have accumulated over time. For FY 2009, additions amounted to \$8,730 and retirements amounted to \$0. The depreciation expense for FY 2009 was \$40,727.

Economic Factors and Next Years' Budget

At the time these financial statements were prepared and audited, the ROE No. 34 was aware of several existing circumstances that could affect its financial condition in the future:

- Most federal and State grants have remained near or at previous levels.
- County Board support for Regional Office of Education No. 34 remains the same for FY 2009.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the ROE No. 34's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the ROE No. 34 at 800 Lancer Lane, Grayslake, Illinois 60030.

BASIC FINANCIAL STATEMENTS

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 STATEMENT OF NET ASSETS
 JUNE 30, 2009

EXHIBIT A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents (overdrafts)	\$ 1,819,492	\$ (275,267)	\$ 1,544,225
Investments	481,864	-	481,864
Accounts receivable	9,815	18,229	28,044
Due from other governments	1,345,014	1,548	1,346,562
Total current assets	<u>3,656,185</u>	<u>(255,490)</u>	<u>3,400,695</u>
Noncurrent assets			
Capital assets, net	39,405	7,402	46,807
TOTAL ASSETS	<u>3,695,590</u>	<u>(248,088)</u>	<u>3,447,502</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	402,482	6,001	408,483
Due to other governments	266,164	-	266,164
Deferred revenues	108,999	5,095	114,094
Leases payable	24,816	-	24,816
Total current liabilities	<u>802,461</u>	<u>11,096</u>	<u>813,557</u>
Noncurrent liabilities			
Leases payable	10,459	-	10,459
TOTAL LIABILITIES	<u>812,920</u>	<u>11,096</u>	<u>824,016</u>
NET ASSETS			
Invested in capital assets, net of related debt	4,130	7,402	11,532
Restricted for teacher professional development	376,370	-	376,370
Unrestricted	2,502,170	(266,586)	2,235,584
TOTAL NET ASSETS	<u>\$ 2,882,670</u>	<u>\$ (259,184)</u>	<u>\$ 2,623,486</u>

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

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2009

EXHIBIT B

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contribution	Governmental Activities	Primary Government Business-Type Activities	Total
FUNCTIONS/PROGRAMS						
Primary government						
Governmental activities:						
Instructional services						
Salaries	\$ 1,944,139	\$ 478,364	\$ 1,432,647	\$ (33,128)	\$ -	\$ (33,128)
Benefits	442,593	108,902	326,148	(7,543)	-	(7,543)
Purchased services	858,912	211,339	632,937	(14,636)	-	(14,636)
Supplies and materials	152,156	37,438	112,123	(2,595)	-	(2,595)
Miscellaneous	29,776	7,189	21,531	(1,056)	-	(1,056)
Payments to other governments	2,299,440	565,788	1,694,471	(39,181)	-	(39,181)
Capital expenditures	47,676	19,423	58,170	29,917	-	29,917
Depreciation	36,127	-	-	(36,127)	-	(36,127)
Administrative						
On-behalf payments	303,407	-	-	(303,407)	-	(303,407)
Total governmental activities	<u>6,114,226</u>	<u>1,428,443</u>	<u>4,278,027</u>	<u>(407,756)</u>	<u>-</u>	<u>(407,756)</u>
Business-type activities:						
Professional development	406,069	340,995	-	-	(65,074)	(65,074)
Total business-type activities	<u>406,069</u>	<u>340,995</u>	<u>-</u>	<u>-</u>	<u>(65,074)</u>	<u>(65,074)</u>
Total primary government	<u>\$ 6,520,295</u>	<u>\$ 1,769,438</u>	<u>\$ 4,278,027</u>	<u>(407,756)</u>	<u>(65,074)</u>	<u>(472,830)</u>
General revenues						
Local sources:						
Intergovernmental				182,706	-	182,706
Fees for services				6,401	-	6,401
Interest income				21,906	329	22,235
State sources				278,531	-	278,531
On-behalf payments				303,407	-	303,407
Total general revenues				<u>792,951</u>	<u>329</u>	<u>793,280</u>
Change in net assets				385,195	(64,745)	320,450
Net assets - beginning				2,497,475	(194,439)	2,303,036
Net assets - ending				<u>\$ 2,882,670</u>	<u>\$ (259,184)</u>	<u>\$ 2,623,486</u>

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

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 JUNE 30, 2009

EXHIBIT C

	General	Education Fund	Educational Services Division	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents (overdrafts)	\$ 688,705	\$ 893,543	\$ (224,082)	\$ 269,573	\$ 191,753	\$ 1,819,492
Investments	-	350,000	-	106,533	25,331	481,864
Accounts receivable	3,220	6,251	80	264	-	9,815
Due from other funds	3,341	-	-	-	-	3,341
Due from other governments	116,055	896,729	246,814	-	85,416	1,345,014
TOTAL ASSETS	811,321	2,146,523	22,812	376,370	302,500	3,659,526
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued expenses	36,414	293,592	41,910	-	30,566	402,482
Due to other governments	-	266,164	-	-	-	266,164
Due to other funds	3,341	-	-	-	-	3,341
Deferred revenues	66,909	42,090	-	-	-	108,999
Total liabilities	106,664	601,846	41,910	-	30,566	780,986
FUND BALANCES						
Unreserved, reported in:						
General fund	704,657	-	-	-	-	704,657
Special revenue funds	-	1,544,677	(19,098)	376,370	271,934	2,173,883
Total fund balances	704,657	1,544,677	(19,098)	376,370	271,934	2,878,540
TOTAL LIABILITIES AND FUND BALANCES	\$ 811,321	\$ 2,146,523	\$ 22,812	\$ 376,370	\$ 302,500	\$ 3,659,526

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

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009**

EXHIBIT D

Total fund balances - governmental funds		\$ 2,878,540
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	39,405	
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(35,275)</u>	<u>4,130</u>
Net assets of governmental activities		<u>\$ 2,882,670</u>

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

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

	General	Education Fund	Educational Services Division	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
REVENUES						
Federal sources	\$ -	\$ 351,127	\$ 1,023,604	\$ -	\$ -	\$ 1,374,731
State sources	278,531	2,571,410	161,550	-	170,336	3,181,827
Local sources:						
Intergovernmental	182,706	-	-	-	-	182,706
Fees for services	6,401	989,348	37,616	89,495	311,984	1,434,844
Others	-	-	-	-	-	-
Interest income	6,028	6,097	-	5,264	4,517	21,906
On-behalf payments	303,407	-	-	-	-	303,407
Total revenues	<u>777,073</u>	<u>3,917,982</u>	<u>1,222,770</u>	<u>94,759</u>	<u>486,837</u>	<u>6,499,421</u>
EXPENDITURES						
Instructional services:						
Salaries	242,710	767,466	741,319	-	192,644	1,944,139
Benefits	61,338	256,689	91,464	-	33,102	442,593
Purchased services	59,804	293,873	295,313	26,839	183,083	858,912
Supplies and materials	6,458	20,098	59,465	803	65,332	152,156
Payments to other governments	-	2,166,653	41,005	84,877	6,905	2,299,440
On-behalf payments	303,407	-	-	-	-	303,407
Miscellaneous	559	22,182	77	98	6,860	29,776
Capital expenditures	28,340	45,288	-	654	4,657	78,939
Total expenditures	<u>702,616</u>	<u>3,572,249</u>	<u>1,228,643</u>	<u>113,271</u>	<u>492,583</u>	<u>6,109,362</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	74,457	345,733	(5,873)	(18,512)	(5,746)	390,059
OTHER FINANCING SOURCES (USES)						
Transfers in (out)	-	-	-	(4,332)	4,332	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,332)</u>	<u>4,332</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES	74,457	345,733	(5,873)	(22,844)	(1,414)	390,059
FUND BALANCES, BEGINNING OF YEAR	630,200	1,198,944	(13,225)	399,214	273,348	2,488,481
FUND BALANCES, END OF YEAR	<u>\$ 704,657</u>	<u>\$ 1,544,677</u>	<u>\$ (19,098)</u>	<u>\$ 376,370</u>	<u>\$ 271,934</u>	<u>\$ 2,878,540</u>

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

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Net change in fund balances \$ 390,059

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 expenditures	\$ -	
Depreciation expense	<u>(36,127)</u>	(36,127)

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

31,263

Change in net assets of governmental activities \$ 385,195

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

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2009

EXHIBIT G

	Business Type Activities - Enterprise Funds			Total
	Education Services Division	PASS (Positive Alternative Student Services)	Fingerprinting Assessment	
ASSETS				
Current assets				
Cash and cash equivalents (overdrafts)	\$ (349,246)	\$ 3,308	\$ 70,671	\$ (275,267)
Accounts receivable	18,229	-	-	18,229
Due from other governments	-	-	1,548	1,548
Total current assets	(331,017)	3,308	72,219	(255,490)
Noncurrent assets				
Capital assets, net	-	-	7,402	7,402
TOTAL ASSETS	(331,017)	3,308	79,621	(248,088)
LIABILITIES				
Accounts payable and accrued expenses	6,001	-	-	6,001
Deferred revenue	5,095	-	-	5,095
TOTAL LIABILITIES	11,096	-	-	11,096
NET ASSETS				
Invested in capital assets	-	-	7,402	7,402
Unrestricted	(342,113)	3,308	72,219	(266,586)
TOTAL NET ASSETS	\$ (342,113)	\$ 3,308	\$ 79,621	\$ (259,184)

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

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Business Type Activities - Enterprise Funds</u>			<u>Total</u>
	<u>Education Services Division</u>	<u>PASS (Positive Alternative Student Services)</u>	<u>Fingerprinting Assessment</u>	
OPERATING REVENUES				
Fees for services	280,415	1,000	59,580	340,995
OPERATING EXPENSES				
Salaries	60,556	-	-	60,556
Benefits	24,954	-	-	24,954
Purchased services	237,324	-	32,653	269,977
Supplies and materials	29,686	-	495	30,181
Miscellaneous	2,793	-	-	2,793
Capital expenditures	-	-	13,008	13,008
Depreciation	-	-	4,600	4,600
Total operating expenses	355,313	-	50,756	406,069
OPERATING INCOME (LOSS)	(74,898)	1,000	8,824	(65,074)
NONOPERATING REVENUES				
Interest income	-	-	329	329
CHANGE IN NET ASSETS	(74,898)	1,000	9,153	(64,745)
NET ASSETS, BEGINNING OF YEAR	(267,215)	2,308	70,468	(194,439)
NET ASSETS, END OF YEAR	<u>\$ (342,113)</u>	<u>\$ 3,308</u>	<u>\$ 79,621</u>	<u>\$ (259,184)</u>

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

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2009

EXHIBIT I

	Business Type Activities - Enterprise Funds			
	Education Services Division	PASS (Positive Alternative Student Services)	Fingerprinting Assessment	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts for workshops and services	\$ 278,512	\$ 1,000	\$ 58,032	\$ 337,544
Payments to suppliers and providers of goods and services	(225,818)	-	(46,156)	(271,974)
Payments to employees	(85,510)	-	-	(85,510)
Net cash provided by (used) in operating activities	(32,816)	1,000	11,876	(19,940)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	-	-	(8,730)	(8,730)
Net cash (used) by capital and related financing activities	-	-	(8,730)	(8,730)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest	-	-	329	329
Transfers from (to) other funds	-	-	-	-
Net cash provided by (used) in investing activities	-	-	329	329
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (OVERDRAFTS)				
	(32,816)	1,000	3,475	(28,341)
CASH AND CASH EQUIVALENTS (OVERDRAFTS), BEGINNING OF YEAR				
	(316,430)	2,308	67,196	(246,926)
CASH AND CASH EQUIVALENTS (OVERDRAFTS), END OF YEAR				
	\$ (349,246)	\$ 3,308	\$ 70,671	\$ (275,267)
Reconciliation of operating income (loss) to net cash provided by (used) in operating activities:				
Operating income (loss)	\$ (74,898)	\$ 1,000	\$ 8,824	\$ (65,074)
Adjustments to reconcile operating income (loss) to net cash provided by (used) in operating activities:				
Depreciation expense	-	-	4,600	4,600
Effects of changes in assets and liabilities:				
Accounts receivable	(6,998)	-	(1,548)	(8,546)
Accounts payable and accrued expenses	501	-	-	501
Deferred revenue	5,095	-	-	5,095
Due from (to) other funds	43,484	-	-	43,484
Net cash provided by (used) in operating activities	\$ (32,816)	\$ 1,000	\$ 11,876	\$ (19,940)

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

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2009**

EXHIBIT J

ASSETS

Cash and cash equivalents	<u>\$ 278,576</u>
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LIABILITIES

Distributive payable	<u>\$ 278,576</u>
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The notes to the financial statements are an integral part of this statement.

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

A. Reporting Entity

The Lake County Regional Office of Education No. 34 (ROE) is an entity that is a result of an Educational Service Region becoming a Regional Office of Education as of August 7, 1995. The Lake County Regional Office of Education operates under the School Code (105 ILCS 5/3 and 5/3A). Lake County Regional Office of Education No. 34 encompasses Lake County, Illinois. A Regional Superintendent of Schools serves as Chief Administrative Officer of Lake County Regional Office of Education No. 34 and is elected to the position for a four year term pursuant to 105 ILCS 5/3 and 5/3A of the School Code.

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

The financial statements of the Lake County Regional Office of Education No. 34 have been prepared in conformity with the Generally Accepted Accounting Principles (GAAP) as applied to governmental units.

B. Criteria Used to Determine the Scope of Entity

The Office of the Regional Superintendent of Schools is elected by popular vote. By Illinois State Statute, occupancy, secretarial, and other costs incurred in maintaining the Office are paid by the counties involved, and the salaries of the Regional Superintendent and the Assistant Regional Superintendent are paid by the State of Illinois. The Regional Superintendent is responsible for the supervision and control of school districts in the Lake County Regional Office of Education No. 34.

The Regional Office of Education has developed criteria to determine whether outside agencies with activities which benefit the citizens of Lake County Regional Office of Education No. 34, including school districts which serve pupils in Lake County Regional

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2009

Office of Education No. 34, should be included within its financial reporting entity. The criteria include but are not limited to, whether Lake County Regional Office of Education No. 34 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

Blended Component Units

The following component units are entities, which are legally separate from Lake County Regional Office of Education No. 34, but are so intertwined with the Regional Office that they are, in substance, the same as the Regional Office. They are reported as part of Lake County Regional Office of Education No. 34 and blended into the appropriate funds.

On August 8, 1995, Lake County Regional Office of Education No. 34 assumed, pursuant to State law, the authority and responsibilities of Educational Services Center No. 2 (ESC No. 2) of Lake County. The former ESC No. 2 is now the Educational Services Division of ROE No. 34 located in its Grayslake office. The Lake County Regional Office of Education No. 34's Regional Superintendent of Schools is the administrative and fiscal agent for the Educational Services Division.

The Educational Services Division is responsible, under the School Code, for providing a variety of in-service training and staff development opportunities to improve the knowledge and skills of educators, and for serving as the primary regional delivery system for State and federal grant supported programs and services in education.

Lake County Regional Office of Education No. 34 administers the Positive Alternative Services for Students program (PASS) from its Grayslake Office. The Lake County Regional Office of Education No. 34's Regional Superintendent of Schools is the administrative and fiscal agent for Project PASS. PASS, also known as the Lake County Center for Dropout Prevention, was established in 1985 to provide educational services to chronic truants and potential dropouts.

The primary goals of Project PASS are to reduce student truancy and to prevent students from dropping out of school. It provides counseling, tutoring, mentoring, attendance incentives and a variety of enrichment activities that draw on community resources. It also provides teacher technical support services that give emphasis to creative and instructional strategies to make learning more interesting and engaging.

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2009

Lake County Regional Office of Education No. 34 administers the Northern Illinois Reading Recovery Consortium from its Grayslake Office. The Lake County Regional Office of Education No. 34's Regional Superintendent of Schools is the administrative and fiscal agent for the Consortium. The Lake County Regional Office of Education No. 34's Assistant Regional Superintendent of Schools is its Site Coordinator.

Lake County Regional Office of Education No. 34 provides administrative support for the Regional Board of School Trustees from its Grayslake Office. The Lake County Regional Office of Education No. 34's Regional Superintendent of Schools serves as Ex-Officio Secretary of the Board.

The Regional Board of School Trustees consists of seven members from different townships who are elected to six-year terms by the voters of Lake County. The Board has jurisdiction over all matters regarding school boundary changes pursuant to Article 7 of the School Code.

The ROE Alternative Program of Lake County is administered by the Lake County Regional Superintendent per the School Code of Illinois 5/13A-6. This is cited as the Safe Schools Law.

Lake County Regional Office of Education No. 34 is not aware of any entity which would exercise such oversight as to result in it being considered a component unit of the entity.

C. New Accounting Pronouncements

Effective July 1, 2008, the Lake County Regional Office of Education No. 34 adopted the following accounting pronouncements:

- GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.
- GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, which improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income.

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2009

- GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which incorporates the hierarchy of GAAP for State and local governments into the GASB's authoritative literature. It is intended to make it easier for preparers of State and local government financial statements to identify and apply the "GAAP hierarchy," which consists of sources of accounting principles used in the preparation of financial statements so that they are presented in conformity with GAAP and the framework for selecting those principles.
- GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This statement addresses three issues not included in the authoritative literature that establishes accounting principles—related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature.

There was no significant impact on the Lake County Regional Office of Education No. 34's financial statements as a result of adopting the above statements.

D. Government-Wide and Fund Financial Statements

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

The Statement of Net Assets presents the Lake County Regional Office of Education No. 34's nonfiduciary assets and liabilities with the differences reported as net assets. Net assets of the ROE are classified as follows:

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Invested in Capital Assets, Net of Related Debt - consists of ROE's capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowing used to finance the purchase of those assets.

Restricted Net Assets - represent resources in which the ROE is legally obligated to spend in accordance with restrictions imposed by enabling legislation.

Unrestricted Net Assets - represent resources used for transactions relating to the general operations of the ROE and may be used at the discretion of management to meet expenses for any purpose.

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 customers or applicants 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.

E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the Lake County Regional Office of Education No. 34 are prepared in accordance with generally accepted accounting principles (GAAP). The Lake County Regional Office of Education No. 34 applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

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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 Lake County Regional Office of Education No. 34 considers revenues as available if they are collected within 60 days after year-end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

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

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

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

The Lake County Regional Office of Education No. 34 records on-behalf payments made by the State to the Teachers' Retirement System as revenues and expenditures.

F. Fund Accounting

The accounts of the Lake County Regional Office of Education No. 34 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 Lake County Regional Office of Education No. 34 maintains individual funds as required by the State of Illinois. The resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following summarizes the fund types used:

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Governmental Fund Types

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

General Fund - Used to account for all financial resources except those required to be accounted for in another fund. The General Fund is reported as a major governmental fund in the financial statements. The following are the general funds:

ROE/ISC Operations - Used to account for monies received for, and payment of, assisting schools in all areas of school improvement.

Educational Services Division Local Operations - Used to account for monies received for, and payment of, expenditures relating to the operations of the Educational Services Division.

PASS (Positive Alternative Student Services) - Used to account for monies received from interest, donation, and various miscellaneous income. These funds are used to defray staff development, training and professional membership expenses.

Special Revenue Funds - Used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Lake County Regional Office of Education No. 34 reported the following special revenue funds as major governmental funds:

Education Fund - Used to account for the State and federal grants and contracts administered by the ROE. The education funds are as follows:

Technology for Schools - Used to account for the revenues and expenditures used for improving the network system performance and upgrading of the existing aging desktop computers in the Regional Office funded by the Illinois

State Board of Education. This program aims to assist districts throughout the Lake County in implementing statewide technology initiatives that support academic performance in the classroom.

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Title I - Reading First Part B SEA Funds - Funds provide assistance to school districts in establishing reading programs for students in kindergarten through third grade that are based on scientifically based reading research. Reading first also focuses on teacher development and ensuring that all teachers, including special education teachers, have the tools they need to effectively help their students learn to read.

Regional Safe Schools - This fund is an alternative schooling program for disruptive youth, creating alternative placement for those students who are suspended and/or are deemed ineligible.

Truants Alternative/Optional Education - Used to account for monies received from the Illinois State Board of Education to be used in the truant alternative program for Lake County students.

McKinney Education for Homeless Children - Used to account for grant monies received for, and payment of, expenditures associated with a federal program designed to provide counseling and educational support to homeless children and their families. The programs are funded by a federal Stewart B. McKinney Education for Homeless Children and Youth grant administered through the Illinois State Board of Education.

Juvenile Detention Fund - Used to account for revenues and expenditures related to the operation of the educational program at the Lake County Juvenile Detention Center.

Teacher Mentoring Pilot - Used to accounts for grant money received and the expenditures incurred to support the statewide new teacher mentoring program that includes assigning a mentor teacher to each new teacher for a period of at least two years and providing professional development designed to ensure the growth of the new teachers' knowledge and skills.

Principal Mentoring Program - Used to account for monies from the Illinois Principals Association for expenditures incurred to ensure that every new principal in the region receives high-quality mentoring experience from trained mentors.

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Teachers and Administrators Mentoring Program – This program provides staff development sessions, mentor support, and materials to teachers in their first and second years in the profession. The project is designed to provide continuous professional support as new teachers move through the certification process, from initial to standard.

Educational Services Division - Used to account for the revenues and expenditures of providing a variety of in-service training and staff development opportunities to improve the knowledge and skills of educators.

Institute - Used to account 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. All funds generated remain restricted until expended only on the aforementioned activities.

Nonmajor Special Revenue Funds - The ROE reported the following special revenue funds as non-major governmental funds.

General Education Development (GED) - Used to account for the revenue and expenditures associated with the processing of applications for the high school level Test of General Educational Development and the issuance of diplomas upon successful completion of the examination. Statute requires excess funds accumulated for periods exceeding three years to be transferred into the Institute Fund.

Bus Driver Training - Used to account for the revenue received and expenses incurred in conducting initial and refresher training classes for school bus drivers.

Regional Board of School Trustees - Used to account for the revenues and expenditures of the Regional Board of Trustees. This Board consists of seven members from different townships who are elected to six-year terms by the voters of Lake County. The Board has jurisdiction over all matters regarding school boundary changes pursuant to Article 7 of the School Code.

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Supervisory - Used to account for monies received from the State to pay for the supervision of school districts.

Reading Recovery Installation Fees - Used to account for monies received from Reading Recovery Consortium members and the interest earned on the funds.

Reading Recovery Operations - Used to account for monies received for, and payment of, expenditures in connection with books and materials for the reading recovery teachers and teacher leaders, supplies, travel expenses, meeting expenses, salary and benefits for teacher leaders, and required professional development.

Distributive Interest - Used to account for monies accumulated from interest earned on the general fund's checking account.

Learning Technology Center - Used to account for the revenues and expenditures of establishing a statewide support system for information, professional development, technical assistance, network design, technology planning, leadership, and information exchange.

PASS (Positive Alternative Student Services) - Used to account for the revenues and expenditures of reducing student truancy and the prevention of students from dropping out of school.

Pre-School Monitoring - Used to account for reimbursement of personnel who evaluate pre-schools that receive funds from the universal pre-school program initiated in 2007 by the Governor's office.

Proprietary Fund Types

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

Education Services Division - Used to account for the fees received and expenditures incurred providing a variety of in service training workshops and conferences.

PASS (Positive Alternative Student Services) - Used to account for the fees received and expenditures incurred providing workshops and conferences to prevent students from dropping out of school.

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Fingerprinting Assessment - Used to account for the assessments 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.

Fiduciary Fund Type

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:

Agency - Used to account for funds received from Illinois State Board of Education and disbursed as a result of the Regional Superintendent's responsibility to receive and distribute to treasurers of school districts and other agencies, monies due to them from general State aid, State categorical grants, federal grants, and various other sources.

G. Revenues - Exchange and Non-exchange Transactions

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

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

H. Disposition of Distributive Fund Interest

Illinois State Board of Education funds received by the Regional Office of Education for the Distributive Fund accrue interest for the period of time between the receipt of funds and clearance of checks to recipients. Interest is distributed among Lake County Regional Office of Education No. 34 and the individual school districts based on a written agreement.

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I. License and Permits

Teacher certification, license and permit revenues are recognized in the year for which the licenses and permits are issued.

J. 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 the governmental funds.

Capital assets are recorded at cost at the time of acquisition or fair value at the date of donation. The ROE capitalizes items costing \$5,000 or more. Depreciation is calculated on a straight-line basis over the estimated useful lives (five to seven years) of the respective assets.

K. Deferred Revenues

The ROE reports unearned and 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.

L. Management Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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M. Investments and Cash Accounts

State regulations require that the Lake County Regional Office of Education No. 34 deposit funds under its control into accounts insured by the federal government, secured by substantial collateral or into pooled investment trusts. All funds not needed for immediate disbursements are maintained in interest bearing accounts. Statutes authorize the Lake County Regional Office of Education No. 34 to make deposits or invest in obligation of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Public Treasurer's Investment Pool.

N. Revenues 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.

O. Budgetary Data

The Lake County Regional Office of Education No. 34 did not formally adopt a budget for the year ended June 30, 2009 and is not legally required to do so. The Illinois State Board of Education and other federal grantors require budgets for certain State and Federal programs. These budgets were used to prepare Budgetary Comparison Schedules for the following programs:

General Fund

- ROE/ISC Operations

Special Revenue Funds

- Education Fund
 - Truants Alternative/Optional Education
 - Regional Safe Schools
 - Teachers and Administrators Mentoring Program
- Nonmajor Special Revenue Funds
 - Reading Recovery Operations
 - Learning Technology Center

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NOTE 2 - CASH AND INVESTMENTS

Deposits

The Lake County Regional Office of Education No. 34 utilizes several different bank accounts for its various activities. The book balance of such accounts is \$1,822,801 at June 30, 2009, while the bank balance was \$2,112,533. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2009. Of the total bank balance as of June 30, 2009, the entire amount was secured by federal depository insurance or collateral held by the pledging institution in the name of the ROE No. 34.

Investments

The ROE No. 34's established investment policy follows the State of Illinois Public Funds Investment Act which authorizes the ROE No. 34 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, 2009, the ROE No. 34 had investments with a carrying value of \$481,864 invested in certificates of deposits. Additionally, the ROE 34 has \$280,637 invested in Illinois Funds money market

Credit Risk

At June 30, 2009, 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 the provisions of the Illinois Public Funds Investments 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 the funds. The investment policy of the

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Illinois Funds Money Market Funds 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 the portfolio, with the exception of cash equivalents and U.S. Treasury securities. Further, certificates of deposits 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, 2009 is as follows:

	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009
GOVERNMENTAL FUNDS				
Equipment	\$ 210,096	-	\$ -	\$ 210,096
Less: accumulated depreciation	134,564	36,127	-	170,691
Capital assets, net	<u>\$ 75,532</u>	<u>(36,127)</u>	<u>\$ -</u>	<u>39,405</u>
	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009
PROPRIETARY FUNDS				
Equipment	\$ 20,090	\$ 8,730	\$ -	\$ 28,820
Building improvement	11,892	-	-	11,892
Total	31,982	8,730	-	40,712
Less: accumulated depreciation	28,710	4,600	-	33,310
Capital assets, net	<u>\$ 3,272</u>	<u>4,130</u>	<u>\$ -</u>	<u>\$ 7,402</u>

NOTE 4 - RETIREMENT FUND COMMITMENTS

Employees of Lake County Regional Office of Education No. 34 are paid by, and considered employees of, county government. As such, related retirement obligations associated with these employees are the responsibility of county government.

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NOTE 5 - RETIREMENT PLANS

Teachers' Retirement System of the State of Illinois

The Lake County 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.

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 through June 30, 2009 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS Fund contribution was 0.63 percent during the year ended June 30, 2009, and the member THIS Fund health insurance contribution was 0.84 percent.

The State of Illinois makes contributions directly to TRS on behalf of the Lake County Regional Office of Education No. 34's TRS-covered employees.

- **On-behalf Contributions.** The State of Illinois makes employer pension contributions on behalf of Lake County Regional Office of Education No. 34. For the year ended June 30, 2009, the State of Illinois contributions were based on 17.08 percent of creditable earnings not paid from federal funds, and the Lake County Regional Office of Education No. 34 recognized revenue and expenditures of \$72,297 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2008 and June 30, 2007, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 13.11 percent (\$51,956) and 9.78 percent (\$81,167), respectively. The State contributions to TRS for the years ended June 30, 2009 and June 30, 2008 were based on an actuarial formula. The State contribution for the year ended June 30, 2008 and June 30, 2007 was based on a dollar amount specified by the statute and was not actuarially determined.

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The Lake County Regional Office of Education No. 34 makes other types of employer contributions directly to TRS.

- **2.2 Formula Contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2009 were \$4,461. Contributions for the years ended June 30, 2008, and June 30, 2007, were \$3,835 and \$4,814, respectively.
- **Federal and Trust Fund Contributions.** When TRS members are paid from federal and special trust funds administered by the Lake County Regional Office of Education No. 34, there is a statutory requirement for the Lake County Regional Office of Education No. 34 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS. For the year ended June 30, 2009, the employer pension contribution was 17.08 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2008 and 2007, the employer contribution was 13.11 and 9.78 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2009, salaries totaling \$348,100 were paid from federal and special trust funds that required employer contributions of \$59,455. For the years ended June 30, 2008 and June 30, 2007, required contributions of Lake County Regional Office of Education No. 34 were \$35,712 and \$37,155, respectively.
- **Early Retirement Option (ERO).** The Lake County Regional Office of Education No. 34 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires. Under Public Act 94-0004, a "Pipeline ERO" program was provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they met certain conditions and retired on or before July 1, 2007. If members did not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the Pipeline ERO). Under the Pipeline ERO program, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation. Under the modified ERO, the maximum employer contribution is 117.5 percent. Both

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the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement. For the year ended June 30, 2009, the Lake County Regional Office of Education No. 34 paid \$46,718 to TRS for employer contributions under the ERO program. For the years ended June 30, 2008 and 2007, the Lake County Regional Office of Education No. 34 paid \$37,260 and \$0, respectively in employer ERO contributions.

- **Salary Increases Over 6 Percent and Excess Sick Leave.** Public Act 94-0004 added two new employer contributions to TRS.
 - If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent. For the year ended June 30, 2009, the Lake County Regional Office of Education No. 34 paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2008 and June 30, 2007, the Lake County Regional Office of Education No. 34 paid \$19,690 and \$29,755, respectively to TRS for employer contributions due on salary increases in excess of 6 percent.
 - If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.67 percent of salary during the year ended June 30, 2009). For the year ended June 30, 2009, the Lake County Regional Office of Education No. 34 paid \$0 to TRS for sick leave days granted in excess of the normal annual allotment. For the years ended June 30, 2008 and June 30, 2007, the Lake County Regional Office of Education No. 34 did not have any payments 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, 2008. The report for the year ended June 30, 2009, is expected to be available in late 2009. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS web site at trs.illinois.gov.

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NOTE 6 - CAPITAL LEASE

Lake County Regional Office of Education No. 34 has entered into lease agreements as lessee for financing the acquisition of computer equipment and copiers. These lease agreements qualify as a capital lease 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, 2009, were as follows:

Year Ending June 30	Amount
2010	\$ 26,460
2011	10,665
Total minimum lease payment	37,125
Less: amount representing interest	1,850
Present value of minimum lease payments	\$ 35,275

NOTE 7 - SALARIES AND PENSION PLAN CONTRIBUTIONS

The salaries of the Regional Superintendent and Assistant Regional Superintendent of Lake County Regional Office of Education No. 34 are paid for by the State of Illinois and Teachers Retirement System (TRS) contributions are paid by the State of Illinois, in accordance with applicable State of Illinois Law.

The breakdown of the on-behalf payments is as follows:

Regional Superintendent – salary	\$ 100,762
Regional Superintendent – benefits (includes State paid insurance)	19,700
Assistant Regional Superintendent – salary	90,686
Assistant Regional Superintendent – benefits (includes State paid insurance)	19,962
TRS contributions	72,297
Total on-behalf payments	\$ 303,407

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2009

Salary and benefit data for Regional Superintendent and Assistant Regional Superintendent were calculated based on data provided by the Illinois State Board of Education. The fringe benefits amounts include State paid insurance.

NOTE 8 - INTERFUND TRANSACTIONS

(a) Due From (To) Other Funds

The following is a summary of amounts due from (to) other funds as of June 30, 2009:

Fund	Due From Other Funds	Due To Other Funds
General Fund – ROE/ISC Operations	\$ 3,341	\$ -
General Fund - Educational Services Division Local Operations	-	3,341
Total	\$ 3,341	\$ 3,341

(b) Transfer From (To) Other Funds

The composition of interfund transfer for the year ended June 30, 2009 is as follows:

Fund	Transfer-out	Transfer-in
Education Fund – Regional Safe Schools	\$17,153	\$ -
Education Fund - McKinney Education for Homeless Children	-	17,153
Governmental Fund – Institute Fund	4,332	
Nonmajor Special Revenue Funds – Reading Recovery Operations		4,332
Total	\$21,485	\$ 21,485

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NOTE 9 - DEFICIT FUND BALANCES

The following Education, Governmental, Nonmajor Special Revenue, and Proprietary Funds have deficit fund balances as of June 30, 2009:

Fund	Amount
Educational Services Division	\$ 19,098
Education Services Division (Enterprise Fund)	342,113
McKinney Education for Homeless Children	4,832
Total Deficit Fund Balances	\$366,043

Deficit fund balances are expected to correct themselves through receipts from local sources and interest income in the next fiscal year.

NOTE 10 - DUE FROM/TO OTHER GOVERNMENTS

The Lake County Regional Office of Education No. 34's Special Revenue Fund and various grant programs have funds due from/to the following government agencies:

DUE FROM OTHER GOVERNMENTS	
Will County ROE No. 56 - Professional Development Alliance	\$ 246,814
Local school districts	383,807
Illinois State Board of Education	693,840
Other Local Governments	22,101
Total	\$1,346,562
DUE TO OTHER GOVERNMENTS	
Local school districts	266,164
Total	\$ 266,164

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
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SUPPLEMENTARY INFORMATION

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 GENERAL FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2009

SCHEDULE 1

	ROE/ISC Operations	Educational Services Division Local Operations	PASS (Positive Alternative Student Services)	Total
ASSETS				
Cash and cash equivalents (overdraft)	\$ (99,904)	\$ 684,847	\$ 103,762	\$ 688,705
Accounts receivable	3,001	-	219	3,220
Due from other funds	3,341	-	-	3,341
Due from other governments	116,055	-	-	116,055
TOTAL ASSETS	22,493	684,847	103,981	811,321
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	21,117	14,070	1,227	36,414
Due to other funds	-	3,341	-	3,341
Deferred revenues	-	66,909	-	66,909
Total liabilities	21,117	84,320	1,227	106,664
FUND BALANCES				
Unreserved	1,376	600,527	102,754	704,657
TOTAL LIABILITIES AND FUND BALANCES	\$ 22,493	\$ 684,847	\$ 103,981	\$ 811,321

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
GENERAL FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009**

SCHEDULE 2

	ROE/ISC Operations	Educational Services Division Local Operations	PASS (Positive Alternative Student Services)	Total
REVENUES				
State sources	\$ 278,531	\$ -	\$ -	\$ 278,531
Local sources:				
Intergovernmental	-	182,706	-	182,706
Fees for services	6,142	-	259	6,401
Interest	-	4,154	1,874	6,028
On-behalf payments	303,407	-	-	303,407
Total revenues	588,080	186,860	2,133	777,073
EXPENDITURES				
Salaries	199,537	43,173	-	242,710
Benefits	33,000	28,287	51	61,338
Purchased services	41,633	10,146	8,025	59,804
Supplies and materials	1,300	2,824	2,334	6,458
Miscellaneous	-	559	-	559
Capital expenditures	7,945	19,736	659	28,340
On-behalf payments	303,407	-	-	303,407
Total expenditures	586,822	104,725	11,069	702,616
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,258	82,135	(8,936)	74,457
FUND BALANCES, BEGINNING OF YEAR	118	518,392	111,690	630,200
FUND BALANCES, END OF YEAR	\$ 1,376	\$ 600,527	\$ 102,754	\$ 704,657

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
GENERAL FUND ACCOUNTS
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009**

SCHEDULE 3

	ROE/ISC Operations		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
State sources	\$ 278,531	\$ 278,531	\$ -
Local sources:			
Fees for services	-	6,142	6,142
On-behalf payments	-	303,407	303,407
Total revenues	<u>278,531</u>	<u>588,080</u>	<u>309,549</u>
EXPENDITURES			
Salaries	199,537	199,537	-
Benefits	25,800	33,000	(7,200)
Purchased services	38,194	41,633	(3,439)
Supplies and materials	3,000	1,300	1,700
Capital expenditures	12,000	7,945	4,055
On-behalf payments	-	303,407	(303,407)
Total expenditures	<u>278,531</u>	<u>586,822</u>	<u>(308,291)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	1,258	<u>\$ 1,258</u>
FUND BALANCE, BEGINNING OF YEAR		<u>118</u>	
FUND BALANCE, END OF YEAR		<u>\$ 1,376</u>	

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2009

SCHEDULE 4

	Technology for Schools	Title I - Reading First Part B SEA Funds	Regional Safe Schools	Truants Alternative/ Optional Education	McKinney Education for Homeless Children
ASSETS					
Cash and cash equivalents (overdrafts)	\$ -	\$ 9,624	\$ 761,902	\$ (32,586)	\$ -
Investments	-	-	350,000	-	-
Accounts receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	477,412	48,198	-
TOTAL ASSETS	-	9,624	1,589,314	15,612	-
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	-	-	97,190	15,612	4,832
Due to other funds	-	-	-	-	-
Due to other governments	-	8,960	257,204	-	-
Deferred revenues	-	-	34,328	-	-
Total liabilities	-	8,960	388,722	15,612	4,832
FUND BALANCES					
Unreserved	-	664	1,200,592	-	(4,832)
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 9,624	\$ 1,589,314	\$ 15,612	\$ -

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2009

SCHEDULE 4
 (CONTINUED)

	Juvenile Detention Fund	Teacher Mentoring Pilot	Principal Mentoring	Teachers and Administrators Mentoring Program	Total
ASSETS					
Cash and cash equivalents (overdrafts)	\$ 115,928	\$ 30,495	\$ 418	\$ 7,762	\$ 893,543
Investments	-	-	-	-	350,000
Accounts receivable	-	-	6,251	-	6,251
Due from other funds	-	-	-	-	-
Due from other governments	371,119	-	-	-	896,729
TOTAL ASSETS	487,047	30,495	6,669	7,762	2,146,523
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	145,719	30,239	-	-	293,592
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	266,164
Deferred revenues	-	-	-	7,762	42,090
Total liabilities	145,719	30,239	-	7,762	601,846
FUND BALANCES					
Unreserved	341,328	256	6,669	-	1,544,677
TOTAL LIABILITIES AND FUND BALANCES	\$ 487,047	\$ 30,495	\$ 6,669	\$ 7,762	\$ 2,146,523

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 EDUCATION FUND ACCOUNTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE 5

	Technology for Schools	Title I - Reading First Part B SEA Funds	Regional Safe Schools	Truants Alternative/ Optional Education	McKinney Education for Homeless Children
REVENUES					
Federal sources	\$ -	\$ -	\$ 300,413	\$ -	\$ 50,714
State sources	-	-	2,291,522	160,660	-
Local sources:					
Fees for services	-	-	25,577	-	90
Other	-	-	-	-	-
Interest	-	-	5,663	-	13
Total revenues	-	-	2,623,175	160,660	50,817
EXPENDITURES					
Salaries	-	-	107,556	127,252	30,983
Benefits	-	-	97,311	18,950	11,904
Purchased services	-	-	214,252	13,198	9,992
Supplies and materials	-	-	9,641	1,260	3,608
Miscellaneous	273	-	18,891	-	3,018
Payment to other governments	-	-	2,098,877	-	-
Capital expenditures	-	-	45,288	-	-
Total expenditures	273	-	2,591,816	160,660	59,505
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(273)	-	31,359	-	(8,688)
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	-	-	(17,153)	-	17,153
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES	(273)	-	14,206	-	8,465
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	273	664	1,186,386	-	(13,297)
FUND BALANCES, END OF YEAR	\$ -	\$ 664	\$ 1,200,592	\$ -	\$ (4,832)

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 EDUCATION FUND ACCOUNTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE 5
 (CONTINUED)

	Juvenile Detention Fund	Teacher Mentoring Pilot	Principal Mentoring	Teachers and Administrators Mentoring Program	Total
REVENUES					
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 351,127
State sources	-	66,991	-	52,237	2,571,410
Local sources:					
Fees for services	951,181	-	12,500	-	989,348
Other	-	-	-	-	-
Interest	421	-	-	-	6,097
Total revenues	951,602	66,991	12,500	52,237	3,917,982
EXPENDITURES					
Salaries	501,675	-	-	-	767,466
Benefits	128,524	-	-	-	256,689
Purchased services	-	38,232	8,113	10,086	293,873
Supplies and materials	137	2,931	2,318	203	20,098
Miscellaneous	-	-	-	-	22,182
Payment to other governments	-	25,828	-	41,948	2,166,653
Capital expenditures	-	-	-	-	45,288
Total expenditures	630,336	66,991	10,431	52,237	3,572,249
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	321,266	-	2,069	-	345,733
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES	321,266	-	2,069	-	345,733
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	20,062	256	4,600	-	1,198,944
FUND BALANCES, END OF YEAR	\$ 341,328	\$ 256	\$ 6,669	\$ -	\$ 1,544,677

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2009

	Truants Alternative/Optional Education			Regional Safe Schools*		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Federal sources	-	-	\$ -	-	300,413	\$ 300,413
State sources	160,660	160,660	-	1,168,814	2,291,522	1,122,708
Local sources:						
Fees for services	-	-	-	-	25,577	25,577
Other	-	-	-	-	-	-
Interest	-	-	-	-	5,663	5,663
Total revenues	160,660	160,660	-	1,168,814	2,623,175	1,454,361
EXPENDITURES						
Salaries	124,461	127,252	(2,791)	-	107,556	(107,556)
Benefits	21,822	18,950	2,872	-	97,311	(97,311)
Purchased services	13,327	13,198	129	134,646	214,252	(79,606)
Supplies and materials	1,050	1,260	(210)	-	9,641	(9,641)
Miscellaneous	-	-	-	-	18,891	(18,891)
Payments to other governments	-	-	-	1,034,168	2,098,877	(1,064,709)
Capital expenditures	-	-	-	-	45,288	(45,288)
Total expenditures	160,660	160,660	-	1,168,814	2,591,816	(1,423,002)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>31,359</u>	<u>\$ 31,359</u>
OTHER FINANCING (USES)						
Transfers (out)		-			(17,153)	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES		-			14,206	
FUND BALANCES, BEGINNING OF YEAR		-			1,186,386	
FUND BALANCES, END OF YEAR		<u>\$ -</u>			<u>\$ 1,200,592</u>	

* Includes \$1,122,708 General State Aid grant for which there is no budgeted expenditure.

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
EDUCATION FUND ACCOUNTS
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009

	Teacher and Administrator Mentoring Program			Total		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 300,413	\$ 300,413
State sources	126,360	52,237	(74,123)	1,455,834	2,504,419	1,048,585
Local sources:						
Fees for services	-	-	-	-	25,577	25,577
Other	-	-	-	-	-	-
Interest	-	-	-	-	5,663	5,663
Total revenues	126,360	52,237	(74,123)	1,455,834	2,836,072	1,380,238
EXPENDITURES						
Salaries	20,400	-	20,400	144,861	234,808	(89,947)
Benefits	-	-	-	21,822	116,261	(94,439)
Purchased services	93,960	10,086	83,874	241,933	237,536	4,397
Supplies and materials	12,000	203	11,797	13,050	11,104	1,946
Miscellaneous	-	-	-	-	18,891	(18,891)
Payments to other governments	-	41,948	(41,948)	1,034,168	2,140,825	(1,106,657)
Capital expenditures	-	-	-	-	45,288	(45,288)
Total expenditures	126,360	52,237	74,123	1,455,834	2,804,713	(1,348,879)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>31,359</u>	<u>\$ 31,359</u>
OTHER FINANCING (USES)						
Transfers (out)					(17,153)	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES					14,206	
FUND BALANCES, BEGINNING OF YEAR					1,186,386	
FUND BALANCES, END OF YEAR					<u>\$ 1,200,592</u>	

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009

SCHEDULE 7

	General Education Development	Bus Driver Training	Regional Board of School Trustees	Supervisory	Reading Recovery Installation Fees	Reading Recovery Operations
ASSETS						
Cash and cash equivalents (overdrafts)	\$ 22,154	\$ 11,344	\$ 4,354	\$ 22	\$ 79,599	\$ 26,248
Investments	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from other governments	9,940	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	32,094	11,344	4,354	22	79,599	26,248
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued expenses	8,739	166	-	-	-	7,893
Due to other governments	-	-	-	-	-	-
Total liabilities	8,739	166	-	-	-	7,893
FUND BALANCES						
Unreserved	23,355	11,178	4,354	22	79,599	18,355
TOTAL LIABILITIES AND FUND BALANCES	\$ 32,094	\$ 11,344	\$ 4,354	\$ 22	\$ 79,599	\$ 26,248

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009

SCHEDULE 7
(CONTINUED)

	<u>Distributive Interest</u>	<u>Learning Technology Center</u>	<u>PASS (Positive Alternative Student Services)</u>	<u>Pre-School Monitoring</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents (overdrafts)	\$ 22,559	\$ (45,542)	\$ 82,952	\$ (11,937)	\$ 191,753
Investments	-	-	25,331	-	25,331
Accounts receivable	-	-	-	-	-
Due from other governments	-	52,175	11,140	12,161	85,416
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u>22,559</u>	<u>6,633</u>	<u>119,423</u>	<u>224</u>	<u>302,500</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	-	6,633	7,135	-	30,566
Due to other governments	-	-	-	-	-
Total liabilities	<u>-</u>	<u>6,633</u>	<u>7,135</u>	<u>-</u>	<u>30,566</u>
FUND BALANCES					
Unreserved	<u>22,559</u>	<u>-</u>	<u>112,288</u>	<u>224</u>	<u>271,934</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 22,559</u>	<u>\$ 6,633</u>	<u>\$ 119,423</u>	<u>\$ 224</u>	<u>\$ 302,500</u>

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE 8

	General Education Development	Bus Driver Training	Regional Board of School Trustees	Supervisory	Reading Recovery Installation Fees	Reading Recovery Operations
REVENUES						
State sources	\$ 2,906	\$ 4,067	\$ -	\$ 1,000	\$ -	\$ 25,400
Local sources:						
Fees for services	52,670	10,874	1,576	-	-	98,276
Interest	139	79	-	2	524	332
Total revenues	55,715	15,020	1,576	1,002	524	124,008
EXPENDITURES						
Salaries	-	-	-	-	-	91,064
Benefits	-	-	-	-	-	14,053
Purchased services	49,164	12,936	1,876	1,049	-	33,594
Supplies and materials	1,697	2,960	-	-	-	18,465
Miscellaneous	189	139	-	-	-	-
Payment to other governments	2,795	-	-	-	-	4,110
Capital expenditures	-	-	-	-	-	-
Total expenditures	53,845	16,035	1,876	1,049	-	161,286
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,870	(1,015)	(300)	(47)	524	(37,278)
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	4,332
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES	1,870	(1,015)	(300)	(47)	524	(32,946)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	21,485	12,193	4,654	69	79,075	51,301
FUND BALANCES (DEFICIT), END OF YEAR	\$ 23,355	\$ 11,178	\$ 4,354	\$ 22	\$ 79,599	\$ 18,355

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE 8
(CONTINUED)

	Distributive Interest	Learning Technology Center	PASS (Positive Alternative Student Services)	Pre-School Monitoring	Total
REVENUES					
State sources	\$ -	\$ 107,858	\$ -	\$ 29,105	\$ 170,336
Local sources:					
Fees for services	6,392	-	130,035	12,161	311,984
Interest	3,147	-	294	-	4,517
Total revenues	9,539	107,858	130,329	41,266	486,837
EXPENDITURES					
Salaries	-	75,769	25,811	-	192,644
Benefits	-	9,257	9,792	-	33,102
Purchased services	9,423	18,615	15,384	41,042	183,083
Supplies and materials	1,307	-	40,903	-	65,332
Miscellaneous	6,532	-	-	-	6,860
Payment to other governments	-	-	-	-	6,905
Capital expenditures	459	4,198	-	-	4,657
Total expenditures	17,721	107,839	91,890	41,042	492,583
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,182)	19	38,439	224	(5,746)
OTHER FINANCING SOURCES					
Transfers in	-	-	-	-	4,332
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES	(8,182)	19	38,439	224	(1,414)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	30,741	(19)	73,849	-	273,348
FUND BALANCES (DEFICIT), END OF YEAR	\$ 22,559	\$ -	\$ 112,288	\$ 224	\$ 271,934

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 BUDGETARY COMPARISON SCHEDULE
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE 9

	Reading Recovery Operations			Learning Technology Center			Total		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES									
State sources	\$ 25,400	\$ 25,400	\$ -	\$ 107,858	\$ 107,858	\$ -	\$ 133,258	\$ 133,258	\$ -
Local sources									
Fees for services	-	98,276	98,276	-	-	-	-	98,276	98,276
Interest	-	332	332	-	-	-	-	332	332
Total revenues	25,400	124,008	98,608	107,858	107,858	-	133,258	231,866	98,608
EXPENDITURES									
Salaries	24,400	91,064	(66,664)	79,480	75,769	3,711	103,880	166,833	(62,953)
Benefits	-	14,053	(14,053)	7,714	9,257	(1,543)	7,714	23,310	(15,596)
Purchased services	1,000	33,594	(32,594)	17,164	18,615	(1,451)	18,164	52,209	(34,045)
Supplies and materials	-	18,465	(18,465)	-	-	-	-	18,465	(18,465)
Miscellaneous	-	-	-	-	-	-	-	-	-
Payments to other governments	-	4,110	(4,110)	-	-	-	-	4,110	(4,110)
Capital expenditures	-	-	-	3,500	4,198	(698)	3,500	4,198	(698)
Total expenditures	25,400	161,286	(135,886)	107,858	107,839	19	133,258	269,125	(135,867)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>(37,278)</u>	<u>\$ (37,278)</u>	<u>\$ -</u>	<u>19</u>	<u>\$ 19</u>	<u>\$ -</u>	<u>(37,259)</u>	<u>\$ (37,259)</u>
OTHER FINANCING SOURCES									
Transfers in		4,332			-			4,332	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES		(32,946)			19			(32,927)	
FUND BALANCES (DEFICIT), BEGINNING OF YEAR		51,301			(19)			51,282	
FUND BALANCES, END OF YEAR		<u>\$ 18,355</u>			<u>\$ -</u>			<u>\$ 18,355</u>	

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009**

SCHEDULE 10

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
ASSETS				
Cash and cash equivalents	\$ 2,744	\$ 3,571,644	\$ 3,295,812	\$ 278,576
LIABILITIES				
Distributive payable	\$ 2,744	\$ 3,571,644	\$ 3,295,812	\$ 278,576

LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHERS
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE 11

	Regional Superintendent of Schools	Education Service Center	Truancy Alternative Program	Total
General State Aid - Sec. 18-8	\$ 1,432,717	\$ -	\$ -	\$ 1,432,717
K-6 Reading Improvement - R.R.	25,400	-	-	25,400
ROE Safe Schools Program	1,159,219	-	-	1,159,219
ROE/ISC Operations	-	278,531	-	278,531
School Bus Driver Training	4,067	-	-	4,067
Supervisory	1,000	-	-	1,000
Teacher Mentoring	-	126,360	-	126,360
Technology - Learning Technology Center	-	107,858	-	107,858
Truants Alternative/Optional Education	-	-	160,660	160,660
Total	\$ 2,622,403	\$ 512,749	\$ 160,660	\$ 3,295,812

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2009**

SCHEDULE 12

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Number	FY 2009 Expenditures
<u>DEPARTMENT OF EDUCATION</u>			
Education for Homeless Children and Youth			
Passed-Through Will County Regional Office of Education No. 56 <i>McKinney Education for Homeless Children</i>	84.196A	09-4920-00	\$ 50,714
Title I Grants to Local Educational Agencies			
Passed-Through Will County Regional Office of Education No. 56 <i>Title I - School Improvement & Accountability</i>	84.010A	08-4331-SS	258,290
	84.010A	09-4331-SS	<u>676,497</u>
			<u>934,787</u>
Improving Teacher Quality State Grants			
Passed-Through Will County Regional Office of Education No. 56 <i>Title II - Teacher Quality - Leadership Grant</i> (M)	84.367A	08-4935-SS	88,817
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (Education Stabilization Fund)			
Passed-Through Illinois State Board of Education <i>ARRA - General State Aid</i> (M)	84.394A	2009-4850-93	53,127
	84.394A	2009-4850-95	<u>247,287</u>
			<u>300,414</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,374,732</u></u>

(M) Program was audited as major program

The accompanying notes are an integral part of this schedule.

**LAKE COUNTY REGIONAL OFFICE OF EDUCATION NO. 34
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009**

Note 1. Reporting Entity Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Lake County Regional Office of Education No. 34 and is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2. Subrecipients

Not Applicable.

Note 3. Description of Federal Program Audited as a Major Program

The AARA –General State Aid was allocated through the State Fiscal Stabilization Funds (SFSF) section of the American Recovery and Reinvestment Act (ARRA). These funds will help stabilize the possible impact of the State’s current fiscal deficit upon payment of general State aid to school districts.

The Title II – Teacher Quality – Leadership Grant was allocated through RESPRO Area 1-C Lake County. Title II – Teacher Quality – Leadership account for grant monies received for, and payment of expenditures for the Teacher Quality Leadership Programs. These programs aid to increase student academic achievement through strategies such as improving teachers, principals and paraprofessionals quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievements.

Note 4. Non-Cash Assistance

Not Applicable.

Note 5. Amount of Insurance

Not Applicable.

Note 6. Loans or Loan Guarantees Outstanding

Not Applicable.