

**State of Illinois  
WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
FINANCIAL AUDIT  
(In Accordance with the Single Audit Act  
and OMB Circular A-133)  
For the Year Ended June 30, 2012**

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

WILL COUNTY  
 REGIONAL OFFICE OF EDUCATION #56  
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WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56

OFFICIALS

|  |                              |
|--|------------------------------|
| Regional Superintendent<br>(Current, Acting Effective February 21, 2013)                       | Mr. Shawn T. Walsh           |
| Regional Superintendent<br>(January 9, 2013 to February 20, 2013)                              | Vacant                       |
| Regional Superintendent<br>(Acting Effective July 1, 2011 through January 8, 2013)             | Dr. Jennifer Bertino-Tarrant |
| Assistant Regional Superintendent<br>(February 21, 2013 to Current)                            | Vacant                       |
| Assistant Regional Superintendent<br>(Acting Effective July 1, 2011 through February 20, 2013) | Mr. Shawn T. Walsh           |

Office is located at:

702 West Maple Street  
New Lenox, Illinois 60451

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56

COMPLIANCE REPORT SUMMARY

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

AUDITOR'S REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

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

An additional 5 matters, which are less than significant deficiencies or material weaknesses, but more than inconsequential, have been reported in a Management Letter of Comments to the Regional Superintendent. In prior years, these issues may have been included as immaterial findings in the auditor's reports.

SUMMARY OF FINDINGS AND QUESTIONED COSTS

| <u>Item No.</u>                          | <u>Page</u> | <u>Description</u>                               | <u>Finding Type</u> |
|--|-------------|--|---------------------|
| FINDINGS (GOVERNMENT AUDITING STANDARDS) |             |  |                     |
| 12-01                                    | 12a         | Controls over Financial<br>Statement Preparation | Material Weakness   |

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

None

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56

COMPLIANCE REPORT SUMMARY (Concluded)

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

|       |   |                   |
|-------|---|-------------------|
| 11-02 | Departure from Generally<br>Accepted Accounting Principle | Material Weakness |
|-------|---|-------------------|

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

None

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on October 3, 2012. Attending were Jennifer Bertino-Tarrant, Regional Superintendent, Donna Hettman, Controller, and Tami Knight, Partner, Kemper CPA Group LLP. Responses to the recommendations were provided by Jennifer Bertino-Tarrant, Regional Superintendent.

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Will County Regional Office of Education #56 was performed by Kemper CPA Group LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Will County Regional Office of Education #56's basic financial statements.



INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Will County Regional Office of Education #56, as of and for the year ended June 30, 2012, which collectively comprise the Will County Regional Office of Education #56's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Will County Regional Office of Education #56's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Will County Regional Office of Education #56, as of June 30, 2012, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 13, 2013, on our consideration of the Will County Regional Office of Education #56's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund Schedule of Funding Progress, and Other Post-Employment Benefits - Health Insurance Plan for Retired Employees Schedule of Funding Progress on pages 16a-16f and 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Will County Regional Office of Education #56's financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

*Kemper CPA Group LLP*

*Certified Public Accountants  
and Consultants*

Mattoon, Illinois  
February 13, 2013



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

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Will County Regional Office of Education #56, as of and for the year ended June 30, 2012, which collectively comprise the Will County Regional Office of Education #56's basic financial statements and have issued our report thereon dated February 13, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Will County Regional Office of Education #56 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Will County Regional Office of Education #56'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 Will County Regional Office of Education #56's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Will County Regional Office of Education #56's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in finding 12-01 in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Will County Regional Office of Education #56's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters which we have reported to management of the Will County Regional Office of Education #56 in a separate letter dated February 13, 2013.

Will County Regional Office of Education #56'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 Will County Regional Office of Education #56's response and, accordingly, we express no opinion on the response.

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

*Kemper CPA Group LLP*

*Certified Public Accountants  
and Consultants*

Mattoon, Illinois  
February 13, 2013

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

Honorable William G. Holland  
Auditor General  
State of Illinois

Compliance

We have audited the Will County Regional Office of Education #56's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Will County Regional Office of Education #56's major federal programs for the year ended June 30, 2012. The Will County Regional Office of Education #56's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Will County Regional Office of Education #56's management. Our responsibility is to express an opinion on the Will County Regional Office of Education #56's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Will County Regional Office of Education #56'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 Will County Regional Office of Education #56's compliance with those requirements.

In our opinion, the Will County Regional Office of Education #56 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

## Internal Control over Compliance

Management of the Will County Regional Office of Education #56 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 Will County Regional Office of Education #56's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Will County Regional Office of Education #56's internal control over compliance.

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

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

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

*Kemper CPA Group LLP*

*Certified Public Accountants  
and Consultants*

Mattoon, Illinois  
February 13, 2013

WILL COUNTY  
 REGIONAL OFFICE OF EDUCATION #56  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2012

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

**Financial Statements**

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

**Federal Awards**

|   |  |
|---|--|
| Internal control over major programs:   |  |
| ● Material weakness(es) identified?   | No   |
| ● Significant deficiency(ies) identified?   | No   |
| Type of auditor’s report issued on compliance for major programs:   | Unqualified                                    |
| Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? | No   |
| Identification of major programs:   |  |
| <b>CFDA Number(s)</b>   | <b>Name of Federal Program or Cluster</b>      |
| 84.010A   | Title I – Grants to Local Educational Agencies |
| Dollar threshold used to distinguish between Type A and Type B programs: \$300,000                                      |  |
| Auditee qualified as a low-risk auditee?  | No   |

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding No. 12-01 – Controls over Financial Statement Preparation (Repeated from Finding No. 11-01 and 10-01)**

**Criteria/Specific Requirement:**

The Regional Office of Education #56 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

**Condition:**

The Regional Office of Education #56 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains its accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, in our review of the Regional Office's accounting records, we noted the following:

- The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenue. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenue, no entries were provided to reconcile the Regional Office of Education #56's grant activity, such as posting grant receivables and deferred revenue.

**Effect:**

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

**Cause:**

Current funding levels are not adequate to hire and/or train accounting personnel in order to comply with these requirements.

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

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

**Finding No. 12-01 – Controls over Financial Statement Preparation (Repeated from Finding No. 11-01 and 10-01) (Concluded)**

**Auditor's Recommendation:**

As part of its internal control over the preparation of financial statements, including disclosures, the Regional Office of Education #56 should implement a comprehensive preparation and/or review procedure to ensure the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

**Management's Response:**

The Regional Office of Education #56 accepts the degree of risk associated with this condition because the additional expense to seek outside accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region.

The Regional Office of Education #56 will continue to work with the other Regional Offices of Education to determine the most effective method of ensuring that our employees possess the knowledge required to compile the necessary GAAP based financial statements.

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

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

**INSTANCES OF NONCOMPLIANCE:**

NONE

**SIGNIFICANT DEFICIENCIES:**

NONE

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

**CORRECTIVE ACTION PLAN**

**Finding No. 12-01 – Controls over Financial Statement Preparation (Repeated from Finding No. 11-01 and 10-01)**

**Condition:**

The Regional Office of Education #56 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains its accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, in our review of the Regional Office's accounting records, we noted the following:

- The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenue. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenue, no entries were provided to reconcile the Regional Office of Education #56's grant activity, such as posting grant receivables and deferred revenue.

**Plan:**

The Regional Office of Education #56 accepts the degree of risk associated with this condition because the added expense of seeking additional accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region.

The Regional Office will continue to send personnel to various trainings to assist them in gaining a better understanding of accrual accounting and reporting under generally accepted accounting principles (GAAP).

**Anticipated Date of Completion:**

Not Applicable

**Contact Person Responsible for Corrective Action:**

Ms. Jennifer Bertino-Tarrant, Regional Superintendent

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

| <b><u>Finding No.</u></b> | <b><u>Condition</u></b>                                | <b><u>Current Status</u></b> |
|---------------------------|--|------------------------------|
| 11-01                     | Controls over Financial Statement Preparation          | Repeated as Finding 12-01    |
| 11-02                     | Departure from Generally Accepted Accounting Principle | Corrected                    |

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**WILL COUNTY REGIONAL OFFICE OF EDUCATION #56  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

The Will County Regional Office of Education #56 (ROE #56) 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, 2012, with comparative information for the year ended June 30, 2011. Readers are encouraged to consider the information in conjunction with the ROE #56's financial statements that follow.

**2012 Financial Highlights**

- The General Fund revenues decreased by \$615,068 (18%) from \$3,402,048 in FY 2011 to \$2,786,980 in FY 2012. The General Fund expenditures increased by \$354,663 (17%) from \$2,061,419 in FY 2011 to \$2,416,082 in FY 2012.
- The Special Revenue Fund revenues decreased by \$1,687,364 (19%) from \$8,677,374 in FY 2011 to \$6,990,010 in FY 2012. The Special Revenue Fund expenditures decreased by \$1,352,059 (17%) from \$8,069,119 in FY 2011 to \$6,717,060 in FY 2012.
- The Enterprise Fund revenues decreased by \$287,001 (22%) from \$1,304,412 in FY 2011 to \$1,017,411 in FY 2012. The Enterprise Fund expenditures increased by \$69,381 (5%) from \$1,379,978 in FY 2011 to \$1,449,359 in FY 2012.

**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 ROE #56'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 #56 as a whole and present an overall view of the Office's finances.
- *Fund financial statements* report the ROE #56'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 supplementary information provides detailed information about the nonmajor funds.

**Reporting the Will County Regional Office as a Whole**

It is important to note that many grants are a cooperative effort of the ROE #56 and the Grundy/Kendall Regional Office of Education #24. Therefore, these figures may reflect grants that are intended to serve Will County only and grants that serve Will, Grundy, and Kendall Counties.

**WILL COUNTY REGIONAL OFFICE OF EDUCATION #56  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

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

Government-wide Financial Statements

The Government-wide financial statements report information about the ROE #56 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 #56'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 #56 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 required governmental funds financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.
- (2) Proprietary funds account for resources from fees charged directly to those entities or individuals that use its services. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements. The required proprietary funds financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows.

**WILL COUNTY REGIONAL OFFICE OF EDUCATION #56  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

(3) Fiduciary funds are used to account for assets held by the ROE #56 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 required fiduciary funds 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 #56. The net assets at the end of FY 2012 and FY 2011 totaled \$5,373,434 and \$5,230,772, respectively. The analysis that follows provides a summary of the ROE #56's net assets as of June 30, 2012 and 2011.

CONDENSED STATEMENT OF NET ASSETS

|                                     | <b>CONDENSED STATEMENT OF NET ASSETS</b> |                     |                          |                     |                     |                     |
|-------------------------------------|--|---------------------|--------------------------|---------------------|---------------------|---------------------|
|                                     | Governmental Activities                  |                     | Business-Type Activities |                     | Total               |                     |
|                                     | 2012                                     | 2011                | 2012                     | 2011                | 2012                | 2011                |
| Current assets                      | \$ 5,563,541                             | \$ 5,691,057        | \$ 818,866               | \$ 1,276,972        | \$ 6,382,407        | \$ 6,968,029        |
| Capital assets, net                 | 360                                      | 1,800               | -                        | 1,216               | 360                 | 3,016               |
| Total assets                        | <u>5,563,901</u>                         | <u>5,692,857</u>    | <u>818,866</u>           | <u>1,278,188</u>    | <u>6,382,767</u>    | <u>6,971,045</u>    |
| Current liabilities                 | 945,570                                  | 1,649,136           | 63,763                   | 91,137              | 1,009,333           | 1,740,273           |
| Total liabilities                   | <u>945,570</u>                           | <u>1,649,136</u>    | <u>63,763</u>            | <u>91,137</u>       | <u>1,009,333</u>    | <u>1,740,273</u>    |
| Net assets:                         |  |                     |                          |                     |                     |                     |
| Invested in capital assets          | 360                                      | 1,800               | -                        | 1,216               | 360                 | 3,016               |
| Restricted for educational purposes | 982,023                                  | 776,871             | -                        | -                   | 982,023             | 776,871             |
| Unrestricted, restated              | 3,635,948                                | 3,265,050           | 755,103                  | 1,185,835           | 4,391,051           | 4,450,885           |
| Total net assets                    | <u>\$ 4,618,331</u>                      | <u>\$ 4,043,721</u> | <u>\$ 755,103</u>        | <u>\$ 1,187,051</u> | <u>\$ 5,373,434</u> | <u>\$ 5,230,772</u> |

The ROE #56's net assets increased by \$142,662 (3%) from FY 2011.

**WILL COUNTY REGIONAL OFFICE OF EDUCATION #56  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

CHANGES IN NET ASSETS

The following analysis shows the changes in net assets for the years ended June 30, 2012 and 2011.

|                                    | <b>CHANGES IN NET ASSETS</b> |                     |                          |                     |                     |                     |
|------------------------------------|------------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
|                                    | Governmental Activities      |                     | Business-Type Activities |                     | Total               |                     |
|                                    | 2012                         | 2011                | 2012                     | 2011                | 2012                | 2011                |
| Revenues:                          |                              |                     |                          |                     |                     |                     |
| Program revenues:                  |                              |                     |                          |                     |                     |                     |
| Operating grants and contributions | \$ 6,602,277                 | \$ 7,969,379        | \$ -                     | \$ -                | \$ 6,602,277        | \$ 7,969,379        |
| General revenues:                  |                              |                     |                          |                     |                     |                     |
| Local sources                      | 367,152                      | 230,642             | -                        | -                   | 367,152             | 230,642             |
| State sources                      | 1,684,645                    | 2,331,891           | -                        | -                   | 1,684,645           | 2,331,891           |
| On-behalf payments - local         | 725,317                      | 738,722             | -                        | -                   | 725,317             | 738,722             |
| On-behalf payments - state         | 326,218                      | 304,546             | -                        | -                   | 326,218             | 304,546             |
| Charges for services               | -                            | -                   | 1,017,411                | 1,303,173           | 1,017,411           | 1,303,173           |
| Interest                           | 3,583                        | 1,198               | -                        | 1,239               | 3,583               | 2,437               |
| Total revenues                     | <u>9,709,192</u>             | <u>11,576,378</u>   | <u>1,017,411</u>         | <u>1,304,412</u>    | <u>10,726,603</u>   | <u>12,880,790</u>   |
| Expenses:                          |                              |                     |                          |                     |                     |                     |
| Programs expenses:                 |                              |                     |                          |                     |                     |                     |
| Salaries and benefits              | 1,303,582                    | 1,510,635           | 716,071                  | 541,035             | 2,019,653           | 2,051,670           |
| Purchased Services                 | 2,693,052                    | 1,637,140           | 621,417                  | 692,517             | 3,314,469           | 2,329,657           |
| Supplies and materials             | 191,733                      | 146,281             | 107,053                  | 124,096             | 298,786             | 270,377             |
| Other objects                      | 22,886                       | 25,532              | 3,602                    | 18,682              | 26,488              | 44,214              |
| Payments to other governments      | 3,870,354                    | 5,767,682           | -                        | -                   | 3,870,354           | 5,767,682           |
| Depreciation                       | 1,440                        | 1,440               | 1,216                    | 3,648               | 2,656               | 5,088               |
| Administrative expenses:           |                              |                     |                          |                     |                     |                     |
| On-behalf payments- local          | 725,317                      | 738,722             | -                        | -                   | 725,317             | 738,722             |
| On-behalf payments- state          | 326,218                      | 304,546             | -                        | -                   | 326,218             | 304,546             |
| Total expenses                     | <u>9,134,582</u>             | <u>10,131,978</u>   | <u>1,449,359</u>         | <u>1,379,978</u>    | <u>10,583,941</u>   | <u>11,511,956</u>   |
| Changes in net assets              | 574,610                      | 1,444,400           | (431,948)                | (75,566)            | 142,662             | 1,368,834           |
| Net assets, beginning of year      | 4,043,721                    | 2,599,321           | 1,187,051                | 1,262,617           | 5,230,772           | 3,861,938           |
| Net assets, end of year            | <u>\$ 4,618,331</u>          | <u>\$ 4,043,721</u> | <u>\$ 755,103</u>        | <u>\$ 1,187,051</u> | <u>\$ 5,373,434</u> | <u>\$ 5,230,772</u> |

**Governmental Activities**

Revenues for governmental activities were \$9,709,192 and expenses were \$9,134,582.

**Business-Type Activities**

Revenues for business-type activities were \$1,017,411 and expenditures were \$1,449,359.

**WILL COUNTY REGIONAL OFFICE OF EDUCATION #56  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

**Financial Analysis of the ROE #56 Funds**

As previously noted, the ROE #56 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency's Governmental Funds reported combined fund balances amounting to \$4,617,971.

**Governmental Fund Highlights**

- State funding of Regional Offices of Education has continued to decrease compared to the previous year.
- The dollar return on investments (certificate of deposit, short-term investments and interest earned on float) decreased due to low interest rates.
- County support for the ROE #56 decreased from the previous year's funding level.

**Proprietary Fund Highlights**

Total proprietary fund net assets decreased by \$431,948.

**Budgetary Highlights**

The ROE #56 annually adopts budgets for several funds. The Professional Development Alliance (PDA) Budget is prepared by the Executive Director of the PDA and approved by a joint Governing Board representing Will, Grundy, & Kendall Counties. The Regional Safe Schools Budget is approved by a similar board. The Education-To-Careers Executive Board approves the budgets for the ETC Partnership and the 21st Century Grant. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Board for their approval. The Office Operations Budget covers a fiscal year which runs from December 1 to November 30. All grant budgets are prepared by the Regional Office of Education #56 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency.

**Capital Assets**

ROE #56's capital assets include office equipment, computers, audio-visual equipment, and building improvements. The ROE #56 maintains an inventory of capital assets which have been accumulated over time. For FY 2012, there were no additions of capital assets. Depreciation expense for FY 2012 and FY 2011 was \$2,656 and \$5,088, respectively.

**WILL COUNTY REGIONAL OFFICE OF EDUCATION #56  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

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

At the time these financial statements were prepared and audited, the Will County Regional Office of Education #56 was aware of several existing circumstances that could affect its financial condition in the future:

- County board support for ROE #56 is expected to continue to decrease from the FY 2012 funding level.
- Several federal grants are expected to be received in FY 2013 in the form of general State aid and competitive grants in an effort to reduce the impact of the State's current fiscal deficit on the school district operations.
- The growth in the region is stable. Student population for 2013 remains steady, with a slight decrease of 340 students, based on fall housing reports.

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

This financial report is designed to provide the ROE #56'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 Schools, Will County Regional Office of Education #56, 702 West Maple Street, New Lenox, Illinois 60451.

## BASIC FINANCIAL STATEMENTS

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

|  | Primary Government         |                             |                     |
|--|----------------------------|-----------------------------|---------------------|
|  | Governmental<br>Activities | Business-Type<br>Activities | Total               |
| <b>ASSETS</b>                          |                            |                             |                     |
| <b>Current Assets:</b>                 |                            |                             |                     |
| Cash and cash equivalents              | \$ 4,521,204               | \$ 744,475                  | \$ 5,265,679        |
| Accounts receivable                    | 1,235                      | 29,942                      | 31,177              |
| Due (to) from other funds              | (42,038)                   | 42,038                      | -                   |
| Due from other governments:            |                            |                             |                     |
| Local                                  | 3,667                      | 2,411                       | 6,078               |
| State                                  | 970,858                    | -                           | 970,858             |
| Federal                                | 85,134                     | -                           | 85,134              |
| Prepaid expenses                       | 23,481                     | -                           | 23,481              |
| <b>Total Current Assets</b>            | <b>5,563,541</b>           | <b>818,866</b>              | <b>6,382,407</b>    |
| <b>Noncurrent Assets:</b>              |                            |                             |                     |
| Capital assets, being depreciated, net | 360                        | -                           | 360                 |
| <b>Total Noncurrent Assets</b>         | <b>360</b>                 | <b>-</b>                    | <b>360</b>          |
| <b>TOTAL ASSETS</b>                    | <b>5,563,901</b>           | <b>818,866</b>              | <b>6,382,767</b>    |
| <b>LIABILITIES</b>                     |                            |                             |                     |
| <b>Current Liabilities:</b>            |                            |                             |                     |
| Accounts payable                       | 869,700                    | 55,390                      | 925,090             |
| Due to other governments:              |                            |                             |                     |
| State                                  | 66,680                     | -                           | 66,680              |
| Unearned revenue                       | 9,190                      | 8,373                       | 17,563              |
| <b>Total Current Liabilities</b>       | <b>945,570</b>             | <b>63,763</b>               | <b>1,009,333</b>    |
| <b>NET ASSETS</b>                      |                            |                             |                     |
| Invested in capital assets             | 360                        | -                           | 360                 |
| Restricted for educational purposes    | 982,023                    | -                           | 982,023             |
| Unrestricted                           | 3,635,948                  | 755,103                     | 4,391,051           |
| <b>TOTAL NET ASSETS</b>                | <b>\$ 4,618,331</b>        | <b>\$ 755,103</b>           | <b>\$ 5,373,434</b> |

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

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012

| FUNCTIONS/PROGRAMS             | Program Revenues     |                         |  | Net (Expense) Revenue and<br>Changes in Net Assets |                             |                     |
|--------------------------------|----------------------|-------------------------|--|--|-----------------------------|---------------------|
|                                | Expenses             | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Primary Government                                 |                             | Total               |
|                                |                      |                         |  | Governmental<br>Activities                         | Business-Type<br>Activities |                     |
| Primary Government:            |                      |                         |  |  |                             |                     |
| Governmental Activities:       |                      |                         |  |  |                             |                     |
| Instructional Services         |                      |                         |  |  |                             |                     |
| Salaries and benefits          | \$ 1,303,582         | \$ -                    | \$ 1,303,516                             | \$ (66)  | \$ -                        | \$ (66)             |
| Purchased services             | 2,693,052            | -                       | 1,890,961                                | (802,091)  | -                           | (802,091)           |
| Supplies and materials         | 191,733              | -                       | 48,913                                   | (142,820)  | -                           | (142,820)           |
| Other objects                  | 22,886               | -                       | -  | (22,886)   | -                           | (22,886)            |
| Depreciation expense           | 1,440                | -                       | -  | (1,440)  | -                           | (1,440)             |
| Payments to other governments  | 3,870,354            | -                       | 3,358,887                                | (511,467)  | -                           | (511,467)           |
| Administrative:                |                      |                         |  |  |                             |                     |
| On-behalf payments - Local     | 725,317              | -                       | -  | (725,317)  | -                           | (725,317)           |
| On-behalf payments - State     | 326,218              | -                       | -  | (326,218)  | -                           | (326,218)           |
| Total Governmental Activities  | <u>9,134,582</u>     | <u>-</u>                | <u>6,602,277</u>                         | <u>(2,532,305)</u>                                 | <u>-</u>                    | <u>(2,532,305)</u>  |
| Business-Type Activities:      |                      |                         |  |  |                             |                     |
| Fees for services              | 1,449,359            | 1,017,411               | -  | -  | (431,948)                   | (431,948)           |
| Total Business-Type Activities | <u>1,449,359</u>     | <u>1,017,411</u>        | <u>-</u>                                 | <u>-</u>   | <u>(431,948)</u>            | <u>(431,948)</u>    |
| TOTAL PRIMARY GOVERNMENT       | <u>\$ 10,583,941</u> | <u>\$ 1,017,411</u>     | <u>\$ 6,602,277</u>                      | <u>(2,532,305)</u>                                 | <u>(431,948)</u>            | <u>(2,964,253)</u>  |
| GENERAL REVENUES:              |                      |                         |  |  |                             |                     |
| Local sources                  |                      |                         |  | 367,152  | -                           | 367,152             |
| State sources                  |                      |                         |  | 1,684,645  | -                           | 1,684,645           |
| On-behalf payments - Local     |                      |                         |  | 725,317  | -                           | 725,317             |
| On-behalf payments - State     |                      |                         |  | 326,218  | -                           | 326,218             |
| Interest                       |                      |                         |  | 3,583  | -                           | 3,583               |
| Total General Revenues         |                      |                         |  | <u>3,106,915</u>                                   |                             | <u>3,106,915</u>    |
| CHANGE IN NET ASSETS           |                      |                         |  | 574,610  | (431,948)                   | 142,662             |
| NET ASSETS - BEGINNING         |                      |                         |  | <u>4,043,721</u>                                   | <u>1,187,051</u>            | <u>5,230,772</u>    |
| NET ASSETS - ENDING            |                      |                         |  | <u>\$ 4,618,331</u>                                | <u>\$ 755,103</u>           | <u>\$ 5,373,434</u> |

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

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

|  | General<br>Fund     | Institute<br>Fund | Education<br>Fund | Professional<br>Development<br>Alliance | Non-Major<br>Funds | Eliminations        | Total<br>Governmental<br>Funds |
|--|---------------------|-------------------|-------------------|---|--------------------|---------------------|--------------------------------|
| <b>ASSETS</b>                              |                     |                   |                   |   |                    |                     |                                |
| Cash and cash equivalents                  | \$ 3,437,205        | \$ 848,168        | \$ 103,960        | \$ -                                    | \$ 131,871         | \$ -                | \$ 4,521,204                   |
| Accounts receivable                        | -                   | 50                | -                 | -                                       | 1,185              | -                   | 1,235                          |
| Due from other funds                       | 176,747             | -                 | -                 | -                                       | -                  | (176,747)           | -                              |
| Due from other governments:                |                     |                   |                   |   |                    |                     |                                |
| Local                                      | 153                 | -                 | -                 | -                                       | 3,514              | -                   | 3,667                          |
| State                                      | 5,357               | -                 | 127,533           | 837,968                                 | -                  | -                   | 970,858                        |
| Federal                                    | -                   | -                 | 85,134            | -                                       | -                  | -                   | 85,134                         |
| Prepaid expenses                           | 23,481              | -                 | -                 | -                                       | -                  | -                   | 23,481                         |
| <b>TOTAL ASSETS</b>                        | <u>\$ 3,642,943</u> | <u>\$ 848,218</u> | <u>\$ 316,627</u> | <u>\$ 837,968</u>                       | <u>\$ 136,570</u>  | <u>\$ (176,747)</u> | <u>\$ 5,605,579</u>            |
| <b>LIABILITIES</b>                         |                     |                   |                   |   |                    |                     |                                |
| Accounts payable                           | \$ 6,995            | \$ 1,403          | \$ 64,010         | \$ 795,930                              | \$ 1,362           | \$ -                | \$ 869,700                     |
| Due to other funds                         | -                   | -                 | 176,747           | 42,038                                  | -                  | (176,747)           | 42,038                         |
| Due to other governments:                  |                     |                   |                   |   |                    |                     |                                |
| State                                      | -                   | -                 | 66,680            | -                                       | -                  | -                   | 66,680                         |
| Unearned revenue                           | -                   | -                 | 9,190             | -                                       | -                  | -                   | 9,190                          |
| Total Liabilities                          | <u>6,995</u>        | <u>1,403</u>      | <u>316,627</u>    | <u>837,968</u>                          | <u>1,362</u>       | <u>(176,747)</u>    | <u>987,608</u>                 |
| <b>FUND BALANCES</b>                       |                     |                   |                   |   |                    |                     |                                |
| Nonspendable                               | 23,481              | -                 | -                 | -                                       | -                  | -                   | 23,481                         |
| Restricted                                 | -                   | 846,815           | -                 | -                                       | 135,208            | -                   | 982,023                        |
| Unassigned                                 | 3,612,467           | -                 | -                 | -                                       | -                  | -                   | 3,612,467                      |
| Total Fund Balances                        | <u>3,635,948</u>    | <u>846,815</u>    | <u>-</u>          | <u>-</u>                                | <u>135,208</u>     | <u>-</u>            | <u>4,617,971</u>               |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <u>\$ 3,642,943</u> | <u>\$ 848,218</u> | <u>\$ 316,627</u> | <u>\$ 837,968</u>                       | <u>\$ 136,570</u>  | <u>\$ (176,747)</u> | <u>\$ 5,605,579</u>            |

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

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

TOTAL FUND BALANCE — GOVERNMENTAL FUNDS \$ 4,617,971

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. 360

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 4,618,331

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

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

|   | General<br>Fund     | Institute<br>Fund | Education<br>Fund | Professional<br>Development<br>Alliance | Non-Major<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|-------------------|-------------------|---|--------------------|--------------------------------|
| <b>REVENUES</b>                         |                     |                   |                   |   |                    |                                |
| Local sources                           | \$ 52,628           | \$ 233,574        | \$ -              | \$ -                                    | \$ 80,950          | \$ 367,152                     |
| On-behalf payments - Local              | 725,317             | -                 | -                 | -                                       | -                  | 725,317                        |
| State sources                           | 1,679,551           | -                 | 677,237           | 261,105                                 | 3,246              | 2,621,139                      |
| On-behalf payments - State              | 326,218             | -                 | -                 | -                                       | -                  | 326,218                        |
| Federal sources                         | -                   | -                 | 1,766,932         | 3,966,649                               | -                  | 5,733,581                      |
| Total Revenues                          | <u>2,783,714</u>    | <u>233,574</u>    | <u>2,444,169</u>  | <u>4,227,754</u>                        | <u>84,196</u>      | <u>9,773,407</u>               |
| <b>EXPENDITURES</b>                     |                     |                   |                   |   |                    |                                |
| Instructional Services:                 |                     |                   |                   |   |                    |                                |
| Salaries and benefits                   | 66                  | -                 | 598,045           | 705,471                                 | -                  | 1,303,582                      |
| Purchased services                      | 708,482             | 40,948            | 1,336,719         | 554,242                                 | 52,661             | 2,693,052                      |
| Supplies and materials                  | 130,701             | 1,170             | 21,920            | 26,993                                  | 10,949             | 191,733                        |
| Other objects                           | 13,831              | 7,190             | 1,853             | -                                       | 12                 | 22,886                         |
| Payments to other governments           | 511,467             | -                 | 443,053           | 2,915,834                               | -                  | 3,870,354                      |
| On-behalf payments                      | 1,051,535           | -                 | -                 | -                                       | -                  | 1,051,535                      |
| Total Expenditures                      | <u>2,416,082</u>    | <u>49,308</u>     | <u>2,401,590</u>  | <u>4,202,540</u>                        | <u>63,622</u>      | <u>9,133,142</u>               |
| EXCESS OF REVENUES<br>OVER EXPENDITURES | <u>367,632</u>      | <u>184,266</u>    | <u>42,579</u>     | <u>25,214</u>                           | <u>20,574</u>      | <u>640,265</u>                 |
| <b>OTHER FINANCING SOURCES:</b>         |                     |                   |                   |   |                    |                                |
| Interest                                | 3,266               | 312               | 5                 | -                                       | -                  | 3,583                          |
| Total Other Financing Sources           | <u>3,266</u>        | <u>312</u>        | <u>5</u>          | <u>-</u>                                | <u>-</u>           | <u>3,583</u>                   |
| NET CHANGE IN FUND BALANCES             | 370,898             | 184,578           | 42,584            | 25,214                                  | 20,574             | 643,848                        |
| FUND BALANCES (DEFICIT) - BEGINNING     | <u>3,265,050</u>    | <u>662,237</u>    | <u>(42,584)</u>   | <u>(25,214)</u>                         | <u>114,634</u>     | <u>3,974,123</u>               |
| FUND BALANCES - ENDING                  | <u>\$ 3,635,948</u> | <u>\$ 846,815</u> | <u>\$ -</u>       | <u>\$ -</u>                             | <u>\$ 135,208</u>  | <u>\$ 4,617,971</u>            |

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

WILL COUNTY  
 REGIONAL OFFICE OF EDUCATION #56  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

|  |                          |
|--|--------------------------|
| NET CHANGE IN FUND BALANCE — GOVERNMENTAL FUNDS  | \$ 643,848               |
| <p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>  |                          |
| <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p> |                          |
| Depreciation expense   | (1,440)                  |
| <p>Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are therefore not considered "available" revenues and are deferred in the governmental funds.</p>             |                          |
| FY11 deferred revenue recognized in FY12   | <u>(67,798)</u>          |
| CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES  | <u><u>\$ 574,610</u></u> |

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

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2012

|                             | Business Type Activities -<br>Enterprise Fund |   |            |
|-----------------------------|---|---|------------|
|                             | Local<br>PDA Funds                            | Criminal<br>Background<br>Investigation | Total      |
| <b>ASSETS</b>               |   |   |            |
| Cash and cash equivalents   | \$ 692,007                                    | \$ 52,468                               | \$ 744,475 |
| Accounts receivable         | 29,942  | -                                       | 29,942     |
| Due from other funds        | 42,038  | -                                       | 42,038     |
| Due from other governments: |   |   |            |
| Local                       | -   | 2,411                                   | 2,411      |
| TOTAL ASSETS                | 763,987                                       | 54,879                                  | 818,866    |
| <b>LIABILITIES</b>          |   |   |            |
| Accounts payable            | 47,158  | 8,232                                   | 55,390     |
| Unearned revenue            | 8,373   | -                                       | 8,373      |
| TOTAL LIABILITIES           | 55,531  | 8,232                                   | 63,763     |
| <b>NET ASSETS</b>           |   |   |            |
| Unrestricted                | 708,456                                       | 46,647                                  | 755,103    |
| TOTAL NET ASSETS            | \$ 708,456                                    | \$ 46,647                               | \$ 755,103 |

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

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

|                              | Business Type Activities -<br>Enterprise Fund |   | Total             |
|------------------------------|---|---|-------------------|
|                              | Local<br>PDA Funds                            | Criminal<br>Background<br>Investigation |                   |
| OPERATING REVENUES           |   |   |                   |
| Fees for services            | \$ 910,151                                    | \$ 107,260                              | \$ 1,017,411      |
| Total Operating Revenues     | <u>910,151</u>                                | <u>107,260</u>                          | <u>1,017,411</u>  |
| OPERATING EXPENSES           |   |   |                   |
| Salaries and benefits        | 716,071                                       | -                                       | 716,071           |
| Purchased services           | 544,937                                       | 76,480                                  | 621,417           |
| Supplies and materials       | 106,986                                       | 67                                      | 107,053           |
| Other objects                | 3,504   | 98                                      | 3,602             |
| Depreciation                 | 1,216   | -                                       | 1,216             |
| Total Operating Expenses     | <u>1,372,714</u>                              | <u>76,645</u>                           | <u>1,449,359</u>  |
| Operating Income (Loss)      | <u>(462,563)</u>                              | <u>30,615</u>                           | <u>(431,948)</u>  |
| CHANGE IN NET ASSETS         | (462,563)                                     | 30,615                                  | (431,948)         |
| TOTAL NET ASSETS - BEGINNING | <u>1,171,019</u>                              | <u>16,032</u>                           | <u>1,187,051</u>  |
| TOTAL NET ASSETS - ENDING    | <u>\$ 708,456</u>                             | <u>\$ 46,647</u>                        | <u>\$ 755,103</u> |

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

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

|  | Business Type Activities -<br>Enterprise Funds |   |                     |
|--|--|---|---------------------|
|  | Local<br>PDA Funds                             | Criminal<br>Background<br>Investigation | Totals              |
| Cash Flows from Operating Activities:  |  |   |                     |
| Receipts from customers  | \$ 963,445                                     | \$ 106,305                              | \$ 1,069,750        |
| Payments to suppliers and providers of goods<br>and services   | (688,612)                                      | (74,617)                                | (763,229)           |
| Payments to employees  | (716,071)                                      | -                                       | (716,071)           |
| Net Cash Provided by (Used for) Operating Activities   | <u>(441,238)</u>                               | <u>31,688</u>                           | <u>(409,550)</u>    |
| Cash Flows from Noncapital Financing Activities:   |  |   |                     |
| Payments for interfund borrowing, net  | 264,190  | -                                       | 264,190             |
| Net Cash Used for Noncapital Financing Activities  | <u>264,190</u>                                 | <u>-</u>                                | <u>264,190</u>      |
| Net Increase (Decrease) in Cash  | (177,048)                                      | 31,688                                  | (145,360)           |
| Cash and cash equivalents - Beginning  | <u>869,055</u>                                 | <u>20,780</u>                           | <u>889,835</u>      |
| Cash and cash equivalents - Ending   | <u>\$ 692,007</u>                              | <u>\$ 52,468</u>                        | <u>\$ 744,475</u>   |
| Reconciliation of Operating Income (Loss) to Net Cash<br>Provided by (Used for) Operating Activities:        |  |   |                     |
| Operating Income (Loss)  | \$ (462,563)                                   | \$ 30,615                               | \$ (431,948)        |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash<br>Provided by (Used for) Operating Activities: |  |   |                     |
| Depreciation   | 1,216  | -                                       | 1,216               |
| Decrease in accounts receivable  | 49,511   | -                                       | 49,511              |
| Increase in due from other governments   | -  | (955)                                   | (955)               |
| Increase in unearned revenue   | 3,783  | -                                       | 3,783               |
| Increase (Decrease) in accounts payable  | (33,185)                                       | 2,028                                   | (31,157)            |
| Net Cash Provided by (Used for) Operating Activities   | <u>\$ (441,238)</u>                            | <u>\$ 31,688</u>                        | <u>\$ (409,550)</u> |

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

WILL COUNTY  
 REGIONAL OFFICE OF EDUCATION #56  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUND  
 JUNE 30, 2012

|                           | Agency<br>Funds |
|---------------------------|-----------------|
| ASSETS                    |                 |
| Cash and cash equivalents | \$ -            |
| TOTAL ASSETS              | \$ -            |
| LIABILITIES               |                 |
| Due to other governments  | \$ -            |
| TOTAL LIABILITIES         | \$ -            |

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

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Will County Regional Office of Education #56 was created by Illinois Public Act 76-735, as amended effective August 8, 1995, to develop and maintain education service for the school districts in Will County. The Will County Regional Office of Education #56 services 176 public schools and 46 private schools in the 30 districts within the county.

In 2012, the Will County Regional Office of Education #56 implemented Governmental Accounting Standards Board (GASB) Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. The Regional Office of Education #56 implemented these standards during the current year; however, GASB Statement No. 64 had no impact on the financial statements. The implementation of GASB Statement No. 57 amends GASB Statement No. 45, permitting an agent employer with an OPEB with fewer than 100 plan members to use the alternative measurement method to produce actuarially based information for purposes of financial reporting.

A. DATE OF MANAGEMENT’S REVIEW

Regional Office of Education #56 has evaluated subsequent events through February 13, 2013, the date when the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

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

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Will County Regional Office of Education #56’s districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

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

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the Will County Regional Office of Education #56, or see that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2012, the Will County Regional Office of Education #56 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Will County Regional Office of Education #56. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Will County Regional Office of Education #56 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Will County Regional Office of Education #56 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Will County Regional Office of Education #56, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Will County Regional Office of Education #56 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.

Effective August 7, 1995, the Regional Office of Education #56 entered into an intergovernmental agreement with Grundy/Kendall Regional Office of Education #24 to establish the ROE Professional Development Alliance (PDA), the purpose of which is to provide professional development services to the local school districts of Will, Grundy, and Kendall Counties. The governing board consists of the Regional Superintendents of the Regional Offices of Education #s 56 and 24. The Regional Office of Education #56 was designated as the administrative agent and has reported the activity of this agreement in their financial statements.

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. SCOPE OF THE REPORTING ENTITY (Concluded)

Other districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Will County Regional Office of Education #56 does not control their assets, operations, or management. In addition, the Regional Office of Education #56 is not aware of any entity which would exercise such oversight as to result in the Regional Office of Education #56 being considered a component unit of the entity.

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Will County Regional Office of Education #56's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Will County Regional Office of Education #56 has two business-type activities; Local Professional Development Alliance (PDA) Funds and the Criminal Background Investigation. The Local PDA Fund accounts for the revenues and expenditures associated with workshops put on by the Regional Office. The Criminal Background Investigation accounts 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.

The Will County Regional Office of Education #56's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Will County Regional Office of Education #56 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Will County Regional Office of Education #56's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services, and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and proprietary fund Statement of Net Assets and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and on the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Assets. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements.

All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities.

The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent short falls in cash flow within grant programs and funds.

E. PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

Revenue received after the Regional Office's availability period are reported as deferred revenue in the fund statements and are reported as current revenue in the Statement of Activities.

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Will County Regional Office of Education #56; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, Will County Regional Office of Education #56 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is Regional Office of Education #56's policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned funds if any.

H. FUND ACCOUNTING

The Will County Regional Office of Education #56 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Will County Regional Office of Education #56 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

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

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets, liabilities, revenues, or expenditures/expenses (excluding

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Will County Regional Office of Education #56 has presented all major funds that met the above qualifications. The Will County Regional Office of Education #56 reports the following major governmental funds:

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

General Operations - Accounts for monies received for, and payment of, expenditures in connection with general administrative activities.

General State Aid - Accounts for grant monies received for, and payment of, expenditures for regional learning academy supplements.

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

Institute - Accounts for registration and renewal fees related to the teachers' certificates. Funds collected from registration and renewal fees are expended to defray costs incidental to the teachers' institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.

Education - This fund is used to account for and report the proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for specified purposes supporting education enhancement programs as follows:

American Recovery and Reinvestment (ARRA) - Education Jobs - Accounts for the federal funding provided to LEAs to save or create education jobs for school year 2011-2012.

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education (Concluded)

American Recovery and Reinvestment (ARRA) - McKinney Education for Homeless Children – Accounts for the American Recovery and Reinvestment Act (ARRA) 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.

McKinney Education for Homeless Children - Accounts 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.

Regional Safe Schools - Accounts for the administration of monies to be used for the Regional Safe Schools Program Fund received from the Illinois State Board of Education.

Title IV - 21<sup>st</sup> Century Community Learning Centers - 08/10 - Accounts for monies received for, and payment of, expenditures of the 21<sup>st</sup> Century Learning Centers Grant. The purpose of this grant is to create community learning centers that provide academic enrichment opportunities for children, particularly students who attend high-poverty and low performing schools.

Truants Alternative/Optional Education - Accounts for grant monies received for, and payment of, expenses of the Truants Alternative and Optional Education Program.

Career Seekers - Accounts for monies received for, and payment of, expenditures of the Workforce Investment Act Grant. The purpose of this grant is to provide training programs including, tutoring, mentoring, and skills training for underprivileged youth.

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Professional Development Alliance (PDA) - Accounts for State, and federal funded programs designed to meet the indentified needs of the school districts within Will, Grundy, and Kendall Counties. These services are designed to improve the educational opportunities provided to students within these counties. Professional Development Alliance Funds include:

ROE/ISC Operations - Accounts for grant monies received for, and payment of, expenditures of the ROE/ISC Operations Fund.

Technology For Success - Accounts for monies from State of Illinois for expenditures incurred to create and support ongoing learning teams focused on alignment of classroom level assessment and instruction.

ARRA – Technology - Accounts for the federal funding provided to LEAs to save or create education jobs for school year 2011-2012.

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

Grundy/Kendall County ROE/ISC Operations - These funds are provided by the Illinois State Board of Education through a budget application process, to the Regional Office to provide professional development to district schools and teachers in Grundy and Kendall county school districts.

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

GOVERNMENTAL FUNDS (Concluded)

The Will County Regional Office of Education #56 reports the following nonmajor governmental funds:

Nonmajor Special Revenue Funds - All other special revenue funds not classified under Education Fund or Professional Development Alliance are grouped under this fund for financial statement presentation.

General Education Development (GED) - Accounts for the administration of the GED Testing Program. Revenues consist of fees collected for testing, diplomas, and materials.

Bus Driver Training - Accounts for bus drivers' permit fees which may be expended for bus drivers' refresher courses.

Lambert - Accounts for private donations which are donor restricted for the support health, welfare and education of worthy poor children residing within Will County.

PROPRIETARY FUNDS

Proprietary Fund - The Proprietary Fund accounts for revenue and expenses related to services provided to organizations inside the Regional Office of Education #56 on a cost-reimbursement basis. The Regional Office of Education #56 reports the following proprietary funds:

Local Professional Development Alliance (PDA) Funds - Accounts for the revenues and expenditures associated with workshops put on by the Will County Regional Office of Education #56.

Criminal Background Investigation - Accounts 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 FUNDS

Agency Funds - Agency Funds are used to account for assets held by the Regional Office of Education #56 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency Funds include the following:

Statewide Independent Living Council - Accounts for funds received from the Statewide Independent Living Council (SILC) which are disbursed for educational and outreach programs for persons with disabilities.

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES

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

Nonspendable Fund Balance - The portion of a governmental fund's net assets that are not available to be spent, either short term or long term, due to either their form or legal restrictions. The Regional Office of Education #56 has a nonspendable fund balance in the General Fund's General State Aid account.

Restricted Fund Balance - The portion of a governmental fund's net assets that are subject to external enforceable legal restrictions. The following fund is restricted by a donor agreement: Lambert Fund. The following funds are restricted by Illinois Statute: General Education Development, Bus Driver Training, and Institute funds.

Committed Fund Balance - The portion of a governmental fund's net assets with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #56 has no committed fund balances.

Assigned Fund Balance - The portion of a governmental fund's net assets for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The Regional Office of Education #56 has no assigned fund balances.

Unassigned Fund Balance - Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The Regional Office of Education #56 has unassigned fund balances in the General Fund's General Operations and General State Aid accounts.

J. NET ASSETS

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

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

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

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

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit. The Will County Regional Office of Education #56 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

L. INVENTORY

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

M. CAPITAL ASSETS

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

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

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives (three to five years) of the respective assets.

N. COMPENSATED ABSENCES

The employees of the Regional Office earn vacation days based on the number of full-time years worked as follows: 10 days for full-time staff employed 5 years or less; 15 days for full-time staff employed more than 5 years; 20 days for full-time consultants. Vacation days do not accumulate; therefore, no liability is accrued.

The Executive Director of PDA receives 25 sick days annually. All other eligible employees receive up to 15 sick days annually. There is no limit on the amount of sick days carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore, no liability is accrued.

O. ESTIMATES

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

WILL COUNTY  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

P. BUDGET INFORMATION

The Will County Regional Office of Education #56 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education, however, none of the annual budgets have been legally adopted nor are they required to do so. Comparisons of budgeted and actual results are presented as supplemental information.

Budgetary comparison schedules have been provided in supplementary schedules for the following funds: ARRA – McKinney Education for Homeless Children, McKinney Education for Homeless Children, Regional Safe Schools, Title IV – 21<sup>st</sup> Century Community Learning Centers – 08/10, Truants Alternative/Optional Education, ROE/ISC Operations, Technology for Success, ARRA – Technology, Title I – School Improvement and Accountability and Grundy/Kendall County ROE/ISC Operations.

NOTE 2 – DEPOSITS AND INVESTMENTS

The *Illinois Compiled Statutes* authorize the Will County Regional Office of Education #56 to make deposits and invest in U.S. Government, State of Illinois and municipal securities, certificates of deposit or time savings deposits insured by the FDIC, mortgage notes, bonds, or debentures issued by the Federal Housing Administration, bonds and other obligations of the Federal National Mortgage Association, commercial paper rated within the three highest classifications by at least two standard rating services, credit union shares, and the Illinois Public Treasurer’s Investment Pool.

A. DEPOSITS

At June 30, 2012, the carrying amount of the Will County Regional Office of Education #56’s government-wide and Agency fund deposits were \$5,265,679 and \$-0-, respectively, and the bank balances were \$5,481,165 and \$-0-, respectively. Of the total bank balances as of June 30, 2012, \$500,000 was secured by Federal Depository Insurance Corporation (FDIC), \$930,050 was invested in the Illinois Funds Money Market Fund, and \$3,197,570 was secured by repurchase agreements, commercial paper, and U.S. government bonds. For the period from December 31, 2010, through December 1, 2012, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) provides separate and unlimited deposit insurance coverage for accounts that meet the definition of a ‘noninterest-bearing account.’ This unlimited coverage for such accounts is separate from the \$250,000 coverage provided for other types of accounts. At June 30, 2012, the Regional Office had bank deposits of \$853,545 in excess of the \$250,000 FDIC coverage, which were covered under the Dodd-Frank Act.

WILL COUNTY  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

B. INVESTMENTS

The Will County Regional Office of Education #56 does not have a formal investment policy but requires that funds be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2. As noted above, as of June 30, 2012, the Will County Regional Office of Education #56 had investments with a carrying and fair value of \$930,050 invested in the Illinois Funds Money Market and \$3,197,570 was secured by repurchase agreements, commercial paper, and U.S. government bonds.

CREDIT RISK

At June 30, 2012, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. 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.

The PNC Municipal Investment Fund had a Standard and Poor's AAAM rating. This fund is authorized for public entities and political subdivisions of the State of Illinois. It invests in U.S. Treasury securities, commercial paper rated A2 or above, certificates of deposit and interest-bearing savings accounts, and any other investments permissible under 30 ILCS 235/2.

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 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.

WILL COUNTY  
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 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 3 – DEFINED BENEFIT PENSION PLAN

**Plan Description.** The Regional Office of Education #56’s defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #56’s plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at [www.imrf.org](http://www.imrf.org).

**Funding Policy.** As set by statute, the Will County Regional Office of Education #56’s Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2011 used by the Regional Office of Education #56 was 10.68 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2011 was 11.17 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Annual Pension Cost.** For calendar year ending December 31, 2011, the employer’s actual contributions for pension cost for the Regular were \$69,580. Its required contribution for calendar year 2011 was \$72,772.

A. TREND INFORMATION

| <u>Calendar<br/>Year<br/>Ending</u> | <u>Annual<br/>Pension<br/>Cost (APC)</u> | <u>Percentage<br/>of APC<br/>Contributed</u> | <u>Net<br/>Pension<br/>Obligation</u> |
|-------------------------------------|--|--|---------------------------------------|
| 12/31/11                            | \$72,772                                 | 96%  | \$0                                   |
| 12/31/10                            | 67,795                                   | 100%   | 0                                     |
| 12/31/09                            | 79,341                                   | 100%   | 0                                     |

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), b) projected salary increases of 4.00% a year, attributable to inflation, c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and d) post retirement benefit increases of 3% annually. The actuarial value of your employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over

WILL COUNTY  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Concluded)

a five-year period with a 20% corridor between the actuarial and market value of assets. The Will County Regional Office of Education #56's Regular plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 10 year basis.

**Funded Status and Funding Progress.** As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 85.73 percent funded. The actuarial accrued liability for benefits was \$1,067,894 and the actuarial value of assets was \$915,485, resulting in an underfunded actuarial accrued liability (UAAL) of \$152,409. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$651,499 and the ratio of the UAAL to the covered payroll was 23 percent.

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

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

The Will County Regional Office of Education #56 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

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

TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2012, was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2011 and 2010.

The State of Illinois makes contributions directly to TRS on behalf of the Will County Regional Office of Education #56's TRS-covered employees.

WILL COUNTY  
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NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

**On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Will County Regional Office of Education #56. For the year ended June 30, 2012, State of Illinois contributions were based on 24.91 percent of creditable earnings not paid from federal funds and the Will County Regional Office of Education #56 recognized revenue and expenditures of \$96,455 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2011 and June 30, 2010, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.10 percent (\$80,228) and 23.38 percent (\$90,934), respectively.

The Will County Regional Office of Education #56 makes other types of employer contributions directly to TRS.

**2.2 formula contributions.** Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2012 were \$2,393. Contributions for the years ending June 30, 2011 and June 30, 2010, were \$1,296 and \$1,705, respectively.

**Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Will County Regional Office of Education #56, there is a statutory requirement for the Will County Regional Office of Education #56 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS.

For the year ended June 30, 2012, the employer pension contribution was 24.91 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2011 and 2010, the employer pension contribution was 23.10 and 23.38 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2012 salaries totaling \$224,138 were paid from federal and special trust funds that required employer contributions of \$55,833. For the years ended June 30, 2011 and June 30, 2010, required Will County Regional Office of Education #56 contributions were \$15,590 and \$22,559, respectively.

**Early Retirement Option.** The Will County Regional Office of Education #56 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

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

For the year ended June 30, 2012, the Regional Office of Education #56 paid no contributions to the ERO program. For the years ended, June 30, 2011 and June 30, 2010, the Regional Office of Education #56 paid no employer ERO contributions.

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

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

**Salary increases over 6 percent and excess sick leave.** If the Will County Regional Office of Education #56 grants salary increases over 6 percent and those salaries are used to calculate a retiree’s final average salary, the Will County Regional Office of Education #56 makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increase of up to 6 percent.

For the years ended June 30, 2012, the Regional Office of Education #56 paid \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2011 and June 30, 2010, the district paid \$8,804 and \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent, respectively.

If the Will County Regional Office of Education #56 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Will County Regional Office of Education #56 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.83 percent of salary during the year ended June 30, 2012).

For the years ended June 30, 2012, 2011, and 2010 the Will County Regional Office of Education #56 paid no employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the TRS Comprehensive Annual Financial Report for year ended June 30, 2011. The report for the year ended June 30, 2012, is expected to be available in late 2012. The reports may be obtained by writing to the Teachers’ Retirement System of the State of Illinois, 2815 West Washington Street, P.O. Box 19253, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at <http://trs.illinois.gov>.

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 5 – TEACHERS’ HEALTH INSURANCE SECURITY FUND

The Regional Office of Education #56 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers’ Retirement System (TRS). Annuitants may participate in the State administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor’s approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by CMS with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to THIS Fund.

The percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

**On behalf contributions.** The State of Illinois makes employer retiree health insurance contributions on behalf of Regional Office of Education #56. State contributions are intended to match contributions to THIS Fund from active members which were 0.88 percent of pay during the year ended June 30, 2012. State of Illinois contributions were \$3,631, and Regional Office of Education #56 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the year ended June 30, 2011 and June 30, 2010, were 0.88 percent and 0.84 percent of pay. State contributions on behalf of the Regional Office of Education #56 employees were \$1,965 and \$2,469, respectively.

**Employer contributions to THIS Fund.** The Regional Office of Education #56 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the years ended June 30, 2012 and June 30, 2011, and 0.63 percent during the years ended June 30, 2011. For the year ended June 30, 2012, the Regional Office of Education #56 paid \$2,723 to the THIS Fund. For the years ended June 30, 2011 and 2010, the Regional Office of Education #56 paid \$1,474 and \$1,852 to THIS Fund, respectively, which was 100 percent of the required contribution.

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

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 6 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2012 consist of the following individual due to/from other funds in the governmental funds balance sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Assets.

|                                   | <u>Due From<br/>Other Funds</u> | <u>Due To<br/>Other Funds</u> |
|-----------------------------------|---------------------------------|-------------------------------|
| Education Fund                    | \$ -                            | \$ 176,747                    |
| General Fund                      | 176,747                         | -                             |
| Professional Development Alliance | -                               | 42,038                        |
| Proprietary Fund                  | 42,038                          | -                             |
| Total                             | <u>\$ 218,785</u>               | <u>\$ 218,785</u>             |

NOTE 7 – RISK MANAGEMENT

The Will County Regional Office of Education #56 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Will County Regional Office of Education #56 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 8 – OPERATING LEASE

Will County Regional Office of Education #56 rents office space from Professional Development Alliance Fund operations. The lease agreement, which originally commenced in June 1, 2012 will expire in May 13, 2015. Rental expense for the year ended June 30, 2012 was \$96,000.

The future minimum lease payments under this agreement are as follows:

| <u>Fiscal Year</u> | <u>Amount</u>     |
|--------------------|-------------------|
| 2013               | \$ 96,000         |
| 2014               | 96,000            |
| 2015               | 88,000            |
| Total              | <u>\$ 280,000</u> |

In addition, in FY12 the Regional Office of Education #56 assumed the lease of office space at 179 N. Chicago Street, Joliet, Illinois, in connection with the Career Seekers program. The Regional Office assumed payments on this lease on October 1, 2011, and the lease was canceled as of June 30, 2012. Rental expense for the year ended June 30, 2012, was \$21,100.

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 9 – CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Will County Regional Office of Education #56 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The Regional Office’s assets are composed of furniture and equipment. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2012:

|   | Balance<br>July 1, 2011 | Additions       | Deletions   | Balance<br>June 30, 2012 |
|---|-------------------------|-----------------|-------------|--------------------------|
| Governmental Activities:                                      |                         |                 |             |                          |
| Equipment   | \$ 54,766               | \$ -            | \$ -        | \$ 54,766                |
| Building Improvements   | 90,439                  | -               | -           | 90,439                   |
| Governmental Activities Total Assets                          | <u>145,205</u>          | <u>-</u>        | <u>-</u>    | <u>145,205</u>           |
| Less Accumulated Depreciation                                 | 143,405                 | 1,440           | -           | 144,845                  |
| Total Accumulated Depreciation                                | <u>143,405</u>          | <u>1,440</u>    | <u>-</u>    | <u>144,845</u>           |
| Governmental Activities<br>Investment in Capital Assets, Net  | <u>\$ 1,800</u>         | <u>\$ 1,440</u> | <u>\$ -</u> | <u>\$ 360</u>            |
| Business-type Activities:                                     |                         |                 |             |                          |
| Equipment   | \$ 37,508               | \$ -            | \$ -        | \$ 37,508                |
| Business-type Activities Total Assets                         | <u>37,508</u>           | <u>-</u>        | <u>-</u>    | <u>37,508</u>            |
| Less Accumulated Depreciation                                 | 36,292                  | 1,216           | -           | 37,508                   |
| Total Accumulated Depreciation                                | <u>36,292</u>           | <u>1,216</u>    | <u>-</u>    | <u>37,508</u>            |
| Business-type Activities<br>Investment in Capital Assets, Net | <u>\$ 1,216</u>         | <u>\$ 1,216</u> | <u>\$ -</u> | <u>\$ -</u>              |

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2012 of \$1,440 and \$1,216 was charged to the governmental activities and the business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

WILL COUNTY  
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FOR THE YEAR ENDED JUNE 30, 2012

NOTE 10 – ON-BEHALF PAYMENTS

Will County pays certain expenditures on behalf of the Regional Office of Education #56. The expenditures paid by Will County for the year ended June 30, 2012, were as follows:

|                        |                   |
|------------------------|-------------------|
| Salaries and Benefits  | \$ 667,567        |
| Purchased Services     | 51,700            |
| Supplies and Materials | <u>6,050</u>      |
|                        | <u>\$ 725,317</u> |

The State of Illinois paid the following salaries on behalf of the Will County Regional Office of Education #56:

|   |                   |
|---|-------------------|
| Regional Superintendent Salary  | \$ 104,616        |
| Assistant Regional Superintendent Salary  | 94,152            |
| Regional Superintendent Fringe Benefit<br>(Includes State paid insurance)           | 6,491             |
| Assistant Regional Superintendent Fringe Benefit<br>(Includes State paid insurance) | 20,873            |
| TRS Pension Contributions   | 96,455            |
| Teachers' Health Insurance Security (THIS)<br>Fund Contributions                    | <u>3,631</u>      |
| Total   | <u>\$ 326,218</u> |

NOTE 11 – DUE TO/FROM OTHER GOVERNMENTS

The Will County Regional Office of Education #56's Education Fund, General Fund, Nonmajor Fund, and Proprietary Fund have funds due from/to various other governmental units which consist of the following:

Due From Other Governments:

|   |                     |
|---|---------------------|
| <u>General Fund</u>                           |                     |
| Illinois State Board of Education             | \$ 5,357            |
| Local Governments                             | 153                 |
| <u>Education Fund</u>                         |                     |
| Illinois State Board of Education             | 212,667             |
| <u>Professional Development Alliance Fund</u> |                     |
| Illinois State Board of Education             | 837,968             |
| <u>Proprietary Fund</u>                       |                     |
| Local Governments                             | 2,411               |
| <u>Special Revenue Fund</u>                   |                     |
| Local Governments                             | <u>3,514</u>        |
| Total   | <u>\$ 1,062,070</u> |

Due To Other Governments:

|                                   |                  |
|-----------------------------------|------------------|
| <u>Education Fund</u>             |                  |
| Illinois State Board of Education | <u>\$ 66,680</u> |

WILL COUNTY  
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FOR THE YEAR ENDED JUNE 30, 2012

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE

The Governmental Accounting Standards Board (GASB) issued Statement No. 43 & 45 that established generally accepted accounting principles for the annual financial statement for postemployment benefit plans other than pension plans. The required information is as follows:

Membership in the plan consisted of the following as of:

|  | <u>June 30, 2012</u> |
|--|----------------------|
| Retirees and beneficiaries receiving benefits                      | -                    |
| Terminated plan members entitled to but not yet receiving benefits | -                    |
| Active vested plan members   | 7                    |
| Active nonvested plan members                                      | <u>5</u>             |
| Total  | <u>12</u>            |
| Number of participating employers                                  | 1                    |

**Schedule of Funding Progress**

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

**Annual OPEB Cost and Net OPEB Obligation**

|  | <u>June 30, 2012</u>   |
|--|------------------------|
| Annual required contribution               | \$ 1,135               |
| Interest on net OPEB obligation            | -                      |
| Adjustment to annual required contribution | <u>-</u>               |
| Annual OPEB cost                           | 1,135                  |
| Contributions made                         | <u>-</u>               |
| Increase (decrease) in net OPEB obligation | 1,135                  |
| Net OPEB obligation beginning of year      | <u>-</u>               |
| Net OPEB obligation end of year            | <u><u>\$ 1,135</u></u> |

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NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE (Continued)

**Three-Year Trend Information**

| Fiscal Year Ending | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|--------------------|------------------|--|---------------------|
| 6/30/2012          | \$ 1,135         | 0.00%                                      | \$ 1,135            |
| 6/30/2011          | \$ -             | 0.00%                                      | \$ -                |
| 6/30/2010          | \$ -             | 0.00%                                      | \$ -                |

**Annual Required Contribution**

|                              | June 30, 2013   | June 30, 2012   |
|------------------------------|-----------------|-----------------|
| Service cost                 | \$ 837          | \$ 857          |
| Amortization                 | 248             | 224             |
| Interest                     | 54              | 54              |
| Annual required contribution | <u>\$ 1,139</u> | <u>\$ 1,135</u> |

**Funding Policy and Actuarial Assumptions**

|  |  |
|--|--|
| Contribution rates:                              |  |
| Employer   |  |
| Plan members                                     | 0.00%  |
| Actuarial valuation date                         | 6/30/2012  |
| Actuarial cost method                            | Entry age  |
| Amortization period                              | Level percentage of pay, open                            |
| Remaining amortization period                    | 30 years   |
| Asset valuation method                           | Market   |
| Actuarial assumptions:                           |  |
| Investment rate of return*                       | 5.00%  |
| Projected salary increases                       | 5.00%  |
| Healthcare inflation rate                        | 8.00% initial, 6.00% ultimate                            |
| Mortality, Turnover, Disability, Retirement ages | Same rates utilized for IMRF                             |
| Active utilization rate:                         | 20%  |
| Employer provided benefit                        | Explicit: None   |
|  | Implicit: 40% of premium to age 65                       |
|  | (\$697/mo, assumed only single coverage will be elected) |
| * Includes inflation at                          | 3.00%  |

WILL COUNTY  
 REGIONAL OFFICE OF EDUCATION #56  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS – HEALTH INSURANCE (Concluded)

**GASB 45 Summary as of June 30, 2012**

| <u>Division</u> | <u>Service Cost</u> | <u>Active Liability</u> | <u>Retired Liability</u> | <u>Total Liability</u> | <u>Annual Required Contribution</u> | <u>Expected Payments</u> | <u>Actives</u> | <u>Retirees</u> | <u>Total</u> |
|-----------------|---------------------|-------------------------|--------------------------|------------------------|-------------------------------------|--------------------------|----------------|-----------------|--------------|
| All             | 837                 | 7,439                   | -                        | 7,439                  | 1,139                               | -                        | 12             | -               | 12           |

Discount Rate: 5.0%

Medical Inflation Rate: 8.0% initial, 6.0% ultimate

Future Payroll Increases: 5.0%

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

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF FUNDING PROGRESS  
(UNAUDITED)  
JUNE 30, 2012

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------|-------------------------------|---|---------------------------|--------------------|---------------------|---|
| 12/31/11                 | \$ 915,485                    | \$ 1,067,894                                    | \$ 152,409                | 85.73%             | \$ 651,499          | 23.39%  |
| 12/31/10                 | 782,961                       | 978,744   | 195,783                   | 80.00%             | 667,306             | 29.34%  |
| 12/31/09                 | 759,959                       | 923,181   | 163,222                   | 82.32%             | 676,395             | 24.13%  |

On a market value basis, the actuarial value of assets as of December 31, 2011, is \$876,888.  
On a market basis, the funded ratio would be 82.11%.

OTHER POST-EMPLOYMENT BENEFITS - HEALTH INSURANCE  
PLAN FOR RETIRED EMPLOYEES  
SCHEDULE OF FUNDING PROGRESS  
(UNAUDITED)  
JUNE 30, 2012

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------|-------------------------------|---|---------------------------|--------------------|---------------------|---|
| 6/30/12                  | \$ -                          | \$ 7,439  | \$ 7,439                  | 0.00%              | \$ 651,499          | 1.14%   |
| 6/30/11                  | -                             | -   | -                         | 0.00%              | -                   | 0.00%   |
| 6/30/10                  | -                             | -   | -                         | 0.00%              | -                   | 0.00%   |

OTHER SUPPLEMENTAL INFORMATION

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
JUNE 30, 2012

|  | <u>General<br/>Operations</u> | <u>General<br/>State Aid</u> | <u>TOTALS</u>       |
|--|-------------------------------|------------------------------|---------------------|
| <b>ASSETS</b>                                  |                               |                              |                     |
| Cash and cash equivalents                      | \$ 33,093                     | \$ 3,404,112                 | \$ 3,437,205        |
| Due from other funds                           | -                             | 176,747                      | 176,747             |
| Due from other governments                     |                               |                              |                     |
| Local  | 153                           | -                            | 153                 |
| State  | -                             | 5,357                        | 5,357               |
| Prepaid Expenses                               | -                             | 23,481                       | 23,481              |
| <b>TOTAL ASSETS</b>                            | <u>\$ 33,246</u>              | <u>\$ 3,609,697</u>          | <u>\$ 3,642,943</u> |
| <b>LIABILITIES</b>                             |                               |                              |                     |
| Accounts payable                               | \$ 2,093                      | \$ 4,902                     | \$ 6,995            |
| Total Liabilities                              | <u>2,093</u>                  | <u>4,902</u>                 | <u>6,995</u>        |
| <b>FUND BALANCES</b>                           |                               |                              |                     |
| Nonspendable                                   | -                             | 23,481                       | 23,481              |
| Unassigned                                     | 31,153                        | 3,581,314                    | 3,612,467           |
| Total Fund Balances                            | <u>31,153</u>                 | <u>3,604,795</u>             | <u>3,635,948</u>    |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <u>\$ 33,246</u>              | <u>\$ 3,609,697</u>          | <u>\$ 3,642,943</u> |

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2012

|  | General<br>Operations | General<br>State Aid | TOTALS              |
|--|-----------------------|----------------------|---------------------|
| <b>REVENUES</b>  |                       |                      |                     |
| Local sources  | \$ 18,534             | \$ 34,094            | \$ 52,628           |
| On-behalf payments - Local                                   | 725,317               | -                    | 725,317             |
| State sources  | -                     | 1,679,551            | 1,679,551           |
| On-behalf payments - State                                   | 326,218               | -                    | 326,218             |
| Total Revenues   | <u>1,070,069</u>      | <u>1,713,645</u>     | <u>2,783,714</u>    |
| <b>EXPENDITURES</b>  |                       |                      |                     |
| Salaries and benefits  | -                     | 66                   | 66                  |
| Purchased services   | 5,427                 | 703,055              | 708,482             |
| Supplies and materials                                       | 7,930                 | 122,771              | 130,701             |
| Other objects  | 7,451                 | 6,380                | 13,831              |
| Payments to governments                                      | -                     | 511,467              | 511,467             |
| On-behalf payments   | 1,051,535             | -                    | 1,051,535           |
| Total Expenditures   | <u>1,072,343</u>      | <u>1,343,739</u>     | <u>2,416,082</u>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <u>(2,274)</u>        | <u>369,906</u>       | <u>367,632</u>      |
| <b>OTHER FINANCING SOURCES</b>                               |                       |                      |                     |
| Interest   | 54                    | 3,212                | 3,266               |
| Total Other Financing Sources                                | <u>54</u>             | <u>3,212</u>         | <u>3,266</u>        |
| <b>NET CHANGE IN FUND BALANCES</b>                           | (2,220)               | 373,118              | 370,898             |
| <b>FUND BALANCES - BEGINNING</b>                             | <u>33,373</u>         | <u>3,231,677</u>     | <u>3,265,050</u>    |
| <b>FUND BALANCES - ENDING</b>                                | <u>\$ 31,153</u>      | <u>\$ 3,604,795</u>  | <u>\$ 3,635,948</u> |

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2012

|  | ARRA -<br>Education Jobs | ARRA -<br>McKinney<br>Education for<br>Homeless Children | McKinney<br>Education for<br>Homeless Children | Regional Safe<br>Schools |
|--|--------------------------|--|--|--------------------------|
| <b>ASSETS</b>                              |                          |  |  |                          |
| Cash and cash equivalents                  | \$ -                     | \$ -   | \$ -   | \$ -                     |
| Due from other governments:                |                          |  |  |                          |
| State                                      | -                        | -  | -  | 127,533                  |
| Federal                                    | 22,696                   | -  | 22,146   | -                        |
| <b>TOTAL ASSETS</b>                        | <b>\$ 22,696</b>         | <b>\$ -</b>  | <b>\$ 22,146</b>                               | <b>\$ 127,533</b>        |
| <b>LIABILITIES</b>                         |                          |  |  |                          |
| Accounts payable                           | \$ 2                     | \$ -   | \$ 1,844                                       | \$ 22,379                |
| Due to other funds                         | 22,694                   | -  | 20,302   | 97,106                   |
| Due to other governments:                  |                          |  |  |                          |
| State                                      | -                        | -  | -  | 7,491                    |
| Unearned revenue                           | -                        | -  | -  | 557                      |
| <b>Total Liabilities</b>                   | <b>22,696</b>            | <b>-</b>   | <b>22,146</b>                                  | <b>127,533</b>           |
| <b>FUND BALANCES</b>                       |                          |  |  |                          |
| Unassigned                                 | -                        | -  | -  | -                        |
| <b>Total Fund Balance</b>                  | <b>-</b>                 | <b>-</b>   | <b>-</b>                                       | <b>-</b>                 |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 22,696</b>         | <b>\$ -</b>  | <b>\$ 22,146</b>                               | <b>\$ 127,533</b>        |

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2012

|  | Title IV -<br>21st Century<br>Community<br>Learning Centers - 08 | Title IV -<br>21st Century<br>Community<br>Learning Centers - 10 | Truants<br>Alternative/Optional<br>Education | Career Seekers   | TOTALS            |
|--|--|--|--|------------------|-------------------|
| <b>ASSETS</b>                              |  |  |  |                  |                   |
| Cash and cash equivalents                  | \$ 6,533   | \$ 20,656  | \$ 76,771                                    | \$ -             | \$ 103,960        |
| Due from other governments:                |  |  |  |                  |                   |
| State                                      | -  | -  | -  | -                | 127,533           |
| Federal                                    | 3,647  | -  | -  | 36,645           | 85,134            |
| <b>TOTAL ASSETS</b>                        | <b>\$ 10,180</b>   | <b>\$ 20,656</b>   | <b>\$ 76,771</b>                             | <b>\$ 36,645</b> | <b>\$ 316,627</b> |
| <b>LIABILITIES</b>                         |  |  |  |                  |                   |
| Accounts payable                           | \$ 10,180  | \$ 12,023  | \$ 17,582                                    | \$ -             | \$ 64,010         |
| Due to other funds                         | -  | -  | -  | 36,645           | 176,747           |
| Due to other governments:                  |  |  |  |                  |                   |
| State                                      | -  | -  | 59,189                                       | -                | 66,680            |
| Unearned revenue                           | -  | 8,633  | -  | -                | 9,190             |
| <b>Total Liabilities</b>                   | <b>10,180</b>  | <b>20,656</b>  | <b>76,771</b>                                | <b>36,645</b>    | <b>316,627</b>    |
| <b>FUND BALANCES</b>                       |  |  |  |                  |                   |
| Unassigned                                 | -  | -  | -  | -                | -                 |
| <b>Total Fund Balance</b>                  | <b>-</b>   | <b>-</b>   | <b>-</b>                                     | <b>-</b>         | <b>-</b>          |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 10,180</b>   | <b>\$ 20,656</b>   | <b>\$ 76,771</b>                             | <b>\$ 36,645</b> | <b>\$ 316,627</b> |

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2012

|  | ARRA -<br>Education Jobs | ARRA -<br>McKinney<br>Education for<br>Homeless Children | McKinney<br>Education for<br>Homeless Children | Regional Safe<br>Schools |
|--|--------------------------|--|--|--------------------------|
| REVENUES   |                          |  |  |                          |
| Federal sources                                      | 81,218                   | 5,899  | 458,557  | -                        |
| Total Revenues                                       | <u>81,218</u>            | <u>5,899</u>   | <u>458,557</u>                                 | <u>502,730</u>           |
| EXPENDITURES   |                          |  |  |                          |
| Salaries and benefits                                | -                        | -  | -  | -                        |
| Purchased services                                   | -                        | -  | 161,114  | 460,146                  |
| Supplies and materials                               | -                        | -  | 2,743  | -                        |
| Other objects  | -                        | -  | -  | -                        |
| Payments to other governments                        | 81,218                   | 5,899  | 294,700  | -                        |
| Total Expenditures                                   | <u>81,218</u>            | <u>5,899</u>   | <u>458,557</u>                                 | <u>460,146</u>           |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES | <u>-</u>                 | <u>-</u>   | <u>-</u>                                       | <u>42,584</u>            |
| OTHER FINANCING SOURCES                              |                          |  |  |                          |
| Interest   | -                        | -  | -  | -                        |
| Total Other Financing Sources                        | <u>-</u>                 | <u>-</u>   | <u>-</u>                                       | <u>-</u>                 |
| NET CHANGE IN FUND BALANCES                          | -                        | -  | -  | 42,584                   |
| FUND BALANCES (DEFICIT) - BEGINNING                  | <u>-</u>                 | <u>-</u>   | <u>-</u>                                       | <u>(42,584)</u>          |
| FUND BALANCES - ENDING                               | <u>\$ -</u>              | <u>\$ -</u>  | <u>\$ -</u>                                    | <u>\$ -</u>              |

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2012

|  | Title IV -<br>21st Century<br>Community<br>Learning Centers - 08 | Title IV -<br>21st Century<br>Community<br>Learning Centers - 10 | Truants<br>Alternative/Optional<br>Education | Career Seekers | TOTALS           |
|--|--|--|--|----------------|------------------|
| REVENUES   |  |  |  |                |                  |
| Federal sources                                      | 527,608  | 661,634  | -  | 32,016         | 1,766,932        |
| Total Revenues                                       | <u>527,608</u>   | <u>661,634</u>   | <u>174,507</u>                               | <u>32,016</u>  | <u>2,444,169</u> |
| EXPENDITURES   |  |  |  |                |                  |
| Salaries and benefits                                | 266,148  | 331,897  | -  | -              | 598,045          |
| Purchased services                                   | 231,269  | 279,930  | 174,507                                      | 29,753         | 1,336,719        |
| Supplies and materials                               | 9,782  | 8,985  | -  | 410            | 21,920           |
| Other objects  | -  | -  | -  | 1,853          | 1,853            |
| Payments to other governments                        | 20,412   | 40,824   | -  | -              | 443,053          |
| Total Expenditures                                   | <u>527,611</u>   | <u>661,636</u>   | <u>174,507</u>                               | <u>32,016</u>  | <u>2,401,590</u> |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES | <u>(3)</u>   | <u>(2)</u>   | <u>-</u>                                     | <u>-</u>       | <u>42,579</u>    |
| OTHER FINANCING SOURCES                              |  |  |  |                |                  |
| Interest   | 3  | 2  | -  | -              | 5                |
| Total Other Financing Sources                        | <u>3</u>   | <u>2</u>   | <u>-</u>                                     | <u>-</u>       | <u>5</u>         |
| NET CHANGE IN FUND BALANCES                          | -  | -  | -  | -              | 42,584           |
| FUND BALANCES (DEFICIT) - BEGINNING                  | <u>-</u>   | <u>-</u>   | <u>-</u>                                     | <u>-</u>       | <u>(42,584)</u>  |
| FUND BALANCES - ENDING                               | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>                                  | <u>\$ -</u>    | <u>\$ -</u>      |

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of July 20, 2009 to September 30, 2011)  
EDUCATION FUND ACCOUNT  
ARRA - MCKINNEY EDUCATION FOR HOMELESS CHILDREN  
FOR THE YEAR ENDED JUNE 30, 2012

|                               | Budgeted Amounts |                | Actual Amounts |               |              | Total Actual Amounts |
|-------------------------------|------------------|----------------|----------------|---------------|--------------|----------------------|
|                               | Original         | Final          | FY10           | FY11          | FY12         |                      |
| REVENUE                       |                  |                |                |               |              |                      |
| Federal sources               | \$ 455,621       | \$ 455,621     | \$ 439,133     | \$ 10,589     | \$ 5,899     | \$ 455,621           |
| Total Revenue                 | <u>455,621</u>   | <u>455,621</u> | <u>439,133</u> | <u>10,589</u> | <u>5,899</u> | <u>455,621</u>       |
| EXPENDITURES                  |                  |                |                |               |              |                      |
| Purchased services            | 45,853           | 45,853         | 49,250         | -             | -            | 49,250               |
| Supplies and materials        | 500              | 500            | 183            | -             | -            | 183                  |
| Capital outlay                | 975              | 975            | -              | -             | -            | -                    |
| Payments to other governments | 408,293          | 408,293        | 389,700        | 10,589        | 5,899        | 406,188              |
| Total Expenditures            | <u>455,621</u>   | <u>455,621</u> | <u>439,133</u> | <u>10,589</u> | <u>5,899</u> | <u>455,621</u>       |
| NET CHANGE IN FUND BALANCE    | -                | -              | -              | -             | -            | -                    |
| FUND BALANCE - BEGINNING      | -                | -              | -              | -             | -            | -                    |
| FUND BALANCE - ENDING         | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>   | <u>\$ -</u>  | <u>\$ -</u>          |

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of July 1, 2011 to September 30, 2012)  
EDUCATION FUND ACCOUNT  
MCKINNEY EDUCATION FOR HOMELESS CHILDREN  
FOR THE YEAR ENDED JUNE 30, 2012

|                               | Budgeted Amounts |                | Actual<br>Amounts |
|-------------------------------|------------------|----------------|-------------------|
|                               | Original         | Final          |                   |
| REVENUE                       |                  |                |                   |
| Federal sources               | \$ 452,034       | \$ 464,034     | \$ 458,557        |
| Total Revenue                 | <u>452,034</u>   | <u>464,034</u> | <u>458,557</u>    |
| EXPENDITURES                  |                  |                |                   |
| Purchased services            | 149,934          | 161,934        | 161,114           |
| Supplies and materials        | 6,850            | 6,850          | 2,743             |
| Capital outlay                | 550              | 550            | -                 |
| Payments to other governments | 294,700          | 294,700        | 294,700           |
| Total Expenditures            | <u>452,034</u>   | <u>464,034</u> | <u>458,557</u>    |
| NET CHANGE IN FUND BALANCE    | -                | -              | -                 |
| FUND BALANCE - BEGINNING      | <u>-</u>         | <u>-</u>       | <u>-</u>          |
| FUND BALANCE - ENDING         | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ -</u>       |

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of July 1, 2011 to June 30, 2012)  
EDUCATION FUND ACCOUNT  
REGIONAL SAFE SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2012

|                                    | Budgeted Amounts |                | Actual<br>Amounts |
|------------------------------------|------------------|----------------|-------------------|
|                                    | Original         | Final          |                   |
| REVENUE                            |                  |                |                   |
| State sources                      | \$ 467,637       | \$ 467,637     | \$ 502,730        |
| Total Revenue                      | <u>467,637</u>   | <u>467,637</u> | <u>502,730</u>    |
| EXPENDITURES                       |                  |                |                   |
| Purchased services                 | 467,637          | 467,637        | 460,146           |
| Total Expenditures                 | <u>467,637</u>   | <u>467,637</u> | <u>460,146</u>    |
| NET CHANGE IN FUND BALANCE         | -                | -              | 42,584            |
| FUND BALANCE (DEFICIT) - BEGINNING | <u>-</u>         | <u>-</u>       | <u>(42,584)</u>   |
| FUND BALANCE - ENDING              | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ -</u>       |

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of July 1, 2011 to August 31, 2012)  
EDUCATION FUND ACCOUNT  
TITLE IV - 21ST CENTURY COMMUNITY LEARNING CENTERS - 08  
FOR THE YEAR ENDED JUNE 30, 2012

|  | Budgeted Amounts |                | Actual<br>Amounts |
|--|------------------|----------------|-------------------|
|  | Original         | Final          |                   |
| REVENUE  |                  |                |                   |
| Federal sources                                      | \$ 590,625       | \$ 590,625     | \$ 527,608        |
| Total Revenue  | <u>590,625</u>   | <u>590,625</u> | <u>527,608</u>    |
| EXPENDITURES   |                  |                |                   |
| Salaries and benefits                                | 290,989          | 290,989        | 266,148           |
| Purchased services                                   | 253,766          | 253,766        | 231,269           |
| Supplies and materials                               | 22,620           | 22,620         | 9,782             |
| Payments to other governments                        | 23,250           | 23,250         | 20,412            |
| Total Expenditures                                   | <u>590,625</u>   | <u>590,625</u> | <u>527,611</u>    |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES |                  |                |                   |
|  | <u>-</u>         | <u>-</u>       | <u>(3)</u>        |
| OTHER FINANCING SOURCES                              |                  |                |                   |
| Interest   | -                | -              | 3                 |
| Total Other Financing Sources                        | <u>-</u>         | <u>-</u>       | <u>3</u>          |
| NET CHANGE IN FUND BALANCE                           |                  |                |                   |
|  | -                | -              | -                 |
| FUND BALANCE - BEGINNING                             |                  |                |                   |
|  | <u>-</u>         | <u>-</u>       | <u>-</u>          |
| FUND BALANCE - ENDING                                |                  |                |                   |
|  | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ -</u>       |

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of July 1, 2011 to August 31, 2012)  
EDUCATION FUND ACCOUNT  
TITLE IV - 21ST CENTURY COMMUNITY LEARNING CENTERS - 10  
FOR THE YEAR ENDED JUNE 30, 2012

|  | Budgeted Amounts   |                    | Actual<br>Amounts  |
|--|--------------------|--------------------|--------------------|
|  | Original           | Final              |                    |
| <b>REVENUE</b>   |                    |                    |                    |
| Federal sources  | \$ 743,200         | \$ 743,200         | \$ 661,634         |
| Total Revenue  | <u>743,200</u>     | <u>743,200</u>     | <u>661,634</u>     |
| <b>EXPENDITURES</b>  |                    |                    |                    |
| Salaries and benefits  | 359,485            | 359,485            | 331,897            |
| Purchased services   | 315,597            | 315,597            | 279,930            |
| Supplies and materials                                       | 21,618             | 21,618             | 8,985              |
| Payments to other governments                                | 46,500             | 46,500             | 40,824             |
| Total Expenditures   | <u>743,200</u>     | <u>743,200</u>     | <u>661,636</u>     |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> |                    |                    |                    |
|  | <u>-</u>           | <u>-</u>           | <u>(2)</u>         |
| <b>OTHER FINANCING SOURCES</b>                               |                    |                    |                    |
| Interest   | <u>-</u>           | <u>-</u>           | <u>2</u>           |
| Total Other Financing Sources                                | <u>-</u>           | <u>-</u>           | <u>2</u>           |
| <b>NET CHANGE IN FUND BALANCE</b>                            |                    |                    |                    |
|  | <u>-</u>           | <u>-</u>           | <u>-</u>           |
| <b>FUND BALANCE - BEGINNING</b>                              |                    |                    |                    |
|  | <u>-</u>           | <u>-</u>           | <u>-</u>           |
| <b>FUND BALANCE - ENDING</b>                                 |                    |                    |                    |
|  | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of July 1, 2011 to June 30, 2012)  
EDUCATION FUND ACCOUNT  
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION  
FOR THE YEAR ENDED JUNE 30, 2012

|                            | Budgeted Amounts |                | Actual<br>Amounts |
|----------------------------|------------------|----------------|-------------------|
|                            | Original         | Final          |                   |
| REVENUE                    |                  |                |                   |
| State sources              | \$ 319,578       | \$ 319,578     | \$ 174,507        |
| Total Revenue              | <u>319,578</u>   | <u>319,578</u> | <u>174,507</u>    |
| EXPENDITURES               |                  |                |                   |
| Salaries and benefits      | 305,515          | -              | -                 |
| Purchased services         | 14,063           | 319,578        | 174,507           |
| Total Expenditures         | <u>319,578</u>   | <u>319,578</u> | <u>174,507</u>    |
| NET CHANGE IN FUND BALANCE | -                | -              | -                 |
| FUND BALANCE - BEGINNING   | <u>-</u>         | <u>-</u>       | <u>-</u>          |
| FUND BALANCE - ENDING      | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ -</u>       |

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
COMBINING SCHEDULE OF ACCOUNTS  
PROFESSIONAL DEVELOPMENT ALLIANCE FUND  
JUNE 30, 2012

|  | ROE/ISC<br>Operations | Technology<br>for Success | ARRA -<br>Technology | Title I - School<br>Improvement and<br>Accountability | Grundy/Kendall<br>County<br>ROE/ISC<br>Operations | TOTALS                   |
|--|-----------------------|---------------------------|----------------------|---|---|--------------------------|
| <b>ASSETS</b>                                  |                       |                           |                      |   |   |                          |
| Due from other governments:                    |                       |                           |                      |   |   |                          |
| State  | \$ -                  | \$ 27,160                 | \$ -                 | \$ 810,808  | \$ -  | \$ 837,968               |
| Total Assets                                   | <u>\$ -</u>           | <u>\$ 27,160</u>          | <u>\$ -</u>          | <u>\$ 810,808</u>                                     | <u>\$ -</u>                                       | <u>\$ 837,968</u>        |
| <b>LIABILITIES</b>                             |                       |                           |                      |   |   |                          |
| Accounts payable                               | \$ -                  | \$ 283                    | \$ -                 | \$ 795,647  | \$ -  | \$ 795,930               |
| Due to other funds                             | -                     | 26,877                    | -                    | 15,161  | -   | 42,038                   |
| Total Liabilities                              | <u>-</u>              | <u>27,160</u>             | <u>-</u>             | <u>810,808</u>  | <u>-</u>  | <u>837,968</u>           |
| <b>FUND BALANCES</b>                           |                       |                           |                      |   |   |                          |
| Unassigned                                     | -                     | -                         | -                    | -   | -   | -                        |
| Total Fund Balances                            | <u>-</u>              | <u>-</u>                  | <u>-</u>             | <u>-</u>  | <u>-</u>  | <u>-</u>                 |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <u><u>\$ -</u></u>    | <u><u>\$ 27,160</u></u>   | <u><u>\$ -</u></u>   | <u><u>\$ 810,808</u></u>                              | <u><u>\$ -</u></u>                                | <u><u>\$ 837,968</u></u> |

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
PROFESSIONAL DEVELOPMENT ALLIANCE FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2012

|   | ROE/ISC<br>Operations | Technology<br>for Success | ARRA -<br>Technology | Title I - School<br>Improvement and<br>Accountability | Grundy/Kendall<br>County<br>ROE/ISC<br>Operations | TOTALS     |
|---|-----------------------|---------------------------|----------------------|---|---|------------|
| REVENUES                                |                       |                           |                      |   |   |            |
| State sources                           | \$ 111,014            | \$ 108,645                | \$ -                 | \$ -  | \$ 41,446   | \$ 261,105 |
| Federal sources                         | -                     | -                         | 14,485               | 3,952,164   | -   | 3,966,649  |
| Total Revenues                          | 111,014               | 108,645                   | 14,485               | 3,952,164   | 41,446  | 4,227,754  |
| EXPENDITURES                            |                       |                           |                      |   |   |            |
| Salaries and benefits                   | 42,000                | 95,258                    | -                    | 537,213   | 31,000  | 705,471    |
| Purchased services                      | 43,800                | 11,484                    | 6,835                | 481,677   | 10,446  | 554,242    |
| Supplies and materials                  | -                     | 1,903                     | 7,650                | 17,440  | -   | 26,993     |
| Payments to other governments           | -                     | -                         | -                    | 2,915,834   | -   | 2,915,834  |
| Total Expenditures                      | 85,800                | 108,645                   | 14,485               | 3,952,164   | 41,446  | 4,202,540  |
| EXCESS OF REVENUES<br>OVER EXPENDITURES | 25,214                | -                         | -                    | -   | -   | 25,214     |
| NET CHANGE IN FUND BALANCE              | 25,214                | -                         | -                    | -   | -   | 25,214     |
| FUND BALANCES (DEFICIT) - BEGINNING     | (25,214)              | -                         | -                    | -   | -   | (25,214)   |
| FUND BALANCES - ENDING                  | \$ -                  | \$ -                      | \$ -                 | \$ -  | \$ -  | \$ -       |

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of July 1, 2011 to June 30, 2012)  
PROFESSIONAL DEVELOPMENT ALLIANCE FUND ACCOUNT  
ROE/ISC OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2012

|                                    | Budgeted Amounts |               | Actual<br>Amounts |
|------------------------------------|------------------|---------------|-------------------|
|                                    | Original         | Final         |                   |
| REVENUE                            |                  |               |                   |
| State sources                      | \$ 85,800        | \$ 85,800     | \$ 111,014        |
| Total Revenue                      | <u>85,800</u>    | <u>85,800</u> | <u>111,014</u>    |
| EXPENDITURES                       |                  |               |                   |
| Salaries and benefits              | 42,000           | 42,000        | 42,000            |
| Purchased services                 | 43,800           | 43,800        | 43,800            |
| Total Expenditures                 | <u>85,800</u>    | <u>85,800</u> | <u>85,800</u>     |
| NET CHANGE IN FUND BALANCE         | -                | -             | 25,214            |
| FUND BALANCE (DEFICIT) - BEGINNING | <u>-</u>         | <u>-</u>      | <u>(25,214)</u>   |
| FUND BALANCE - ENDING              | <u>\$ -</u>      | <u>\$ -</u>   | <u>\$ -</u>       |

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of July 1, 2011 to June 30, 2012)  
PROFESSIONAL DEVELOPMENT ALLIANCE FUND ACCOUNT  
TECHNOLOGY FOR SUCCESS  
FOR THE YEAR ENDED JUNE 30, 2012

|                            | Budgeted Amounts |                | Actual<br>Amounts |
|----------------------------|------------------|----------------|-------------------|
|                            | Original         | Final          |                   |
| REVENUE                    |                  |                |                   |
| State sources              | \$ 108,645       | \$ 108,645     | \$ 108,645        |
| Total Revenue              | <u>108,645</u>   | <u>108,645</u> | <u>108,645</u>    |
| EXPENDITURES               |                  |                |                   |
| Salaries and benefits      | 94,826           | 94,826         | 95,258            |
| Purchased services         | 11,616           | 11,616         | 11,484            |
| Supplies and materials     | 1,560            | 1,560          | 1,903             |
| Capital outlay             | 643              | 643            | -                 |
| Total Expenditures         | <u>108,645</u>   | <u>108,645</u> | <u>108,645</u>    |
| NET CHANGE IN FUND BALANCE | -                | -              | -                 |
| FUND BALANCE - BEGINNING   | <u>-</u>         | <u>-</u>       | <u>-</u>          |
| FUND BALANCE - ENDING      | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ -</u>       |

WILL COUNTY  
 REGIONAL OFFICE OF EDUCATION #56  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of August 23, 2011 to September 30, 2011)  
 PROFESSIONAL DEVELOPMENT ALLIANCE FUND ACCOUNT  
 ARRA - TECHNOLOGY  
 FOR THE YEAR ENDED JUNE 30, 2012

|                            | Budgeted Amounts |               | Actual<br>Amounts |
|----------------------------|------------------|---------------|-------------------|
|                            | Original         | Final         |                   |
| REVENUE                    |                  |               |                   |
| Federal sources            | \$ 14,485        | \$ 14,485     | \$ 14,485         |
| Total Revenue              | <u>14,485</u>    | <u>14,485</u> | <u>14,485</u>     |
| EXPENDITURES               |                  |               |                   |
| Purchased services         | 6,197            | 6,197         | 6,835             |
| Supplies and materials     | 1,288            | 1,288         | 7,650             |
| Capital outlay             | 7,000            | 7,000         | -                 |
| Total Expenditures         | <u>14,485</u>    | <u>14,485</u> | <u>14,485</u>     |
| NET CHANGE IN FUND BALANCE | -                | -             | -                 |
| FUND BALANCE - BEGINNING   | <u>-</u>         | <u>-</u>      | <u>-</u>          |
| FUND BALANCE - ENDING      | <u>\$ -</u>      | <u>\$ -</u>   | <u>\$ -</u>       |

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of July 1, 2011 to September 30, 2012)  
PROFESSIONAL DEVELOPMENT ALLIANCE FUND ACCOUNT  
TITLE I - SCHOOL IMPROVEMENT AND ACCOUNTABILITY  
FOR THE YEAR ENDED JUNE 30, 2012

|                               | Budgeted Amounts |                  | Actual<br>Amounts |
|-------------------------------|------------------|------------------|-------------------|
|                               | Original         | Final            |                   |
| REVENUE                       |                  |                  |                   |
| Federal                       | \$ 4,231,005     | \$ 4,243,005     | \$ 3,952,164      |
| Total Revenue                 | <u>4,231,005</u> | <u>4,243,005</u> | <u>3,952,164</u>  |
| EXPENDITURES                  |                  |                  |                   |
| Salaries and benefits         | 716,604          | 567,764          | 537,213           |
| Purchased services            | 460,440          | 573,737          | 481,677           |
| Supplies and materials        | 20,000           | 23,000           | 17,440            |
| Payments to other governments | 3,033,961        | 3,078,504        | 2,915,834         |
| Total Expenditures            | <u>4,231,005</u> | <u>4,243,005</u> | <u>3,952,164</u>  |
| NET CHANGE IN FUND BALANCE    | -                | -                | -                 |
| FUND BALANCE - BEGINNING      | <u>-</u>         | <u>-</u>         | <u>-</u>          |
| FUND BALANCE - ENDING         | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>       |

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of July 1, 2011 to June 30, 2012)  
PROFESSIONAL DEVELOPMENT ALLIANCE FUND ACCOUNT  
GRUNDY/KENDALL COUNTY ROE/ISC OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2012

|                            | Budgeted Amounts |               | Actual<br>Amounts |
|----------------------------|------------------|---------------|-------------------|
|                            | Original         | Final         |                   |
| REVENUE                    |                  |               |                   |
| State sources              | \$ 41,446        | \$ 41,446     | \$ 41,446         |
| Total Revenue              | <u>41,446</u>    | <u>41,446</u> | <u>41,446</u>     |
| EXPENDITURES               |                  |               |                   |
| Salaries and benefits      | 31,000           | 31,000        | 31,000            |
| Purchased services         | 10,446           | 10,446        | 10,446            |
| Total Expenditures         | <u>41,446</u>    | <u>41,446</u> | <u>41,446</u>     |
| NET CHANGE IN FUND BALANCE | -                | -             | -                 |
| FUND BALANCE - BEGINNING   | <u>-</u>         | <u>-</u>      | <u>-</u>          |
| FUND BALANCE - ENDING      | <u>\$ -</u>      | <u>\$ -</u>   | <u>\$ -</u>       |

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2012

|  | <u>General Education<br/>Development</u> | <u>Bus Driver<br/>Training</u> | <u>Lambert</u> | <u>TOTALS</u>     |
|--|--|--------------------------------|----------------|-------------------|
| <b>ASSETS</b>                                  |  |                                |                |                   |
| Cash and cash equivalents                      | \$ 86,560                                | \$ 44,551                      | \$ 760         | \$ 131,871        |
| Accounts receivable                            | 1,185                                    | -                              | -              | 1,185             |
| Due from other governments - Local             | -  | 3,514                          | -              | 3,514             |
| Total Assets                                   | <u>\$ 87,745</u>                         | <u>\$ 48,065</u>               | <u>\$ 760</u>  | <u>\$ 136,570</u> |
| <b>LIABILITIES</b>                             |  |                                |                |                   |
| Accounts payable                               | \$ 1,138                                 | \$ 224                         | \$ -           | \$ 1,362          |
| Total Liabilities                              | <u>1,138</u>                             | <u>224</u>                     | <u>-</u>       | <u>1,362</u>      |
| <b>FUND BALANCES</b>                           |  |                                |                |                   |
| Restricted                                     | <u>86,607</u>                            | <u>47,841</u>                  | <u>760</u>     | <u>135,208</u>    |
| Total Fund Balances                            | <u>86,607</u>                            | <u>47,841</u>                  | <u>760</u>     | <u>135,208</u>    |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <u>\$ 87,745</u>                         | <u>\$ 48,065</u>               | <u>\$ 760</u>  | <u>\$ 136,570</u> |

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

|   | General Education<br>Development | Bus Driver<br>Training | Lambert       | TOTALS            |
|---|----------------------------------|------------------------|---------------|-------------------|
| REVENUES                                |                                  |                        |               |                   |
| Local sources                           | \$ 67,713                        | \$ 13,237              | \$ -          | \$ 80,950         |
| State sources                           | -                                | 3,246                  | -             | 3,246             |
| Total Revenues                          | <u>67,713</u>                    | <u>16,483</u>          | <u>-</u>      | <u>84,196</u>     |
| EXPENDITURES                            |                                  |                        |               |                   |
| Purchased services                      | 42,903                           | 9,758                  | -             | 52,661            |
| Supplies and materials                  | 10,949                           | -                      | -             | 10,949            |
| Other objects                           | 12                               | -                      | -             | 12                |
| Total Expenditures                      | <u>53,864</u>                    | <u>9,758</u>           | <u>-</u>      | <u>63,622</u>     |
| EXCESS OF REVENUES<br>OVER EXPENDITURES | <u>13,849</u>                    | <u>6,725</u>           | <u>-</u>      | <u>20,574</u>     |
| NET CHANGE IN FUND BALANCES             | 13,849                           | 6,725                  | -             | 20,574            |
| FUND BALANCES - BEGINNING               | <u>72,758</u>                    | <u>41,116</u>          | <u>760</u>    | <u>114,634</u>    |
| FUND BALANCES - ENDING                  | <u>\$ 86,607</u>                 | <u>\$ 47,841</u>       | <u>\$ 760</u> | <u>\$ 135,208</u> |

WILL COUNTY  
 REGIONAL OFFICE OF EDUCATION #56  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUND  
 FOR THE YEAR ENDED JUNE 30, 2012

| <u>STATEWIDE INDEPENDENT<br/>LIVING COUNCIL</u> | Balance<br>July 1, 2011 | Additions        | Deductions       | Balance<br>June 30, 2012 |
|---|-------------------------|------------------|------------------|--------------------------|
| <b>ASSETS</b>                                   |                         |                  |                  |                          |
| Cash and cash equivalents                       | \$ 32,595               | \$ 46,349        | \$ 78,944        | \$ -                     |
| Total Assets                                    | <u>\$ 32,595</u>        | <u>\$ 46,349</u> | <u>\$ 78,944</u> | <u>\$ -</u>              |
| <b>LIABILITIES</b>                              |                         |                  |                  |                          |
| Due to other governments                        | \$ 32,595               | \$ 46,349        | \$ 78,944        | \$ -                     |
| Total Liabilities                               | <u>\$ 32,595</u>        | <u>\$ 46,349</u> | <u>\$ 78,944</u> | <u>\$ -</u>              |

## FEDERAL COMPLIANCE

WILL COUNTY  
REGIONAL OFFICE OF EDUCATION #56  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

| <u>Federal Grantor/Pass Through<br/>Grantor, Program or Cluster Title</u>                      | <u>CFDA<br/>Number</u> | <u>Project # or<br/>Contract #</u> | <u>Expenditures<br/>7/1/11-6/30/12</u> |
|--|------------------------|------------------------------------|--|
| <b>US Department of Education passed through<br/>Illinois State Board of Education</b>         |                        |                                    |  |
| Title I - Grants to Local Educational Agencies   |                        |                                    |  |
| Title I - School Improvement and Accountability  | 84.010A                | 2012-4331-SS                       | \$ 3,952,164 (M)                       |
| Total Title I - Grants to Local Educational Agencies   |                        |                                    | <u>3,952,164</u>                       |
| Twenty-First Century Community Learning Centers  |                        |                                    |  |
| Title IV - 21st Century Community Learning Centers   | 84.287C                | 2011-4421-08                       | 49,400                                 |
| Title IV - 21st Century Community Learning Centers   | 84.287C                | 2012-4421-08                       | 478,208                                |
| Title IV - 21st Century Community Learning Centers   | 84.287C                | 2011-4421-10                       | 55,617                                 |
| Title IV - 21st Century Community Learning Centers   | 84.287C                | 2012-4421-10                       | 606,017                                |
| Total Twenty-First Century Community Learning Centers  |                        |                                    | <u>1,189,242</u>                       |
| Education for Homeless Children and Youth - Cluster  |                        |                                    |  |
| McKinney Education for Homeless Children   | 84.196A                | 2011-4920-00                       | 7,064                                  |
| McKinney Education for Homeless Children   | 84.196A                | 2012-4920-00                       | 451,493                                |
| Total McKinney Education for Homeless Children   |                        |                                    | <u>458,557</u>                         |
| ARRA - McKinney Education for Homeless Children  | 84.387A                | 2010-4862-00                       | 5,899                                  |
| Total Education for Homeless Children and Youth - Cluster                                      |                        |                                    | <u>464,456</u>                         |
| Education Jobs Fund  |                        |                                    |  |
| ARRA - Education Jobs  | 84.410A                | 2011-4880-93                       | 37,641                                 |
| ARRA - Education Jobs  | 84.410A                | 2011-4880-92                       | 43,577                                 |
| Total Education Jobs Fund  |                        |                                    | <u>81,218</u>                          |
| Education Technology State Grants  |                        |                                    |  |
| ARRA - Technology  | 84.386A                | 2012-4861-00                       | 14,485                                 |
| Total Education Technology State Grants  |                        |                                    | <u>14,485</u>                          |
| <b>Total US Department of Education passed through<br/>  Illinois State Board of Education</b> |                        |                                    | <u>5,701,565</u>                       |
| <b>US Department of Labor passed through<br/>Regional Office of Education #24</b>              |                        |                                    |  |
| WIA Youth Activities   |                        |                                    |  |
| Career Seekers Fund  | 17.259                 | 2011-5000                          | 32,016                                 |
| Total WIA Youth Activities   |                        |                                    | <u>32,016</u>                          |
| <b>Total US Department of Labor passed through<br/>  Regional Office of Education #24</b>      |                        |                                    | <u>32,016</u>                          |
| <b>Total Expenditures of Federal Awards</b>  |                        |                                    | <u>\$ 5,733,581</u>                    |

(M) Program was audited as a major program.

WILL COUNTY  
 REGIONAL OFFICE OF EDUCATION #56  
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Will County Regional Office of Education #56 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – SUB-RECIPIENTS

Of the federal expenditures presented in the schedule, Will County Regional Office of Education #56 provided federal awards to sub-recipients as follows:

| <u>Program Title</u>  | <u>Federal<br/>CFDA #</u> | <u>Amount provided<br/>to subrecipients</u> |
|---|---------------------------|---|
| Title IV – 21 <sup>st</sup> Century Community<br>Learning Centers 08/10 | 84.287C                   | \$ 61,236                                   |
| ARRA - McKinney Education for<br>Homeless Children                      | 84.387A                   | 5,899                                       |
| McKinney Education for Homeless Children                                | 84.196A                   | 294,700                                     |
| ARRA – Education Jobs   | 84.410A                   | 81,218                                      |
| Title I – School Improvement and Accountability                         | 84.010A                   | 2,915,834                                   |

NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM

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

NOTE 4 - NON-CASH ASSISTANCE

None

NOTE 5 - AMOUNT OF INSURANCE

None

NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

None