

**STATE OF ILLINOIS  
DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19**

**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 Auditor General, State of Illinois**

DUPAGE COUNTY  
 REGIONAL OFFICE OF EDUCATION NO. 19  
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DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19

OFFICIALS

Regional Superintendent

Dr. Darlene Ruscitti  
(Current and during audit period)

Assistant Regional Superintendent

Dr. Joseph Gust  
(Current and during audit period)

Offices are located at:

421 North County Farm Road  
Wheaton, Illinois 60187-3999

DUPAGE COUNTY  
 REGIONAL OFFICE OF EDUCATION NO. 19  
 COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

The auditors' reports 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	6	6
Repeated audit findings	5	-
Prior recommendations implemented or not repeated	1	1

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

An additional 10 matters which are less than a significant deficiency or material weakness but more than inconsequential, have been reported in a Management Letter of Comments to the Regional Superintendent.

SUMMARY OF FINDINGS AND QUESTIONED COSTS

FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
12-01	15	Controls over financial statement preparation	Material Weakness
12-02	17	Inadequate internal control procedures	Material Weakness

DUPAGE COUNTY  
 REGIONAL OFFICE OF EDUCATION NO. 19  
 COMPLIANCE REPORT SUMMARY - CONTINUED

SUMMARY OF FINDINGS AND QUESTIONED COSTS - continued

FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

12-03	19	Expenditure reports do not agree to general ledger	Material Weakness
12-04	23	Inadequate documentation of payroll expenditures	Material Weakness
12-05	27	Payment of unallowable costs and improper maintenance of records	Material Weakness
12-06	30	Improper application of matching principle	Material Weakness

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
12-03	19	Expenditure reports do not agree to general ledger	Material Weakness and noncompliance
12-04	23	Inadequate documentation of payroll expenditures	Material Weakness and noncompliance
12-05	27	Payment of unallowable costs and improper maintenance of records	Material Weakness and noncompliance

DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
COMPLIANCE REPORT SUMMARY - CONTINUED

PRIOR AUDIT FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

<u>Item No.</u>	<u>Description</u>	<u>Finding Type</u>
11-05	Inadequate controls over property and equipment	Material Weakness

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

None noted.

DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
COMPLIANCE REPORT SUMMARY- CONTINUED

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Regional Office personnel at a formal exit teleconference on May 12, 2014. Attending were Darlene Ruscitti, Regional Superintendent, Helen Swanson, ROE Finance Service Providers, Denise O'Connell, ROE Finance Service Providers, Louisa D'Souza, ROE Finance/Human Resources, Olga Rammer, Director of Administrative Services, Thomas R. Krehbiel, Partner, Kelli Bruns, Senior Manager, and Amber Chappell, Supervisor from Sikich LLP, and Kelly Mittelstaedt, from the Office of the Auditor General. Responses to the recommendations were provided by the Regional Office of Education on March 21, 2014.

DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the DuPage County Regional Office of Education No. 19 was performed by Sikich LLP.

Based on their audit, the auditors expressed an unqualified opinion on the DuPage County Regional Office of Education No. 19's basic financial statements.

## INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the DuPage County Regional Office of Education No. 19, as of and for the year ended June 30, 2012, which collectively comprise the DuPage County Regional Office of Education No. 19's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the DuPage County Regional Office of Education No. 19's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the DuPage County Regional Office of Education No. 19, 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 May 13, 2014 on our consideration of the DuPage County Regional Office of Education No. 19'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 on pages 44 through 50 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 the 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 the 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 DuPage County Regional Office of Education No. 19'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 basic 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 basic financial statements or to the basic 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 basic financial statements taken as a whole.



Springfield, Illinois  
May 13, 2014

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

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the DuPage County Regional Office of Education No. 19, as of and for the year ended June 30, 2012, which collectively comprise the DuPage County Regional Office of Education No. 19's basic financial statements and have issued our report thereon dated May 13, 2014. 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 DuPage County Regional Office of Education No. 19 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the DuPage County Regional Office of Education No. 19'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 DuPage County Regional Office of Education No. 19's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the DuPage County Regional Office of Education No. 19'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 internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the DuPage County Regional Office of Education No. 19's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in finding 12-01 through 12-06 in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the DuPage County Regional Office of Education No. 19'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 that we reported to management of the DuPage County Regional Office of Education No. 19 in a separate letter dated May 13, 2014.

The DuPage County Regional Office of Education No. 19's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the DuPage County Regional Office of Education No. 19's responses and, accordingly, we express no opinion on the responses.

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



Springfield, Illinois  
May 13, 2014

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

Honorable William G. Holland  
Auditor General  
State of Illinois

### **Compliance**

We have audited the DuPage County Regional Office of Education No. 19'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 DuPage County Regional Office of Education No. 19's major federal programs for the year ended June 30, 2012. The DuPage County Regional Office of Education No. 19'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 DuPage County Regional Office of Education No. 19's management. Our responsibility is to express an opinion on the DuPage County Regional Office of Education No. 19'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 DuPage County Regional Office of Education No. 19'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 DuPage County Regional Office of Education No. 19's compliance with those requirements.

As described in items 12-03, 12-04, and 12-05 in the accompanying Schedule of Findings and Questioned Costs, the DuPage County Regional Office of Education No. 19 did not comply with the requirements regarding allowable cost principles and reporting that are applicable to its Title I- Grants to Local Education Agencies and Education Jobs Fund, Recovery Act programs. Compliance with such requirements is necessary, in our opinion, for the DuPage County

Regional Office of Education No. 19 to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the DuPage County Regional Office of Education No. 19 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 DuPage County Regional Office of Education No. 19 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 DuPage County Regional Office of Education No. 19's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the DuPage County Regional Office of Education No. 19's internal control over compliance.

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 12-03, 12-04, and 12-05 to be material weaknesses.

The DuPage County Regional Office of Education No. 19's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the DuPage County Regional Office of Education No. 19's responses and, accordingly, we express no opinion on the responses.

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

A handwritten signature in black ink, appearing to read "Dickie W." with a stylized flourish at the end.

Springfield, Illinois  
May 13, 2014

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION I – SUMMARY OF AUDITORS’ RESULTS  
For the Year Ended June 30, 2012**

**Financial Statements**

Type of auditor’s report issued: *unqualified*

Internal control over financial reporting:  
Material weakness(es) identified?   x   yes        no  
Significant deficiency(ies) identified?        yes   x   none noted

Noncompliance material to financial statements noted?        yes   x   no

**Federal Awards**

Internal control over major programs:  
Material weakness(es) identified?   x   yes        no  
Significant deficiency(ies) identified?        yes   x   no

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I – Grants to Local Education Agencies
84.410A	Education Jobs Fund, Recovery Act

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

Auditee qualified as low-risk auditee?        yes   X   no

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2012**

**FINDING 12-01** – Controls over financial statement preparation (Repeat of prior year finding 11-01)

**CRITERIA/SPECIFIC REQUIREMENT:**

The DuPage County Regional Office of Education No. 19 (Regional Office) is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

**CONDITION:**

The Regional Office does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting during the fiscal year and posts year end accrual entries for audit purposes. The Regional Office does not have 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, review of the Regional Office's accounting records noted the following:

- The Regional Office did not maintain adequate internal controls over the processing of all financial transactions and adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The Regional Office does not have a reporting mechanism to identify the specific expenditures that should be applied to each grant year when program grants have overlapping grant terms and are accounted for in the same trial balance.

**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:**

While the Regional Office did hire an independent audit firm to prepare its financial statements, material adjustments were necessary due to the Regional Office's reporting mechanism not tracking expenditures accurately by fiscal year.

**DUPAGE COUNTY**  
**REGIONAL OFFICE OF EDUCATION NO. 19**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**SECTION II – FINANCIAL STATEMENT FINDINGS**  
**For the Year Ended June 30, 2012**

**FINDING 12-01** - Controls over financial statement preparation (Repeat of prior year finding 11-01) – **Continued**

**RECOMMENDATION:**

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

**MANAGEMENT'S RESPONSE:**

The Regional Office will continue its relationship with a private Certified Public Accounting Company to prepare (GAAP based) financial statements that include all disclosures required by the Governmental Accounting Standards Board. The Project Managers will play a key role because they will be responsible along with the Finance Office in the review of their respective financial documents. These reviews will be completed at the end of each quarter. In addition, the Regional Office's accounting personnel will receive training in detecting disclosure omissions and misstatements in a timely manner.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2012**

**FINDING 12-02** – Inadequate internal control procedures (Repeat of prior year finding 11-02)

**CRITERIA/SPECIFIC REQUIREMENT:**

The DuPage County Regional Office of Education No. 19 (Regional Office) is required to maintain a system of controls over receipts, disbursements, and reporting to prevent errors and fraud.

**CONDITION:**

The Regional Office has not established sufficient controls over its accounting functions. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- There is a lack of segregation of duties in the cash disbursements and accounting process. The fiscal staff has full, unrestricted access to the accounting software and also can affix the Regional Superintendent's electronic signature to checks.
- There is a lack of segregation of duties in the cash receipts and accounting process. The accountant opens mail, has full, unrestricted access to the accounting software and is responsible for monitoring accounts receivable.
- The Regional Office did not adhere to its policy of requiring the Regional Superintendent's approval of purchases. In 18 of 75 (24%) instances, purchase orders were not completed or signed by the Regional Superintendent. Further, in 1 of 75 (1%) instances, an expenditure was paid prior to receiving appropriate approvals.
- In 4 of 75 (5%) expenditures examined, the Regional Office failed to provide adequate supporting documentation.
- In 1 of 75 (1%) expenditures examined, the Regional Office charged an expenditure to an incorrect account.
- The Regional Office failed to properly accrue expenses in 2 of 75 (3%) expenditures examined.

**EFFECT:**

Management or employees in the normal course of performing their assigned functions may not prevent or detect errors, omissions and/or fraud in a timely manner.

**CAUSE:**

According to ROE officials, Regional Office employees were not aware, at that time, what duties should be segregated to have a more effective process.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2012**

**FINDING 12-02** – Inadequate internal control procedures (Repeat of prior year finding 11-02) –  
**Continued**

**RECOMMENDATION:**

The Regional Office should adequately segregate duties so that one individual is not involved in all aspects of the cash receipts and disbursement processes. Additionally, the Regional Office should implement a system of internal controls that ensures expenditures are properly approved, supported, accrued and posted to the correct account before disbursements are made and posted to the accounting software correctly.

**MANAGEMENT’S RESPONSE:**

The Regional Office has completed a thorough review to accomplish the maximum segregation of duties possible with the two full time and two part time members in the Finance Office. Segregation of duties concerning cash receipts and accounting process occurred immediately after the FY11 audit became available to the Regional Office. Policy 4:50 concerning Purchase Orders, Process Steps, and Payment Procedures was written in June 2013 with implementation beginning July 2013. Beginning later in the spring of 2014, Specialized Data Systems, Inc. (SDS) will provide training in the on-line purchase order process so that purchase order approvals and processing can be done electronically. In order to streamline the procedure, the FileMaker process for Purchase Orders will no longer be used effective July 2014. Once the system is implemented, an updated policy will be written.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2012**

**FINDING 12-03** – Expenditure reports do not agree to general ledger (Repeat of prior year finding 11-03)

**Federal Program Name:** Education Technology State Grants, Recovery Act, Special Education – State Personnel Development, Title I – Grants to Local Educational Agencies, Education for Homeless Children and Youth

**Project No:** 2012-4861-00, 2012-4631-00, 2012-4331-SS, 2012-4920-SS

**CFDA No:** 84.386A, 84.323A, 84.010A, 84.196A

**Passed Through:** Illinois State Board of Education, Lee/Ogle Counties Regional Office of Education No. 47, Will County Regional Office of Education No. 56, Will County Regional Office of Education No. 56

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

**CRITERIA/SPECIFIC REQUIREMENT:**

Expenditure reports and reimbursement requests for education programs submitted to the Illinois State Board of Education (ISBE) and the Will County Regional Office of Education No. 56 should agree with the expenditures reported on the Regional Office of Education No. 19's general ledger.

Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* (2 CFR Part 225), establishes principles and standards for determining costs for federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments and federally recognized Indian tribal governments. To be allowable under federal awards, costs must meet certain general criteria. Those criteria, among other things, require the expenditures to be allocable, reasonable, and supported by adequate documentation.

**CONDITION:**

A comparison of expenditure reports to the DuPage County Regional Office of Education No. 19's (Regional Office) general ledger revealed instances where the totals on the final 2012 expenditure reports submitted to the Illinois State Board of Education did not agree with the Regional Office's general ledger. Additionally, a comparison of reimbursement requests submitted to the Will County Regional Office of Education No. 56 also revealed instances where the amounts requested for reimbursement did not agree to the general ledger amounts. The following instances were noted:

**DUPAGE COUNTY**  
**REGIONAL OFFICE OF EDUCATION NO. 19**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**SECTION II – FINANCIAL STATEMENT FINDINGS**  
**For the Year Ended June 30, 2012**

**FINDING 12-03** – Expenditure reports do not agree to general ledger (Repeat of prior year finding 11-03) – **Continued**

- The expenditure report submitted to ISBE for the Career and Technical Education Improvement program (2012-3220-00) reported total expenditures related to supplies and materials of \$31,542 while the general ledger reported total supplies and materials expenditures of \$20,985, a difference of \$10,557. Further, \$9,900 of costs charged as support services under purchased services had no documentation other than the program budget to support these costs.
- The expenditure report submitted to ISBE for the Truants Alternative Optional Education program (2011-3695-00) reported total expenditures related to employee benefits of \$17,871 and purchased services of \$14,160 while the general ledger reported total employee benefits expenditures of \$16,151 and purchased services expenditures of \$5,704 in fiscal years 2011 and 2012 (duration of grant period), a total difference of \$10,176.
- The expenditure report submitted to ISBE for the Early Childhood Block Grant program (2012-3705-01) reported total expenditures related to purchased services of \$12,425 while the general ledger reported total purchased services of \$11,771, a difference of \$654. The general ledger also reported additional expenditures of \$1,800 which were paid from the fiscal year 2011 grant funds (2011-3705-01). This grant ended June 30, 2011; therefore, this portion of grant funds was expended outside the period of availability.
- The expenditure report submitted to ISBE for the ROE/ISC Operations program (2012-3730-00) reported total expenditures related to purchased services of \$1,656 while the general ledger reported total purchased services expenditures of \$725, a difference of \$931.
- The expenditure report submitted to ISBE for the Technology for Success program (2012-3780-00) reported total expenditures related to employee benefits of \$8,177 and purchased services of \$44,257 while the general ledger reported total employee benefits expenditures of \$8,052 and purchased services expenditures of \$44,146, a total difference of \$236. However, \$4,545 of costs charged as support services under purchased services had no documentation other than the program budget to support the costs.
- The expenditure report submitted to ISBE for the Beginning Teacher Induction Pilot program (2011-3982-00) reported total grant expenditures of \$82,953 while the general ledger reported total expenditures of \$80,024 for fiscal years 2011 and 2012 (duration of grant period), a difference of \$2,929. Further, the expenditure report submitted reported total expenditures related to supplies and materials of \$53 for fiscal years 2011 and 2012 (duration of grant period) while the general ledger reported supplies and materials of \$0, a difference of \$53.

**DUPAGE COUNTY  
 REGIONAL OFFICE OF EDUCATION NO. 19  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 SECTION II – FINANCIAL STATEMENT FINDINGS  
 For the Year Ended June 30, 2012**

**FINDING 12-03** – Expenditure reports do not agree to general ledger (Repeat of prior year finding 11-03) – **Continued**

- The expenditure report submitted to ISBE for the Education Technology State Grants, Recovery Act program (2012-4861-00) reported total expenditures related to capital outlay of \$8,430 while the general ledger reported capital outlay expenditures of \$7,788, a difference of \$642. Total unsupported costs were \$642.
- Fiscal year 2012 reimbursement requests submitted to the Lee/Ogle Counties Regional Office of Education No. 47 for Special Education – State Personnel Development reported expenditures of \$28,450 while the general ledger reported total expenditures of \$27,514, a difference of \$936. The Regional Office requested reimbursement for \$936 of costs charged as support services under purchased services but had no documentation other than the program budget to support the costs. Total unsupported costs were \$936.
- Fiscal year 2012 reimbursement requests submitted to the Will County Regional Office of Education No. 56 for Education for Homeless Children and Youth reported expenditures of \$34,000 while the general ledger reported total expenditures of \$33,670, a difference of \$330. Total unsupported costs were \$330.
- In 1 of 6 (17%) monthly reimbursement requests examined that were submitted to the Will County Regional Office of Education No. 56 for the Title I - Grants to Local Educational Agencies, the request did not agree to general ledger detail in total and/or by category. The July 2011 reimbursement request reported expenditures related to salaries of \$3,563 and employee benefits of \$643 while the general ledger reported salaries and employee benefits expenditures of \$1,960 and \$354, respectively, a total difference of \$1,892. Total unsupported costs were \$1,892.
- The Regional Office’s final 2012 reimbursement request to Will County Regional Office of Education No. 56 for the Title I - Grants to Local Educational Agencies requested an additional \$51,358 of costs that could not be supported by general ledger detail for the final monthly reimbursement request (June 2012) or for the entire grant period. An adjusting entry was necessary to reduce accounts receivable and deferred revenue for the unsupported costs of \$51,358.

**CONTEXT:**

A sample of final expenditure reports and reimbursement requests related to programs expending federal funds were examined, noting that the records maintained by the Regional Office did not support the amount of expenditures reported to funding sources.

**QUESTIONED COSTS:**

CFDA #84.010A -	\$53,250
CFDA #84.196A -	330
CFDA #84.323A -	936
CFDA #84.386A -	<u>642</u>
Total	<u>\$55,158</u>

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SECTION II – FINANCIAL STATEMENT FINDINGS  
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**FINDING 12-03** – Expenditure reports do not agree to general ledger (Repeat of prior year finding 11-03) – **Continued**

**EFFECT:**

Inaccurate expenditure reports were submitted, which could lead to granting agencies requesting reimbursements or adjusting the fiscal year 2013 grant amounts.

**CAUSE:**

According to Regional Office officials, the Regional Office personnel responsible for expenditure reports prepared the reports based on numbers that were not adjusted for year-end entries and previous audit entries.

**RECOMMENDATION:**

The Regional Office personnel responsible for preparing the expenditure reports should ensure all expenditure reports are supported by the appropriate documentation and by the adjusted general ledger maintained in the Regional Office's accounting software.

**MANAGEMENT'S RESPONSE:**

The Regional Office will require quarterly reviews to be completed by each of the Project Managers to review and correct items charged to the grant in error. Any necessary journal entries will be written promptly and adequately explained and identified to the proper year on the general ledger report. A reconciliation will be prepared thoroughly documenting the differences between the expenditure report and the general ledger report, including all accruals for the previous year and upcoming year. General Ledger accounts specifying the correct grant year have been implemented after the delivery of the fiscal year 2011 audit.

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SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2012**

**FINDING 12-04** – Inadequate documentation of payroll expenditures (Repeat of prior year finding 11-04)

**Federal Program Name:** WIA Youth Activities, Title I – Grants to Local Educational Agencies, Education Jobs Fund, Recovery Act  
**Project No:** PY2010-01, 2012-4331-SS, 2011-4880-93 & 2011-4880-95 & 2012-4880-93 & 2012-4880-95  
**CFDA No:** 17.259, 84.010A, 84.410A  
**Passed Through:** DuPage County Economic Development and Planning, Will County Regional Office of Education No. 56, Illinois State Board of Education  
**Federal Agency:** U.S. Department of Labor, U.S. Department of Education, U.S. Department of Education

**CRITERIA/SPECIFIC REQUIREMENT:**

Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, establishes principles and standards for determining costs for federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments and federally recognized Indian tribal governments. To be allowable under federal awards, costs must meet certain general criteria. Those criteria, among other things, require the expenditures must be allocable, reasonable, and supported by adequate documentation.

Part 4 of the OMB Circular A-133 Compliance Supplement for the Department of Education prescribes that employee time and effort distribution records must be maintained to document the portion of time and effort dedicated to the single cost objective and each program or other cost objective supported by non-consolidated Federal funds or other revenue sources. Time-and-effort requirements vary under different circumstances:

- Charges to federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with the generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit. (OMB Circular A-87, Attachment B, paragraphs 8.h.(1))
- Where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee and supervisory official having firsthand knowledge of the work performed by the employee. (OMB Circular A-87, Attachment B, paragraphs 8.h.(3))

**DUPAGE COUNTY**  
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
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**For the Year Ended June 30, 2012**

**FINDING 12-04** – Inadequate documentation of payroll expenditures (Repeat of prior year finding 11-04) – **Continued**

- Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the following standards unless another substitute system has been approved by the cognizant federal agency:
  - a. They must reflect an after the fact distribution of the actual activity of each employee;
  - b. They must account for the total activity for which each employee is compensated;
  - c. They must be prepared at least monthly and must coincide with one or more pay periods;
  - d. They must be signed by the employee; and
  - e. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards but may be used for interim accounting purposes provided that:
    - The governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed;
    - At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and
    - The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.

(OMB Circular A-87, Attachment B, paragraphs 8.h. (4), (5), and (6))

**CONDITION:**

During our review of 15 payroll transactions for 15 separate employees, we noted the following:

- 1 of 15 (7%) payroll transactions was not supported by a personnel activity report signed by the applicable employee.
- 2 of 15 (13%) payroll transactions were not supported by an authorized pay rate.
- 6 of 15 (40%) payroll transactions were not adequately supported by personnel activity reports or equivalent documentation. Further, the Regional Office does not have a system in place to allocate the salaries of individuals that assist in the administration of multiple programs.

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**SECTION II – FINANCIAL STATEMENT FINDINGS**  
**For the Year Ended June 30, 2012**

**FINDING 12-04** – Inadequate documentation of payroll expenditures (Repeat of prior year finding 11-04) – **Continued**

**QUESTIONED COSTS:**

Not determinable

**CONTEXT:**

The salaries and benefits expenditures for the Regional Office for fiscal year 2012 totaled \$1,469,011 of which \$113,200 pertains to WIA Youth Activities, \$108,194 pertains to Title I - Grants to Local Educational Agencies and \$338,115 pertains to Education Jobs Fund, Recovery Act.

**EFFECT:**

Failure to document authorized pay rates and to prepare personnel activity reports does not provide a sufficient basis for the allocation of actual payroll charges incurred by the program, which may result in a program being over or under charged for salary and benefits. Also, noncompliance with the Allowable Costs/Cost Principles of OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* may result in the federal funds being expended for unallowable purposes.

**CAUSE:**

The Regional Office does not have established policies and procedures regarding salaries and benefits that incorporates the requirements of Allowable Costs/Cost Principles of OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* for compensation for personnel services.

**RECOMMENDATION:**

The Regional Office should develop and implement adequate policies and procedures to ensure compliance with the Allowable Costs/Cost Principles of OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* for compensation for personnel services. These policies and procedures should include requiring staff involved in multiple programs to submit and sign personnel activity reports by program or a time and effort report by program. The Regional Office should also establish a payroll cost allocation procedure that allows for computation and comparison of actual time charged with budgeted or pre-determined allocation rates on a regular basis. Payroll charges by program should be based on the time devoted and identified specifically to the performance of those programs. Further, all authorized pay rates should be documented in writing to provide sufficient documentation of payroll charges to each program.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2012**

**FINDING 12-04** – Inadequate documentation of payroll expenditures (Repeat of prior year finding 11-04) – **Continued**

**MANAGEMENT’S RESPONSE:**

The Payroll Cost Allocation Policy 4:51 was written June 2013 and implemented after a series of meetings for training purposes with all employee groups and service providers (consultants) in October 2013 with implementation for the time sheets effective November 2013. The meetings were to insure compliance with all of the requirements of the OMB Circular A-87. Furthermore, time logs then also were required to be provided on a monthly basis to indicate the work done by each person whether employee or service provider. In order to obtain consistency for the time logs, the DuPage County Chief Auditor was consulted in developing a work log specifically for the Regional Office, with implementation July 2014.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2012**

**FINDING 12-05** – Payment of unallowable costs and improper maintenance of records

**Federal Program Name:** Education Jobs Fund, Recovery Act

**Project No:** 2011-4880-93, 2011-4880-95, 2012-4880-93 and 2012-4880-95

**CFDA No:** 84.410A

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

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

**CRITERIA/SPECIFIC REQUIREMENT:**

Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, establishes principles and standards for determining costs for federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments and federally recognized Indian tribal governments. To be allowable under federal awards, costs must meet certain general criteria. Those criteria, among other things, require the expenditures must be allocable, reasonable, and supported by adequate documentation. Further, the specific requirements for activities allowed or unallowed are unique to each federal program and are found in the laws, regulations, and provisions of contract or grant agreements pertaining to the program. Public Law No. 111-226, Title I – Education Jobs Fund, indicates expenditure of these funds “...(A) may be used only for compensation and benefits and other expenses, such as support services, necessary to retain existing employees, to recall or rehire former employees, and to hire new employees, in order to provide early childhood, elementary, or secondary educational and related services; and (B) may not be used for general administrative expenses or for other support services expenditures as those terms were defined by the National Center for Education Statistics in its Common Core of Data as of the date of enactment of this Act.”

The U.S. Department of Education stipulated that Local Education Agencies (LEA) “...use the funds to pay the salaries of teachers and other employees who provide school-level educational and related services...” However, LEAs were prohibited from “... using Education Jobs funds for general administrative expenses as that term is defined by the National Center for Education Statistics (NCES) in its Common Core of Data. These prohibited expenses are administrative expenditures related to the operation of the superintendent’s office or the LEA’s board of education, including the salaries and benefits of LEA-level administrative employees.” Additionally, 2 CFR Section 176.210 requires federal award “recipients agree to maintain records that identify adequately the source and application of Recovery Act funds.”

**DUPAGE COUNTY**  
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**SECTION II – FINANCIAL STATEMENT FINDINGS**  
**For the Year Ended June 30, 2012**

**FINDING 12-05** – Payment of unallowable costs and improper maintenance of records –  
**Continued**

**CONDITION:**

While OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* considers charges to federal awards for salaries and wages allowable, the Regional Office did not expend grant funds in accordance with Public Law No. 111-226 and applicable grant terms. The Regional Office lacked documentation to support it expended \$229,140 of \$338,115 of total Education Jobs funds to pay the salaries of teachers and other employees who provide school-level educational and related services. Additionally, the Regional Office did not separately identify and account for these Recovery Act funds in its accounting software.

**QUESTIONED COSTS:**

\$229,140

**CONTEXT:**

The salaries and benefits expenditures for the Regional Office for fiscal year 2012 totaled \$1,469,011 of which \$338,115 pertains to Education Jobs Fund.

**EFFECT:**

Failure to comply with Public Law No. 111-226 and applicable grant terms may result in the federal funds being expended for unallowable purposes and overstatement of grant revenues.

**CAUSE:**

According to the Regional Office, fiscal staff did not completely understand the grant terms and interpreted the grant requirements incorrectly.

**RECOMMENDATION:**

The Regional Office should implement procedures to ensure that specific grant terms and applicable OMB circulars and federal regulations are evaluated and understood before incurring grant expenditures.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2012**

**FINDING 12-05** – Payment of unallowable costs and improper maintenance of records –  
**Continued**

**MANAGEMENT’S RESPONSE:**

The corrections and adjustments have been made to the grant; however, ISBE still will need to be contacted specifically asking that per counsel of the auditors, the grant expenditure report be opened in order for the grant expenditure report be in agreement with that of the Regional Office general ledger detail.

**DUPAGE COUNTY  
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2012**

**FINDING 12-06** – Improper application of matching principle (Repeat of prior year finding 11-06)

**CRITERIA/SPECIFIC REQUIREMENT:**

According to generally accepted accounting principles, revenues should be recognized when they are realized and realizable and are earned, no matter when cash is received. When applying the matching principle, expenses are incurred and offset against recognized revenues which were generated from those expenditures, regardless of when cash is paid out.

**CONDITION:**

The Regional Office did not always properly apply the matching principle. As noted in finding 12-01, the Regional Office does not have a reporting mechanism to identify the specific expenditures that should be applied to each grant year when program grants have overlapping grant terms and are accounted for in the same trial balance. This makes the matching principle difficult to apply and calculation of any overstatement or understatement of revenue very difficult to determine.

**EFFECT:**

The Regional Office may potentially over/understate grant revenue.

**CAUSE:**

According to the Regional Office, fiscal staff lacks the training and understanding of generally accepted accounting principles regarding the application of the matching principle.

**RECOMMENDATION:**

The Regional Office should implement procedures to track grant expenditures by each grant and fiscal year when grant terms overlap to ensure the matching principle is applied properly and the appropriate amount of grant revenue is recognized. The Regional Office should also ensure its fiscal staff is knowledgeable of generally accepted accounting principles.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2012**

**FINDING 12-06** – Improper application of matching principle (Repeat of prior year finding 11-06) – **Continued**

**MANAGEMENT’S RESPONSE:**

Effective July 2013, grant expenditures and revenue have been identified to the proper year making it possible to apply the GAAP Matching Principle. Accounting personnel have been trained in the applicable GAAP Standards.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION III – FEDERAL AWARDS  
For the Year Ended June 30, 2012**

**INSTANCES OF NONCOMPLIANCE:**

Finding 12-03 – Expenditure reports do not agree to general ledger (finding details on pages 19-22)

Finding 12-04 – Inadequate documentation of payroll expenditures (finding details on pages 23-26)

Finding 12-05 – Payment of unallowable costs and improper maintenance of records (finding details on pages 27-29)

**MATERIAL WEAKNESSES:**

Finding 12-03 – Expenditure reports do not agree to general ledger (finding details on pages 19-22)

Finding 12-04 – Inadequate documentation of payroll expenditures (finding details on pages 23-26)

Finding 12-05 – Payment of unallowable costs and improper maintenance of records (finding details on pages 27-29)

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2012**

**Corrective Action Plan**

**FINDING 12-01** – Controls over financial statement preparation (Repeat of prior year finding 11-01)

**CONDITION:**

The Regional Office does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting during the fiscal year and posts year end accrual entries for audit purposes. The Regional Office does not have 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, review of the Regional Office's accounting records noted the following:

- The Regional Office did not maintain adequate internal controls over the processing of all financial transactions and adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The Regional Office does not have a reporting mechanism to identify the specific expenditures that should be applied to each grant year when program grants have overlapping grant terms and are accounted for in the same trial balance.

**PLAN:**

The Regional Office will continue their relationship with a private Certified Public Accountant to prepare (GAAP based) financial statements that include all disclosures required by the Governmental Accounting Standards Board. The Project Managers will play a key role as they will be responsible along with the Finance Office in the review of their respective financial documents. These reviews will be done every quarter. In addition, the Regional Office's accounting personnel will receive training in detecting misstatements and disclosure omissions in a timely manner.

**DUPAGE COUNTY  
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CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2012**

**Corrective Action Plan**

**FINDING 12-01** – Controls over financial statement preparation (Repeat of prior year finding 11-01) – **continued**

**ANTICIPATED DATE OF COMPLETION:**

December 31, 2014

**CONTACT PERSON:**

Dr. Darlene Ruscitti, Regional Superintendent

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2012**

**Corrective Action Plan**

**FINDING 12-02** – Inadequate internal control procedures (Repeat of prior year finding 11-02)

**CONDITION:**

The Regional Office has not established sufficient controls over its accounting functions. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- There is a lack of segregation of duties in the cash disbursements and accounting process. The fiscal staff has full, unrestricted access to the accounting software and also can affix the Regional Superintendent's electronic signature to checks.
- There is a lack of segregation of duties in the cash receipts and accounting process. The accountant opens mail, has full, unrestricted access to the accounting software and is responsible for monitoring accounts receivable.
- The Regional Office did not adhere to its policy of requiring the Regional Superintendent's approval of purchases. In 18 of 75 (24%) instances, purchase orders were not completed or signed by the Regional Superintendent. Further, in 1 of 75 (1%) instances, an expenditure was paid prior to receiving appropriate approvals.
- In 4 of 75 (5%) expenditures examined, the Regional Office failed to provide adequate supporting documentation.
- In 1 of 75 (1%) expenditures examined, the Regional Office charged an expenditure to an incorrect account.
- The Regional Office failed to properly accrue expenses in 2 of 75 (3%) expenditures examined.

**PLAN:**

The Regional Office has completed a thorough review to accomplish the maximum segregation of duties possible with the two full time and two part time members of the Finance Office. Segregation of duties concerning cash receipts and accounting process occurred immediately after the FY11 audit became available to the Regional Office. Policy 4:50 concerning Purchase Orders, Process Steps, and Payment Procedures was written in June 2013 with implementation beginning July 2013. Beginning later in the spring of 2014, SDS will provide training in the on-line purchase order process so that purchase order approvals and processing can be done electronically. In order to streamline the procedure, the FileMaker process for Purchase Orders will no longer be used effective July 2014. Once the system is implemented, an updated policy will be written.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2012**

**Corrective Action Plan**

**FINDING 12-02** – Inadequate internal control procedures (Repeat of prior year finding 11-02) –  
**continued**

**ANTICIPATED DATE OF COMPLETION:**

December 31, 2014

**CONTACT PERSON:**

Dr. Darlene Ruscitti, Regional Superintendent

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2012**

**Corrective Action Plan**

**FINDING 12-03** – Expenditure reports do not agree to general ledger (Repeat of prior year finding 11-03)

**CONDITION:**

A comparison of expenditure reports to the DuPage County Regional Office of Education No. 19's (Regional Office) general ledger revealed instances where the totals on the final 2012 expenditure reports submitted to the Illinois State Board of Education did not agree with the Regional Office's general ledger. Additionally, a comparison of reimbursement requests submitted to the Will County Regional Office of Education No. 56 also revealed instances where the amounts requested for reimbursement did not agree to the general ledger amounts. The following instances were noted:

- The expenditure report submitted to ISBE for the Career and Technical Education Improvement program (2012-3220-00) reported total expenditures related to supplies and materials of \$31,542 while the general ledger reported total supplies and materials expenditures of \$20,985, a difference of \$10,557. Further, \$9,900 of costs charged as support services under purchased services had no documentation other than the program budget to support these costs.
- The expenditure report submitted to ISBE for the Truants Alternative Optional Education program (2011-3695-00) reported total expenditures related to employee benefits of \$17,871 and purchased services of \$14,160 while the general ledger reported total employee benefits expenditures of \$16,151 and purchased services expenditures of \$5,704 in fiscal years 2011 and 2012 (duration of grant period), a total difference of \$10,176.
- The expenditure report submitted to ISBE for the Early Childhood Block Grant program (2012-3705-01) reported total expenditures related to purchased services of \$12,425 while the general ledger reported total purchased services of \$11,771, a difference of \$654. The general ledger also reported additional expenditures of \$1,800 which were paid from the fiscal year 2011 grant funds (2011-3705-01). This grant ended June 30, 2011; therefore, this portion of grant funds was expended outside the period of availability.
- The expenditure report submitted to ISBE for the ROE/ISC Operations program (2012-3730-00) reported total expenditures related to purchased services of \$1,656 while the general ledger reported total purchased services expenditures of \$725, a difference of \$931.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2012**

**Corrective Action Plan**

**FINDING 12-03** – Expenditure reports do not agree to general ledger (Repeat of prior year finding 11-03) – **Continued**

- The expenditure report submitted to ISBE for the Technology for Success program (2012-3780-00) reported total expenditures related to employee benefits of \$8,177 and purchased services of \$44,257 while the general ledger reported total employee benefits expenditures of \$8,052 and purchased services expenditures of \$44,146, a total difference of \$236. However, \$4,545 of costs charged as support services under purchased services had no documentation other than the program budget to support the costs.
- The expenditure report submitted to ISBE for the Beginning Teacher Induction Pilot program (2011-3982-00) reported total grant expenditures of \$82,953 while the general ledger reported total expenditures of \$80,024 for fiscal years 2011 and 2012 (duration of grant period), a difference of \$2,929. Further, the expenditure report submitted reported total expenditures related to supplies and materials of \$53 for fiscal years 2011 and 2012 (duration of grant period) while the general ledger reported supplies and materials of \$0, a difference of \$53.
- The expenditure report submitted to ISBE for the Education Technology State Grants, Recovery Act program (2012-4861-00) reported total expenditures related to capital outlay of \$8,430 while the general ledger reported capital outlay expenditures of \$7,788, a difference of \$642. Total unsupported costs were \$642.
- Fiscal year 2012 reimbursement requests submitted to the Lee/Ogle Counties Regional Office of Education No. 47 for Special Education – State Personnel Development reported expenditures of \$28,450 while the general ledger reported total expenditures of \$27,514, a difference of \$936. The Regional Office requested reimbursement for \$936 of costs charged as support services under purchased services but had no documentation other than the program budget to support the costs. Total unsupported costs were \$936.
- Fiscal year 2012 reimbursement requests submitted to the Will County Regional Office of Education No. 56 for Education for Homeless Children and Youth reported expenditures of \$34,000 while the general ledger reported total expenditures of \$33,670, a difference of \$330. Total unsupported costs were \$330.
- In 1 of 6 (17%) monthly reimbursement requests examined that were submitted to the Will County Regional Office of Education No. 56 for the Title I - Grants to Local Educational Agencies, the request did not agree to general ledger detail in total and/or by category. The July 2011 reimbursement request reported expenditures related to salaries of \$3,563 and employee benefits of \$643 while the general ledger reported salaries and employee benefits expenditures of \$1,960 and \$354, respectively, a total difference of \$1,892. Total unsupported costs were \$1,892.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2012**

**Corrective Action Plan**

**FINDING 12-03** – Expenditure reports do not agree to general ledger (Repeat of prior year finding 11-03) – **Continued**

- The Regional Office’s final 2012 reimbursement request to Will County Regional Office of Education No. 56 for the Title I - Grants to Local Educational Agencies requested an additional \$51,358 of costs that could not be supported by general ledger detail for the final monthly reimbursement request (June 2012) or for the entire grant period. An adjusting entry was necessary to reduce accounts receivable and deferred revenue for the unsupported costs of \$51,358.

**PLAN:**

The Regional Office will require quarterly reviews to be completed by each of the Project Managers to review and correct items charged to the grant in error. Any necessary journal entries will be written promptly and adequately explained and identified to the proper year on the general ledger report. A reconciliation will be prepared thoroughly documenting the differences between the expenditure report and the general ledger report, including all accruals for the previous year and upcoming year. General Ledger accounts specifying the correct grant year have been implemented after the delivery of the fiscal year 2011 audit.

**ANTICIPATED DATE OF COMPLETION:**

March 31, 2015

**CONTACT PERSON:**

Dr. Darlene Ruscitti, Regional Superintendent

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2012**

**Corrective Action Plan**

**FINDING 12-04** – Inadequate documentation of payroll expenditures (Repeat of prior year finding 11-04)

**CONDITION:**

During our review of 15 payroll transactions for 15 separate employees, we noted the following:

- 1 of 15 (7%) payroll transactions was not supported by a personnel activity report signed by the applicable employee.
- 2 of 15 (13%) payroll transactions were not supported by an authorized pay rate.
- 6 of 15 (40%) payroll transactions were not adequately supported by personnel activity reports or equivalent documentation. Further, the Regional Office does not have a system in place to allocate the salaries of individuals that assist in the administration of multiple programs.

**PLAN:**

The Payroll Cost Allocation Policy 4:51 was written June 2013 and implemented after a series of meetings for training purposes with all employee groups and service providers (consultants) in October 2013 with implementation for the time sheets effective November 2013. The meetings were to insure compliance with all of the requirements of the OMB Circular A-87. Furthermore, time logs then also were required to be provided on a monthly basis to indicate the work done by each person whether employee or service provider. In order to obtain consistency for the time logs, the DuPage County Chief Auditor was consulted in developing a work log specifically for the Regional Office, with implementation July 2014.

**ANTICIPATED DATE OF COMPLETION:**

September 30, 2014

**CONTACT PERSON:**

Dr. Darlene Ruscitti, Regional Superintendent

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2012**

**Corrective Action Plan**

**FINDING 12-05** – Payment of unallowable costs and improper maintenance of records

**CONDITION:**

While OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* considers charges to federal awards for salaries and wages allowable, the Regional Office did not expend grant funds in accordance with Public Law No. 111-226 and applicable grant terms. The Regional Office lacked documentation to support it expended \$229,140 of \$338,115 of total Education Jobs funds to pay the salaries of teachers and other employees who provide school-level educational and related services. Additionally, the Regional Office did not separately identify and account for these Recovery Act funds in its accounting software.

**PLAN:**

The corrections and adjustments have been made to the grant; however, ISBE still will need to be contacted specifically asking that per counsel of the auditors, the grant expenditure report be opened in order for the grant expenditure report be in agreement with that of the Regional Office general ledger detail.

**ANTICIPATED DATE OF COMPLETION:**

June 30, 2014

**CONTACT PERSON:**

Dr. Darlene Ruscitti, Regional Superintendent

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2012**

**Corrective Action Plan**

**FINDING 12-06** – Improper application of matching principle (Repeat of prior year finding 11-06)

**CONDITION:**

The Regional Office did not always properly apply the matching principle. As noted in finding 12-01, the Regional Office does not have a reporting mechanism to identify the specific expenditures that should be applied to each grant year when program grants have overlapping grant terms and are accounted for in the same trial balance. This makes the matching principle difficult to apply and calculation of any overstatement or understatement of revenue very difficult to determine.

**PLAN:**

Effective July 2013, grant expenditures and revenue have been identified to the proper year making it possible to apply the GAAP Matching Principle. Accounting personnel will continue to receive training in the applicable GAAP Standards.

**ANTICIPATED DATE OF COMPLETION:**

September 30, 2014

**CONTACT PERSON:**

Dr. Darlene Ruscitti, Regional Superintendent

**DUPAGE COUNTY  
 REGIONAL OFFICE OF EDUCATION NO. 19  
 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
11-02	Inadequate internal control procedures	Repeated
11-03	Expenditure reports do not agree to general ledger	Repeated
11-04	Inadequate documentation of payroll expenditures	Repeated
11-05	Inadequate controls over property and equipment	Not Repeated
11-06	Improper application of matching principle	Repeated

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

DuPage County Regional Office of Education No. 19 (Regional Office) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the Regional Office's financial statements, which follow.

This report will include past year financial activity, along with fiscal year 2012 activity, making comparisons of the financial position and results of operations more meaningful.

**2012 FINANCIAL HIGHLIGHTS**

General Fund balance decreased from \$305,593 in fiscal year 2011 to \$106,944 in fiscal year 2012. General Fund revenues decreased from \$3,809,591 to \$3,309,513 (excluding on-behalf payments), which is attributable to decreases in General State Aid funding. General Fund expenditures decreased from \$3,572,741 to \$3,525,962 (excluding on-behalf payments) due to decreased General State Aid funding. The ROE Operations expenditures increased in order to pay staff for continued work on grant projects that were substantially reduced or eliminated.

Education Fund balance increased from \$369,003 in fiscal year 2011 to \$600,132 in fiscal year 2012. Education Fund revenues decreased from \$3,889,010 to \$2,678,489, which is attributable to a decrease in State and federal funds in fiscal year 2012. Education Fund expenditures decreased from \$3,321,791 to \$2,446,960 due to a decrease in purchased services expense and payments to other governments. The following grant projects were either lost or decreased: Truants, RESPRO, Social & Emotional, Preschool, Reading Improvement, Teacher Mentors, Gifted Ed., ROE/ISC Operations, School Improvement, and Response to Intervention.

**USING THIS ANNUAL REPORT**

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the ROE as a whole and present an overall view of the Office's finances.
- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Regional Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Supplemental Information further explains and supports the financial statements with a comparison of the Regional Office's detailed information for each category of funds and also provides detailed information about the non-major funds.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

**Reporting the DuPage County Regional Office of Education as a Whole**

The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the ROE as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the ROE 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.

The two government-wide statements report the Regional Office's net assets and how they have changed. Net assets – the difference between the assets and liabilities – are one way to measure the Regional 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 Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices which allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by State law. The Regional Office established other funds to control and manage money for particular purposes.

The Office has three kinds of fund classifications:

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

- 1) Governmental funds account for a majority of the Regional Office's services. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Regional Office's programs. The Regional Office's governmental funds include: the General Fund and the Special Revenue Funds.

The governmental fund's required financial statements include a Balance Sheet and a Statement of Revenue, Expenditures and Changes in Fund Balances.

- 2) Proprietary funds account for services for which the Regional Office charges fees under a cost-reimbursement method. These fees cover the costs of certain services it provides.

The proprietary fund's required financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows.

- 3) Fiduciary funds account for services for which the ROE acts as fiscal agent for individuals and private or governmental organizations.

The fiduciary funds required financial statements include a Statement of Fiduciary Net Assets.

A summary reconciliation between the government-wide financial statements and the fund financial statements are included after each fund financial statement.

### **Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of financial position. The Regional Office's net assets at the end of fiscal year 2011 (as restated) totaled \$2,253,064. At the end of fiscal year 2012, the net assets were \$2,382,656. The analysis that follows provides a summary of the Regional Office's net assets at June 30, 2012 and 2011.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

**CONDENSED STATEMENT OF NET ASSETS  
June 30, 2012 and 2011**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>ASSETS</b>						
Current assets	\$ 2,478,090	\$ 3,321,899	\$ 1,742,805	\$ 1,584,237	\$ 4,220,895	\$ 4,906,136
Capital assets, net of depreciation	<u>319,819</u>	<u>349,507</u>	<u>-</u>	<u>5,128</u>	<u>319,819</u>	<u>354,635</u>
<b>TOTAL ASSETS</b>	<u>2,797,909</u>	<u>3,671,406</u>	<u>1,742,805</u>	<u>1,589,365</u>	<u>4,540,714</u>	<u>5,260,771</u>
<b>LIABILITIES</b>						
Current liabilities	408,007	1,420,154	175,628	119,049	583,635	1,539,203
Noncurrent liabilities	<u>7,246</u>	<u>27,848</u>	<u>-</u>	<u>-</u>	<u>7,246</u>	<u>27,848</u>
<b>TOTAL LIABILITIES</b>	<u>415,253</u>	<u>1,448,002</u>	<u>175,628</u>	<u>119,049</u>	<u>590,881</u>	<u>1,567,051</u>
<b>NET ASSETS</b>						
Investments in capital assets, net of related debt	291,971	288,765	-	5,128	291,971	293,893
Restricted for educational purposes	1,983,741	1,476,129	-	-	1,983,741	1,476,129
Unrestricted	<u>106,944</u>	<u>458,510</u>	<u>1,567,177</u>	<u>1,465,188</u>	<u>1,674,121</u>	<u>1,923,698</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 2,382,656</u>	<u>\$ 2,223,404</u>	<u>\$ 1,567,177</u>	<u>\$ 1,470,316</u>	<u>\$ 3,949,833</u>	<u>\$ 3,693,720</u>

The Regional Office's net assets increased by \$256,113 from Fiscal Year 2011 to Fiscal Year 2012. This increase occurred as a result of an increase in local funds during Fiscal Year 2012 and the restatement of capital assets net assets (see Note 13). In addition, Institute Funds, Education Funds, and other Non-Major Funds are restricted for educational purposes for teacher professional development.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

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

**CHANGES IN NET ASSETS  
For the Years Ended June 30, 2012 and 2011**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 23,962	\$ 19,499	\$ 1,391,060	\$ 1,451,885	\$ 1,415,022	\$ 1,471,384
Operating grants & contributions	<u>5,487,488</u>	<u>7,008,709</u>	<u>-</u>	<u>-</u>	<u>5,487,488</u>	<u>7,008,709</u>
Total Program revenues	<u>5,511,450</u>	<u>7,028,208</u>	<u>1,391,060</u>	<u>1,451,885</u>	<u>6,902,510</u>	<u>8,480,093</u>
General revenues:						
Local sources and Miscellaneous	784,023	562,815	-	-	784,023	562,815
Interest and investment income, net	1,314	695	5,143	6,775	6,457	7,470
Loss on disposal of capital assets	-	(1,214)	-	(2,296)	-	(3,510)
On-behalf payments	<u>1,494,511</u>	<u>1,393,404</u>	<u>-</u>	<u>-</u>	<u>1,494,511</u>	<u>1,393,404</u>
Total General revenues	<u>2,279,848</u>	<u>1,955,700</u>	<u>5,143</u>	<u>4,479</u>	<u>2,284,991</u>	<u>1,960,179</u>
Total Revenues	<u>7,791,298</u>	<u>8,983,908</u>	<u>1,396,203</u>	<u>1,456,364</u>	<u>9,187,501</u>	<u>10,440,272</u>
Expenses:						
Salaries	1,184,294	856,969	114,045	153,454	1,298,339	1,010,423
Benefits	284,717	241,273	13,853	29,712	298,570	270,985
Purchased services	1,217,791	1,779,187	727,855	781,699	1,945,646	2,560,886
Supplies and materials	106,155	335,684	21,340	44,643	127,495	380,327
Capital expenditures	8,903	-	-	416	8,903	416
Depreciation	110,220	136,798	-	3,859	110,220	140,657
Transfers-payments to other governmental units	3,271,920	3,785,574	397,226	335,750	3,669,146	4,121,324
Other objects	595	-	2,495	-	3,090	-
On-behalf payments	<u>1,494,511</u>	<u>1,393,404</u>	<u>-</u>	<u>-</u>	<u>1,494,511</u>	<u>1,393,404</u>
Total expenses	<u>7,679,106</u>	<u>8,528,889</u>	<u>1,276,814</u>	<u>1,349,533</u>	<u>8,955,920</u>	<u>9,878,422</u>
Revenue over (under) expenditures	112,192	455,019	119,389	106,831	231,581	561,850
Other financing sources (uses)						
Transfers	<u>17,400</u>	<u>(500)</u>	<u>(17,400)</u>	<u>500</u>	<u>-</u>	<u>-</u>
Change in net assets	129,592	454,519	101,989	107,331	231,581	561,850
Net Assets – beginning	2,223,404	1,768,885	1,470,316	1,383,537	3,693,720	3,152,422
Prior period adjustment	<u>29,660</u>	<u>-</u>	<u>(5,128)</u>	<u>(20,552)</u>	<u>24,532</u>	<u>(20,552)</u>
Net Assets – ending, Restated (see Note 13)	<u>\$ 2,382,656</u>	<u>\$ 2,223,404</u>	<u>\$ 1,567,177</u>	<u>\$ 1,470,316</u>	<u>\$ 3,949,833</u>	<u>\$ 3,693,720</u>

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

**Governmental Activities**

Revenues for governmental activities were \$7,791,298 and expenses were \$7,679,106. The net decrease in revenues of \$1,192,610 was primarily due to the decrease in State General State Aid funding and an increase in fees paid by local school districts in fiscal year 2012.

**Business-Type Activities**

Revenues and expenses for the Regional Office's business-type activities decreased from the prior fiscal year due to a decrease in the number of workshops offered during fiscal year 2012.

**Financial Analysis of the Regional Office of Education No. 19 Funds**

As previously noted, the Regional Office uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office's governmental funds reported combined fund balances of \$2,014,365 compared to last year's ending fund balance of \$1,776,643. The primary reason for the increase in combined fund balances in fiscal year 2012 was due to an increase in teacher certifications.

**Governmental Fund Highlights**

- The Regional Office had a significant decrease in grant funds.

**Budgetary Highlights**

The Regional Office annually adopts program budgets on a basis consistent with U.S. generally accepted accounting principles. The Illinois State Board of Education reviews the proposed budgets and either grants approval or returns them without approval with comments. Any unapproved budget must be resubmitted to the Illinois State Board of Education for final approval. The budgets may be amended during the year utilizing procedures prescribed by the Illinois State Board of Education.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

**Capital Assets**

Capital Assets of the Regional Office include office equipment, computers, audio-visual equipment, and office furniture. The Regional Office maintains an inventory of capital assets which have been accumulated over time. The Regional Office's capital asset balance for fiscal year 2012 is \$319,819, which is the total original cost of the capital assets less accumulated depreciation. More detailed information about capital assets is available in the notes to the financial statements.

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

At the time these financial statements were prepared and audited, the Regional Office was aware of several existing circumstances that could significantly affect its financial health in the future:

- The State of Illinois Foundation level is expected to decrease to \$5,972 per student.
- The interest rate on investments remains low.
- Several grants have had their funding levels reduced for the coming year.
- The number of students served by the Regional Office is expected to remain constant.

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

This financial report is designed to provide the Regional Office's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the DuPage County Regional Office of Education No. 19 at 421 North County Farm Road, Wheaton, Illinois 60187-3999.

## BASIC FINANCIAL STATEMENTS

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**STATEMENT OF NET ASSETS**  
June 30, 2012

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,842,093	\$ 1,648,777	\$ 3,490,870
Accounts receivable	193	-	193
Due from other governments	635,683	78,744	714,427
Due from (to) other funds	(5,586)	5,586	-
Prepaid expenses	5,707	9,698	15,405
<b>Total current assets</b>	<b>2,478,090</b>	<b>1,742,805</b>	<b>4,220,895</b>
Non-current assets:			
Capital assets, being depreciated, net	319,819	-	319,819
<b>Total assets</b>	<b>2,797,909</b>	<b>1,742,805</b>	<b>4,540,714</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	5,255	12,093	17,348
Accrued expenses	111,672	1,580	113,252
Due to other governments	264,028	56,280	320,308
Deferred revenue	6,450	105,675	112,125
Lease payable, current portion	20,602	-	20,602
<b>Total current liabilities</b>	<b>408,007</b>	<b>175,628</b>	<b>583,635</b>
Non-current liabilities:			
Lease payable, non-current portion	7,246	-	7,246
<b>Total liabilities</b>	<b>415,253</b>	<b>175,628</b>	<b>590,881</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	291,971	-	291,971
Unrestricted	106,944	1,567,177	1,674,121
Restricted for educational purposes	1,983,741	-	1,983,741
<b>Total net assets</b>	<b>\$ 2,382,656</b>	<b>\$ 1,567,177</b>	<b>\$ 3,949,833</b>

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

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2012

FUNCTIONS/PROGRAMS	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Primary Government		Total
			Governmental Activities	Business-Type Activities	
Primary government:					
Governmental activities:					
Education:		Operating			
Salaries	\$ 1,184,294	\$ -	\$ 1,042,623	\$ (141,671)	\$ (141,671)
Benefits	284,717	-	274,374	(10,343)	(10,343)
Purchased services	1,217,791	22,843	1,097,498	(97,450)	(97,450)
Supplies and materials	106,155	-	109,750	3,595	3,595
Payments to other governments	3,271,920	-	2,908,369	(363,551)	(363,551)
Other objects	595	-	-	(595)	(595)
Capital outlay	8,903	1,119	54,874	47,090	47,090
Depreciation and disposition losses	110,220	-	-	(110,220)	(110,220)
Administrative:					
On-half payments	1,494,511	-	-	(1,494,511)	(1,494,511)
Total governmental activities	7,679,106	23,962	5,487,488	(2,167,656)	(2,167,656)
Business-type activities:					
Other	1,276,814	1,391,060	-	114,246	114,246
<b>Total primary government</b>	<b>\$ 8,955,920</b>	<b>\$ 1,415,022</b>	<b>\$ 5,487,488</b>	<b>114,246</b>	<b>(2,053,410)</b>
General revenues:					
Local sources			784,023	-	784,023
On-half payments			1,494,511	-	1,494,511
Investment income			1,314	5,143	6,457
Transfers			17,400	(17,400)	-
Total general revenue and transfers			2,297,248	(12,257)	2,284,991
<b>CHANGES IN NET ASSETS</b>			129,592	101,989	231,581
<b>NET ASSETS, BEGINNING OF YEAR</b>					
<b>AS RESTATED (See Note 13)</b>			2,253,064	1,465,188	3,718,252
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,382,656</b>	<b>\$ 1,567,177</b>	<b>\$ 3,949,833</b>		<b>\$ 3,949,833</b>

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2012**

	Special Revenue				<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Institute Fund</b>	<b>Education Fund</b>	<b>Other Nonmajor Funds</b>	
Cash and cash equivalents	\$ 62,392	\$ 1,156,510	\$ 460,548	\$ 162,643	\$ 1,842,093
Accounts receivable	-	-	175	18	193
Due from other governments	7,811	-	627,800	72	635,683
Due from other funds	242,578	13,956	-	478	257,012
Prepaid expenses	2,837	-	2,870	-	5,707
<b>TOTAL ASSETS</b>	<b>\$ 315,618</b>	<b>\$ 1,170,466</b>	<b>\$ 1,091,393</b>	<b>\$ 163,211</b>	<b>\$ 2,740,688</b>

**ASSETS**

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts payable	\$ 409	\$ -	\$ 4,846	\$ -	\$ 5,255
Accrued expenses	20,168	-	91,504	-	111,672
Due to other governments	145,439	2,050	116,539	-	264,028
Due to other funds	42,658	24,338	195,602	-	262,598
Deferred revenue	-	-	82,770	-	82,770
Total liabilities	208,674	26,388	491,261	-	726,323

**FUND BALANCE**

Nonspendable					5,707
Restricted	2,837	-	2,870	-	
Unrestricted:					
Assigned	-	1,144,078	663,503	163,211	1,970,792
Unassigned	127,396	-	-	-	127,396
	(23,289)	-	(66,241)	-	(89,530)
Total fund balance	106,944	1,144,078	600,132	163,211	2,014,365

**TOTAL LIABILITIES AND FUND BALANCE**

	<b>\$ 315,618</b>	<b>\$ 1,170,466</b>	<b>\$ 1,091,393</b>	<b>\$ 163,211</b>	<b>\$ 2,740,688</b>
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**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL FUNDS  
June 30, 2012**

<b>Total fund balance of governmental funds</b>	\$	2,014,365
<p>Amounts reported for governmental activities in the  Statement of Net Assets are different because:</p>		
<p>Capital assets used in governmental activities are not  financial resources and, therefore, are not reported  in the funds.</p>		319,819
<p>Capital lease obligations are not due and payable in the  current period and, therefore, are not reported as  liabilities in the funds.</p>		(27,848)
<p>Receivables not collected within 60 days of year end are  not available soon enough to pay for the current  period's expenditures and, therefore, are deferred in  the funds.</p>		<u>76,320</u>
<b>Net assets of governmental activities</b>	\$	<u><u>2,382,656</u></u>

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

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2012**

	<u>Special Revenue</u>				<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Institute Fund</u>	<u>Education Fund</u>	<u>Other Nonmajor Funds</u>	
<b>REVENUES:</b>					
Local sources	\$ 41,753	\$ 362,735	\$ 373,865	\$ 23,962	\$ 802,315
State sources	2,928,331	-	1,320,043	3,764	4,252,138
Federal sources	338,115	-	984,581	-	1,322,696
Interest income	1,314	-	-	-	1,314
On-behalf payments	1,494,511	-	-	-	1,494,511
Total revenues	<u>4,804,024</u>	<u>362,735</u>	<u>2,678,489</u>	<u>27,726</u>	<u>7,872,974</u>
<b>EXPENDITURES:</b>					
Education:					
Salaries	365,524	-	818,770	-	1,184,294
Benefits	90,955	-	193,762	-	284,717
Purchased services	247,244	110,728	879,202	13,511	1,250,685
Supplies and material:	28,321	6,151	71,683	-	106,155
Payments to other government	2,788,860	51,680	431,380	-	3,271,920
Other objects	268	-	327	-	595
On-behalf payments	1,494,511	-	-	-	1,494,511
Capital outlay	4,790	2,733	51,836	416	59,775
Total expenditures	<u>5,020,473</u>	<u>171,292</u>	<u>2,446,960</u>	<u>13,927</u>	<u>7,652,652</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(216,449)</u>	<u>191,443</u>	<u>231,529</u>	<u>13,799</u>	<u>220,322</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	79,943	-	-	-	79,943
Transfers out	(62,143)	-	(400)	-	(62,543)
Total other financing sources (uses)	<u>17,800</u>	<u>-</u>	<u>(400)</u>	<u>-</u>	<u>17,400</u>
<b>NET CHANGE IN FUND BALANCE</b>	(198,649)	191,443	231,129	13,799	237,722
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>305,593</u>	<u>952,635</u>	<u>369,003</u>	<u>149,412</u>	<u>1,776,643</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 106,944</u>	<u>\$ 1,144,078</u>	<u>\$ 600,132</u>	<u>\$ 163,211</u>	<u>\$ 2,014,365</u>

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

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2012**

**Net change in fund balance** \$ 237,722

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

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

Capital outlay	\$ 50,872	
Depreciation	<u>(110,220)</u>	(59,348)

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

Fiscal year 2011 deferred revenue recognized in fiscal year 2012	(157,996)	
Fiscal year 2012 deferred revenue	<u>76,320</u>	(81,676)

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

32,894

**Change in net assets of governmental activities** **\$ 129,592**

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

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2012**

**Business Type Activities - Enterprise Funds**

	<b><u>Major Funds</u></b>		<b><u>Nonmajor Fund</u></b>	
	<b><u>Teacher Inservice for DuPage Educators</u></b>	<b><u>Local Services</u></b>	<b><u>Criminal Background Investigation</u></b>	<b><u>Total</u></b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 287,832	\$ 1,359,806	\$ 1,139	\$ 1,648,777
Due from other governments	-	67,613	11,131	78,744
Due from other funds	5,109	18,696	4,964	28,769
Prepaid expenses	-	491	9,207	9,698
Total current assets	<u>292,941</u>	<u>1,446,606</u>	<u>26,441</u>	<u>1,765,988</u>
<b>TOTAL ASSETS</b>	<u>292,941</u>	<u>1,446,606</u>	<u>26,441</u>	<u>1,765,988</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts Payable	1,601	10,492	-	12,093
Accrued Expenses	-	1,580	-	1,580
Due to other governments	51,680	4,600	-	56,280
Due to other funds	5,080	5,498	12,605	23,183
Deferred revenue	<u>105,530</u>	<u>145</u>	<u>-</u>	<u>105,675</u>
Total current liabilities	<u>163,891</u>	<u>22,315</u>	<u>12,605</u>	<u>198,811</u>
<b>TOTAL LIABILITIES</b>	<u>163,891</u>	<u>22,315</u>	<u>12,605</u>	<u>198,811</u>
<b>NET ASSETS</b>				
Unrestricted	<u>129,050</u>	<u>1,424,291</u>	<u>13,836</u>	<u>1,567,177</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 129,050</u>	<u>\$ 1,424,291</u>	<u>\$ 13,836</u>	<u>\$ 1,567,177</u>

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

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2012**

**Business Type Activities - Enterprise Funds**

	<b><u>Major Funds</u></b>		<b><u>Nonmajor Fund</u></b>	<b><u>Total</u></b>
	<b><u>Teacher Inservice for DuPage Educators</u></b>	<b><u>Local Services</u></b>	<b><u>Criminal Background Investigation</u></b>	
<b>OPERATING REVENUES:</b>				
Fees and charges for services	\$ 460,348	\$ 861,047	\$ 69,665	\$ 1,391,060
<b>OPERATING EXPENSES:</b>				
Salaries	-	114,045	-	114,045
Benefits	268	13,585	-	13,853
Purchased services	88,852	578,210	60,793	727,855
Supplies and materials	6,389	14,951	-	21,340
Payment to other governments	397,226	-	-	397,226
Other objects	-	2,495	-	2,495
Total operating expenses	<u>492,735</u>	<u>723,286</u>	<u>60,793</u>	<u>1,276,814</u>
<b>OPERATING INCOME (LOSS)</b>	(32,387)	137,761	8,872	114,246
<b>NONOPERATING REVENUES</b>				
Investment income	<u>-</u>	<u>5,143</u>	<u>-</u>	<u>5,143</u>
<b>CHANGE IN NET ASSETS BEFORE TRANSFERS</b>	(32,387)	142,904	8,872	119,389
Transfers out	<u>-</u>	<u>(17,400)</u>	<u>-</u>	<u>(17,400)</u>
<b>CHANGE IN NET ASSETS</b>	(32,387)	125,504	8,872	101,989
<b>NET ASSETS, BEGINNING OF YEAR, AS RESTATED (See Note 13)</b>	<u>161,437</u>	<u>1,298,787</u>	<u>4,964</u>	<u>1,465,188</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 129,050</u>	<u>\$ 1,424,291</u>	<u>\$ 13,836</u>	<u>\$ 1,567,177</u>

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

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2012**

	<b>Business-Type Activities Enterprise Funds</b>			
	<b>Major Funds</b>		<b>Nonmajor Fund</b>	
	<b>Teacher Inservice for DuPage Educators</b>	<b>Local Services</b>	<b>Criminal Background Investigation</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts for workshops and services	\$ 479,618	\$ 842,535	\$ 58,534	\$ 1,380,687
Payments to suppliers and providers of goods and services	(446,787)	(598,641)	(70,000)	(1,115,428)
Payments to employees	(268)	(128,441)	-	(128,709)
Net cash provided by (used in) operating activities	<u>32,563</u>	<u>115,453</u>	<u>(11,466)</u>	<u>136,550</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Interfund loans	165	(17,967)	12,605	(5,197)
Transfers from (to) other funds	-	(17,400)	-	(17,400)
Net cash provided by (used in) noncapital financing activities	<u>165</u>	<u>(35,367)</u>	<u>12,605</u>	<u>(22,597)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income	-	5,143	-	5,143
Net cash provided by investing activities	<u>-</u>	<u>5,143</u>	<u>-</u>	<u>5,143</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>32,728</b>	<b>85,229</b>	<b>1,139</b>	<b>119,096</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>255,104</u>	<u>1,274,577</u>	<u>-</u>	<u>1,529,681</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 287,832</u>	<u>\$ 1,359,806</u>	<u>\$ 1,139</u>	<u>\$ 1,648,777</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ (32,387)	\$ 137,761	\$ 8,872	\$ 114,246
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Effects of changes in assets and liabilities:				
Due from other governments	-	(13,445)	(11,131)	(24,576)
Prepaid expenses	-	(491)	-	(491)
Accounts payable	(2,400)	(7,094)	(9,207)	(18,701)
Accrued expenses	-	(811)	-	(811)
Due to other governments	48,080	4,600	-	52,680
Deferred revenue	19,270	(5,067)	-	14,203
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 32,563</u>	<u>\$ 115,453</u>	<u>\$ (11,466)</u>	<u>\$ 136,550</u>

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

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**June 30, 2012**

	<b><u>Agency Funds</u></b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>23,533</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>23,533</u></b>
<b>LIABILITIES</b>	
Due to other governments	\$ <u>23,533</u>
<b>TOTAL LIABILITIES</b>	<b>\$ <u>23,533</u></b>

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

**DUPAGE COUNTY**  
**REGIONAL OFFICE OF EDUCATION NO. 19**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the DuPage County Regional Office of Education No. 19 (ROE) substantially comply with the rules prescribed by the Illinois State Board of Education (ISBE). These accounting policies conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies.

**A. Reporting Entity**

The ROE operates under the School Code (Articles 5/3 and 5/3A of Illinois Compiled Statutes, Chapter 105). The ROE encompasses DuPage County. The Regional Superintendent of Schools (Regional Superintendent) serves as chief administrative officer of the ROE and is elected pursuant to Article 3, *Illinois Compiled Statutes*, Chapter 105. The principal financial duty of the Regional Superintendent is to receive and distribute monies due to school districts from general state aid, state categorical grants, and various other sources.

The Regional Superintendent is charged with the 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 teachers' institutes as well as to aid and encourage the formation of other teachers meetings and assist in their management; evaluate the schools in the region; examine evidence of indebtedness; file and keep 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 school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education No. 19 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.

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

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for districts in the region, 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.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

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

**A. Reporting Entity** - Continued

For the period ended June 30, 2012, the ROE 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 Regional Office of Education No. 19.

The ROE also acts as the administrative agent for the DuPage Career Education Center (a joint agreement). As administrative agent, the ROE is responsible for the receipt and distribution of the entities' funding, as well as all necessary reporting requirements for the Illinois State Board of Education and other granting agencies.

The ROE reporting entity includes all related organizations for which they exercise oversight responsibility.

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

The 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 ROE does not control the assets, operations, or management of the districts or joint agreements. In addition, the ROE is not aware of any entity which would exercise such oversight as to result in the ROE being considered a component unit of the entity.

Based on this criteria, the expenditures paid through the funds of DuPage County, for operation of the ROE, are not included in the reporting entity since it is the county board that authorizes, oversees, and controls these expenditures.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities are supported by intergovernmental revenues and are reported separate from business-type activities, which rely to a significant extent on fees and charges for support.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

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

**B. Government-wide and Fund Financial Statements - Continued**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

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 funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and reported in a single column.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay current liabilities. The ROE considers revenues to be available if they are collected within 60 days of the end of the current fiscal 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 generally are recorded when a liability is incurred, as under accrual accounting.

Revenues from local sources consist primarily of fees charged to school districts for services rendered by the ROE. Miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Grant funds from the State of Illinois are considered to be earned to the extent of expenditures made under the provisions of the grant. Investment earnings are recorded as earned since they are measurable and available.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

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

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation -  
Continued**

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the Statement of Net Assets. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The accrual basis of accounting is utilized by the proprietary fund type. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when the related liability is incurred.

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary fund types are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. Fiduciary funds are accounted for in essentially the same manner as the proprietary funds.

When both restricted and unrestricted resources are available for use, it is the ROE's policy to use restricted resources first, then unrestricted resources as they are needed. For unrestricted fund balances, assigned funds are used first, then unassigned, if any.

The ROE reports the following major governmental funds:

*General Fund* - The General Fund is used to account for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted for in another fund. The ROE's General Fund accounts include the following:

- Reading First - This program is designed to provide professional development for teachers in schools participating in the Reading First program.
- ROE Operations - Used to accumulate miscellaneous receipts used to support the day to day expenses of the ROE, including General State Aid.
- Regional Safe Schools and General State Aid - These funds provide programs for disruptive students who are eligible for suspension or expulsion. The programs provide individually designed curriculum, social skills training, career exploration and work experience opportunities, and opportunities to work toward re-entry into the traditional programs, if appropriate.
- Area I - This revenue is received from local sources and used for expenses incurred for Area I programs.
- Truants Minors in Need of Supervision Program (TMINS) - These funds provide programs for one of the Alternative Learning Opportunities Programs (ALOP) that provides an alternative learning environment and includes individualized instruction, small classes and counseling sessions.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

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

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation** -  
Continued

*Special Revenue Funds* - Accounts for and reports the proceeds of specific revenue sources (other than expendable trusts) that are restricted to expenditures for specified purposes. The ROE reported the following special revenue funds as major governmental funds:

- Institute Fund - This fund accounts for fees collected for the registration and renewal of teaching certificates. These fees are used to defray administrative expenses incidental to teachers' institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers or for the purpose of defraying the expense of any general or special meeting of teachers or school personnel, which has been approved by the ROE. All funds generated remain restricted until expensed only on the aforementioned activities.
- Education - Accounts for grants from the following sources:
  - Regional Safe Schools - These grant funds provide programs for disruptive students who are eligible for suspension or expulsion. The programs provide individually designed curriculum, social skills training, career exploration and work experience opportunities, and opportunities to work toward re-entry into the traditional programs, if appropriate.
  - Early Childhood Parenting Program - Accounts for monies received for, and payment of, expenditures for developing and operating programs for parents of young children.
  - Truants' Alternative Program - Accounts for grant monies received for, and payment of, expenditures of providing support services and evaluating compliance with recommendations to DuPage County Truants and their parents.
  - McKinney Education for Homeless Children - This grant provides funds for providing information to schools, community members and government entities about the educational rights of homeless students.
  - Workforce Investment Act - These funds provide programs for the Workforce Investment Act.
  - Title I - Grants to Local Educational Agencies – ROE#56 (System of Support (RESPRO)) - Grant monies in this fund are used to provide professional development activities to schools that are on Illinois' Academic Watch List. To be on the list, students in the buildings have not made Adequate Yearly Progress for at least two years. The funding sources for this grant are Title I, Title II, and State appropriated monies.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

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

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation -  
Continued**

- Technology for Success - These funds provide a coordinated, statewide support infrastructure which assists school districts in planning for, implementing, assessing results and educating staff in the use of technology and telecommunications in curricular, instructional and administrative functions.
- National Board Professional Preparation and Teacher Support System - This program provides for the training and professional development for teachers to earn their national board certification.
- Social Emotional Learning Standards Professional Development Program (SEL-PDP) - This program provides training and technical assistance to incorporate social-emotional learning standards into daily instructions.
- Preschool for All - These funds are utilized for providing comprehensive monitoring and technical assistance services to Preschool for All programs.
- Reading Improvement - These funds are utilized to provide training for new Reading Recovery teachers and provide opportunities for ongoing professional development for both teachers and teach-leaders.
- Illinois New Principal Mentoring - These funds are intended to help support the State-wide program to ensure that every new principal in Illinois receives a high-quality mentoring experience that focuses on professional development experiences and enhances a new principal's leadership. In this program, new leaders receive mentoring from proven, trained mentors who are paired with new principals based on geography, grade level, and need.
- Teacher Mentoring Pilot Program - These funds are intended to help support the State-wide new teacher mentoring program that includes assigning a mentor teacher to each new teacher for a period of two years and providing professional development designed to ensure the growth of the new teachers' knowledge and skills.
- Gifted Education - These funds provide for professional learning opportunities in the area of gifted children. A series of modules, each created for a specific purpose, was offered to assist educators in their efforts to support the social/emotional health and development of student of high potential, address their diverse needs, and facilitate at least a year's achievement of growth and development.
- Career & Technical Education Improvement - These funds assist to develop the academic and career and technical skills of secondary education students and postsecondary education students who elect to enroll in career and technical education programs.
- ROE/ISC Operations - Monies received from local and State sources to help support the day to day operating expenses of the ROE.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

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

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation** –  
Continued

- School Improvement - Federal funds used to work with first and second year schools in improvement status, to assist in data analysis, and support the implementation interventions of effective practices to improve student achievement.
- Response to Intervention - These funds provide for redesigned and established teaching and learning environments that are effective, efficient, relevant, and durable for all students, families and educators.

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

- General Education Development (GED) - These funds are provided for the processing of applications for the high school level Test of General Educational Development and the issuance of diplomas upon the successful completion of the examination. Statutes require excess funds accumulated for periods exceeding three years be transferred into the Institute Fund.
- Bus Driver Training - These funds are collected from the issuance of school bus driver permits and are used to sponsor instructional training courses for school bus drivers.
- Supervisory - These funds are an annual appropriation of State common school funds for the expenses incurred in providing supervisory services.

Proprietary Funds

*Proprietary funds* - Account for activities whose costs are funded by fees and charges. These fees and charges are paid by external users for goods or services.

The ROE reported the following proprietary funds as major funds:

- Teacher Inservice for DuPage Educators - This program is used for graduate courses offered to DuPage educators and administrators.
- Local Services - These funds are associated with workshops conducted by the ROE. In addition, this fund accounts for the revenues and expenses of the Administrator's Academy and Gifted Planning Activities.

The ROE reported the following proprietary fund as nonmajor:

- Criminal Background Investigation - These funds are used to account for the assessments received from the school district to pay for the processing of fingerprinting the substitute teachers and expenditures incurred providing the service to the school districts.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

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

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation –**  
Continued

Fiduciary Funds

*Agency Funds* - Fiduciary funds account for assets held by the ROE in a trustee or agency capacity. Agency funds are custodial in nature and do not involve measurement of results of operations.

The ROE utilizes the following agency fund:

- DuPage Career Education Center (DCEC) - DCEC is a cooperative of school districts, providing support services for career education programs for kindergarten through the eighth grade. DCEC provides staff-in-service, a community resource files, an audio-visual collection and a library of professional materials for teachers classroom use, and coordinates the DuPage County Business Education Partnership program. The program is funded through the ISBE, Division of Adult Vocational and Technical Education.

**D. Revenues - Exchange and Non-exchange Transactions**

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

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

**E. Cash and Cash Equivalents**

Cash consists of demand deposits. The ROE considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

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

**F. Due From Other Governments**

Due from other governmental units and agencies is reported at gross with no allowance for uncollectibles since management believes the amount of any uncollectible accounts is immaterial.

**G. Capital Assets**

Capital assets, which include building improvements and furniture and equipment, are reported in the applicable governmental column in the government-wide financial statements.

General capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The ROE records all capital items, which are individually greater than \$500, with a useful life of greater than one year, as capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture and equipment	5-10
Building improvements	20

**H. Equity**

In the government-wide financial statements equity is displayed in three components:

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

Restricted net assets - Consists of net assets with constraints placed on the use either by (1) outside parties 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 which do not meet the definition of "restricted" or "invested in capital assets."

**DUPAGE COUNTY**  
**REGIONAL OFFICE OF EDUCATION NO. 19**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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

**H. Equity** - Continued

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 - the portion of a Governmental Fund's fund balance that is not available to be spent, either short term or long term, in either form or through legal restrictions. The nonspendable fund balance reported is nonspendable in form for prepaid expenses.

Restricted - the portion of a Governmental Fund's fund balance that is subject to external enforceable legal restrictions. The following accounts fund balances are restricted by grant agreements or contracts: Institute Fund, Regional Safe Schools, Early Childhood Parenting Program, System of Support (RESPRO), Technology for Success, Social Emotional Learning Standards Professional Development Program (SEL-PDP), Illinois New Principal Mentoring, Teacher Mentoring Pilot Program, ROE/ISC Operations, School Improvement, General Education Development (GED), Bus Driver Training, and Supervisory.

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

Assigned - the portion of a Governmental Fund's fund balance to denote an intended use of resources. The accounts presented with assigned fund balance are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balance:

- Regional Safe Schools & General State Aid - assigned for programs for disruptive students who are eligible for suspension or expulsion.
- Area I - assigned for Area I program expenses.

Unassigned - available expendable financial resources in a Governmental Fund that are not designated for a specified purpose. The unassigned fund balance is made up of the following accounts: Reading First, ROE Operations, Truant Minors in Need of Supervision (TMINS), Truants' Alternative Program, McKinney Education for Homeless Children, Workforce Investment Act, National Board Professional Preparation and Teacher Support System, Preschool for All, Reading Improvement, Gifted Education, Career & Technical Education Improvement, and Response to Intervention.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

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

**I. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, gains, losses, and other changes in fund balance during the reporting period. Actual results could differ from those estimates.

**J. Budgetary Data**

The ROE did not formally adopt a budget for the year ended June 30, 2012 and is not legally required to do so. The Illinois State Board of Education requires budgets for certain State and federal programs. These budgets were used to prepare Budgetary Comparison Schedules for the following programs:

Special Revenue Funds:

- Education Fund:
  - Regional Safe Schools
  - Early Childhood Parenting Program
  - Technology for Success
  - Career & Technical Education Improvement
  - ROE/ISC Operations

**K. New Accounting Pronouncements**

In 2012, DuPage County Regional Office of Education No. 19 adopted the following pronouncements: 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*. There was no significant impact on the DuPage County Regional Office of Education No. 19's financial statements as a result of adopting the above statements.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 2 - CASH AND CASH EQUIVALENTS**

The *Illinois Compiled Statutes* authorize the ROE to 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 Funds.

Bank Deposits

*Custodial Credit Risk* - Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the ROE's deposits may not be returned to it. The ROE does not have a formal investment policy to guard against custodial credit risk for deposits with financial institutions. At June 30, 2012, the bank balance of the ROE totaled \$4,066,587. All of the bank balances are covered by federal depositor insurance or by collateral held by the ROE, or its agent, in the ROE's name.

Investments

The ROE does not have a formal investment policy but requires funds to be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2.

*Custodial Credit Risk* - Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the ROE will not be able to recover the value of its investments that are in possession of an outside party.

*Interest Rate Risk* - The interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of the investment, the greater the sensitivity of its fair value to changes in market interest rates. The ROE's policy for reducing its exposure to the risk is to structure the ROE's portfolio so that securities mature to meet the ROE's cash requirements for ongoing operations. As of June 30, 2012, all of the ROE's investments have investment maturities of less than three months.

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

*Credit Risk* - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The ROE's policy for managing its exposure to the risk is to limit investments to those allowable by the Illinois Public Funds Investment Act. As of June 30, 2012, the ROE's investments in repurchase agreement, money market funds and the Illinois Funds investment pool were rated AAA, AAA, and AAAM, respectively, using the Standard and Poor's rating scale.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

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

*Concentration of Credit Risk* - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single user. The ROE does not have a policy that specifically addresses concentration of risk. As of June 30, 2012, the ROE had approximately 90% of its investment portfolio in repurchase agreements with a local bank that was fully collateralized by U.S. agency obligations. The investment in money market funds, which is 4% of total investments, consists only of short-term U.S. Treasury securities. The investment in the Illinois Funds investment pool is subject to the Illinois Fund's investment policy, which limits investment categories to not exceed 25% of the portfolio, with the exception of cash equivalents and U.S. Treasury securities.

**NOTE 3 - CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2012 is as follows:

	<b>June 30, 2011 <u>(Restated)</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>June 30, 2012 <u>        </u></b>
Governmental Activities:				
Furniture and equipment	\$ 904,038	\$ 50,872	\$ -	\$ 954,910
Building improvements	<u>103,300</u>	<u>-</u>	<u>-</u>	<u>103,300</u>
Total capital assets	<u>1,007,338</u>	<u>50,872</u>	<u>-</u>	<u>1,058,210</u>
Less accumulated depreciation for				
Furniture and equipment	571,851	105,055	-	676,906
Building improvements	<u>56,320</u>	<u>5,165</u>	<u>-</u>	<u>61,485</u>
Total accumulated depreciation	<u>628,171</u>	<u>110,220</u>	<u>-</u>	<u>738,391</u>
Capital assets, net	<u>\$ 379,167</u>	<u>\$ (59,348)</u>	<u>\$ -</u>	<u>\$ 319,819</u>

Depreciation expense was charged as follows:

Governmental activities:	
Depreciation expense	<u>\$ 110,220</u>

Depreciation was charged to the Instructional Services activity.

**NOTE 4 - LEASE COMMITMENTS**

The ROE has entered into lease agreements as lessee for financing the acquisition of its copiers. These lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of the future minimum lease payments as of the inception date in the capital assets account.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 4 - LEASE COMMITMENTS (CONTINUED)**

The present value of future minimum lease payments and total minimum annual lease payments for capital leases recorded in the government-wide statement of net assets at June 30, 2012 were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 21,869
2014	<u>7,379</u>
Total minimum lease payments	29,248
Less: amount representing interest	<u>1,400</u>
Present value of minimum lease payments	<u>\$ 27,848</u>

Assets under capital lease amounted to \$144,536, and the related accumulated depreciation amounted to \$121,044.

The ROE leases office space for its Lombard and Addison operations. The agreements provide for a renewal option to extend up to June 30, 2015 and June 30, 2018, respectively, and annual increases in future minimum lease payments do not exceed 5%. See Note 14 for information on subsequent event. Also, the agreements generally require the ROE to pay executor costs. Rental expense for the year ended June 30, 2012 was \$187,124.

At June 30, 2012 future minimum payments under noncancelable operating leases with remaining terms in excess of one year were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 200,253
2014	208,040
2015	208,040
2016	104,554
2017	104,554
2018	<u>104,554</u>
Total	<u>\$ 929,995</u>

**NOTE 5 - EMPLOYEE'S RETIREMENT PLANS**

Teachers' Retirement System of the State of Illinois

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

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 5 - EMPLOYEE'S RETIREMENT PLANS (CONTINUED)**

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate 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 Jan. 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2011 and 2010.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education No. 19's TRS-covered employees.

- **On-behalf Contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education No. 19. For the year ended June 30, 2012, the State of Illinois contributions were based on 24.91 percent of creditable earnings not paid from federal funds, and the Regional Office of Education No. 19 recognized revenue and expenditures of \$235,845 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 (\$167,816) and 23.38 percent (\$274,185), respectively.

DuPage County Regional Office of Education No. 19 makes other types of employer contributions directly to TRS.

- **2.2 Formula Contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2012 were \$4,361. Contributions for the years ending June 30, 2011 and June 30, 2010, were \$3,103 and \$5,676, respectively.
- **Federal and Special Trust Fund Contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education No. 19, there is a statutory requirement for the Regional Office of Education No. 19 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for 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.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 5 - EMPLOYEE'S RETIREMENT PLANS (CONTINUED)**

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 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 \$114,429 were paid from federal and special trust funds that required employer contributions of \$28,504. For the years ended June 30, 2011 and June 30, 2010, required employer contributions were \$25,518 and \$37,201, respectively.

- **Early Retirement Option (ERO).** The Regional Office of Education No. 19 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member. The maximum employer ERO contribution is 117.5 percent and applies when the member is age 55 at retirement. For the years ended June 30, 2012, June 30, 2011 and June 30, 2010, the Regional Office of Education No. 19 paid no employer contributions under the ERO program.
- **Salary increases over 6 percent and excess sick leave.** If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases up to 6 percent. For the years ended June 30, 2012, June 30, 2011, and June 30, 2010, the Regional Office of Education No. 19 did not make any employer contributions to TRS for salary increases in excess of 6 percent.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary 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, June 30, 2011, and June 30, 2010, the Regional Office of Education No. 19 did not make any employer contributions to TRS for sick leave days granted in excess of the normal annual allotment.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 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, IL 62794-9253. The most current report is also available on the TRS Web site at <http://trs.illinois.gov>.

**DUPAGE COUNTY**  
**REGIONAL OFFICE OF EDUCATION NO. 19**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS**

DuPage County Health Plan

The Regional Office of Education No. 19 participates in the DuPage County Health Insurance Plan (OPEB Plan) that provides limited health-care insurance for certain eligible retired employees. The OPEB Plan provides an explicit premium subsidy to certain employees who meet eligibility conditions, and other coverage to certain employees as a function of their early retirement agreements. Membership in the OPEB Plan consists of 3,209 total members, out of which 15 members are employees of the Regional Office of Education No. 19.

The actuarial valuation of liabilities under the OPEB Plan is calculated using the entry age actuarial cost method as of the November 30, 2010 actuarial valuation. This method requires the calculation of an unfunded actuarial accrued liability, OPEB cost and OPEB obligation for DuPage County which amounted to \$7,140,094, \$584,723 and \$110,645 as of November 30, 2011, respectively. The Regional Office of Education No. 19's portion of the unfunded actuarial accrued liability is not separately determinable from the DuPage County actuarial study.

The Regional Office of Education No. 19 has estimated its portion of the DuPage County's net OPEB obligation using the ratio of full-time equivalent employees of the Regional Office of Education No. 19 compared to full-time equivalent employees of DuPage County. Due to the small number of Regional Office of Education No. 19 employees who participate in the OPEB Plan (0.47% of total members), the ROE estimated net OPEB liability was determined to be very minimal.

Details of the OPEB Plan are available in DuPage County's audit report for the year ended November 30, 2011. The report may be obtained by writing to the Finance Department, DuPage County, 421 North County Farm Road, Wheaton, Illinois 60187.

Teachers Health Insurance Security Fund

The Regional Office of Education No. 19 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 retired Illinois public school teachers employed outside the City of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the State administered participating provider option plan or choose from several managed care options.

**DUPAGE COUNTY**  
**REGIONAL OFFICE OF EDUCATION NO. 19**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. 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 to THIS Fund.** The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education No. 19. 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 \$6,617, and the Regional Office of Education No. 19 recognized revenue and expenditures of this amount during the year. State contributions intended to match active member contributions during the years ended June 30, 2011 and June 30, 2010 were 0.88 percent and 0.84 percent of pay, respectively. State contributions on behalf of the Regional Office of Education No. 19 employees were \$4,708 and \$9,851, respectively.
- **Employer contributions to THIS Fund.** The Regional Office of Education No. 19 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the years ended June 30, 2012 and June 30, 2011, and 0.63 percent during the year ended June 30, 2010. For the year ended June 30, 2012, the Regional Office of Education No. 19 paid \$4,963 to the THIS Fund. For the years ended June 30, 2011 and June 30, 2010, the Regional Office of Education No. 19 paid \$3,531 and \$6,182 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 7 - ON-BEHALF PAYMENTS**

As previously noted, the State of Illinois makes employer pension contributions on behalf of the ROE. The salaries, benefits, and TRS contributions of the Regional Superintendent and the Assistant Superintendent are paid by the State of Illinois. The amounts paid by the State of Illinois are as follows:

Regional Superintendent – salary	\$ 104,616
Regional Superintendent – benefits (includes state paid insurance)	6,493
Assistant Regional Superintendent - salary	90,229
Assistant Regional Superintendent - benefits (includes state paid insurance)	19,596
TRS on-behalf payments	235,845
THIS on-behalf payments	6,617
Salaries and benefits of office employees paid by DuPage County	831,306
Other operating expenses	<u>199,809</u>
<b>Total on-behalf payments</b>	<b><u>\$ 1,494,511</u></b>

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

**NOTE 8 - DUE FROM/TO OTHER GOVERNMENTS**

The DuPage County Regional Office of Education No. 19 has funds due from and to various other governmental units which consist of the following:

**Due From Other Governments**

Governmental Funds:

General Fund

Illinois State Board of Education	\$ 7,811
Total General Fund	<u>7,811</u>

Education Fund

Illinois State Board of Education	\$ 261,977
Local governments	<u>365,823</u>
Total Education Fund	<u>627,800</u>

Nonmajor Special Revenue Funds

Local governments	\$ 72
Total Nonmajor Special Revenue Funds	<u>72</u>

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 8 - DUE FROM/TO OTHER GOVERNMENTS (CONTINUED)**

Proprietary Funds:	
Local Services	
Local governments	\$ 67,613
Total Local Services	<u>67,613</u>
Criminal Background Investigation	
Local governments	\$ 11,131
Total Criminal Background Investigation	<u>11,131</u>
<b>Total</b>	<b><u>\$ 714,427</u></b>
<b><u>Due To Other Governments</u></b>	
Governmental Funds:	
General Fund	
Local governments	\$ 145,439
Total General Fund	<u>145,439</u>
Institute Fund	
Illinois State Board of Education	\$ 2,050
Total Institute Fund	<u>2,050</u>
Education Fund	
Local governments	\$ 116,539
Total Education Fund	<u>116,539</u>
Proprietary Funds	
Teacher Inservice for DuPage Educators	
Local governments	\$ 51,680
Total Teacher Inservice for DuPage Educators	<u>51,680</u>
Local Services	
Local governments	\$ 4,600
Total Local Services	<u>4,600</u>
Agency Funds	
DuPage Career Education Center (DCEC)	
Local governments	\$ 23,533
Total DuPage Career Education Center (DCEC)	<u>23,533</u>
<b>Total</b>	<b><u>\$ 343,841</u></b>

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 9 - DUE FROM/TO FUNDS**

Interfund receivables and payables, primarily made to cover cash deficits within pooled cash accounts, as of June 30, 2012 were:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 242,578	\$ 42,658
Institute Fund	13,956	24,338
Education Fund	-	195,602
Nonmajor Special Revenue Funds	478	-
Teacher Inservice for DuPage Educators	5,109	5,080
Local Services	18,696	5,498
Nonmajor Proprietary Funds	4,964	12,605
<b>Total</b>	<u>\$ 285,781</u>	<u>\$ 285,781</u>

**NOTE 10 - TRANSFERS**

Transfers are generally made to provide supplemental funding or move resources from the fund required to collect the resources to the fund required to expend the resources. The following is the detail of interfund transfers as of June 30, 2012:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
ROE Operations	\$ 17,800	\$ -
Regional Safe Schools and General State Aid	-	62,143
Truant Minors in Need of Supervision (TMINS)	62,143	-
Education Fund		
Gifted Education	-	400
Proprietary Funds		
Local Services	-	17,400
<b>Total</b>	<u>\$ 79,943</u>	<u>\$ 79,943</u>

**NOTE 11 - DEFICIT FUND/FUND ACCOUNTS BALANCES**

At June 30, 2012, the following funds/fund accounts had deficit fund balances. They are expected to correct themselves in 2013, through payments from the State and transfers from local funds.

General Fund	
ROE Operations	\$ (46,757)
Truant Minors in Need of Supervision (TMINS)	(27,365)
Education Fund	
Truants' Alternative Program	(17,896)
McKinney Education for Homeless Children	(2,627)
Workforce Investment Act	(17,401)
National Board Professional Preparation and Teacher Support System	(2,458)

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**NOTE 11 - DEFICIT FUND BALANCES (CONTINUED)**

Preschool for All	(4,373)
Reading Improvement	(1,200)
Gifted Education	(13,192)
Career & Technical Education Improvement	(1,748)
Response to Intervention	(5,020)

**NOTE 12 - RISK MANAGEMENT**

The Regional Office of Education 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. Insurance to cover these risks is provided through DuPage County. Claims from these risks have not exceeded commercial insurance coverage during the current fiscal year and the previous two fiscal years.

**NOTE 13 - RESTATEMENT**

The DuPage County Regional Office of Education No. 19 restated the following net assets previously reported:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Proprietary Fund - Local Services</u>
Net assets, June 30, 2011, as previously reported	\$ 2,223,404	\$ 1,470,316	\$ 1,303,915
Adjustment of net capital assets	29,660	(5,128)	(5,128)
Net assets, June 30, 2012, as restated	<u>\$ 2,253,064</u>	<u>\$ 1,465,188</u>	<u>\$ 1,298,787</u>

The restatement of the Business-Type Activities and Proprietary Fund - Local Services fund was to remove capital assets recorded in excess. The restatement of Governmental Activities was to add capital assets in addition to those previously reported.

**NOTE 14 – SUBSEQUENT EVENT**

On August 28, 2013, the DuPage County Regional Office of Education No. 19 entered into a lease agreement for its Addison operations. The agreement commenced on July 1, 2013 and terminates on June 30, 2018. The lease calls for annual rent of \$98,466, payable in equal monthly installments. Annual rent increases on and as of July 1, 2014 and July 1 of each successive year of the lease term by three percent (3%) or the most recently published CPI applicable to the City of Chicago, whichever is greater, but in no event more than five percent (5%) per year.

**SUPPLEMENTAL INFORMATION**

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND ACCOUNTS  
 June 30, 2012

	Reading <u>First</u>	ROE <u>Operations</u>	Regional Safe Schools and <u>General State Aid</u>	<u>Area I</u>	Truant Minors in Need of Supervision <u>(TMINS)</u>	<u>Total</u>
Cash and cash equivalents	\$ 53,670	\$ -	\$ 7,373	\$ 1,349	\$ -	\$ 62,392
Due from other governments	-	7,811	-	-	-	7,811
Due from other funds	-	4,576	238,002	-	-	242,578
Prepaid expenses	-	2,552	-	-	285	2,837
<b>TOTAL ASSETS</b>	<b>\$ 53,670</b>	<b>\$ 14,939</b>	<b>\$ 245,375</b>	<b>\$ 1,349</b>	<b>\$ 285</b>	<b>\$ 315,618</b>

**LIABILITIES AND  
FUND BALANCE (DEFICIT)**

**LIABILITIES**

Accounts payable	\$ -	\$ 409	\$ -	\$ -	\$ -	\$ 409
Accrued expenses	-	8,563	-	-	11,605	20,168
Due to other governments	-	26,111	119,328	-	-	145,439
Due to other funds	-	26,613	-	-	16,045	42,658
Total liabilities	-	61,696	119,328	-	27,650	208,674

**FUND BALANCE (DEFICIT)**

Nonspendable	-	2,552	-	-	285	2,837
Unrestricted:						
Assigned	-	-	126,047	1,349	-	127,396
Unassigned	53,670	(49,309)	-	-	(27,650)	(23,289)
Total fund balance (deficit)	53,670	(46,757)	126,047	1,349	(27,365)	106,944

**TOTAL LIABILITIES AND  
FUND BALANCE (DEFICIT)**

	\$ 53,670	\$ 14,939	\$ 245,375	\$ 1,349	\$ 285	\$ 315,618
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**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GENERAL FUND ACCOUNTS**  
**For the Year Ended June 30, 2012**

	Reading First	ROE Operations	Regional Safe Schools and General State Aid	Area I	Truant Minors in Need of Supervision (TMIN)	Totals
<b>REVENUES:</b>						
Local sources	-	\$ 40,230	-	\$ 1,514	9	\$ 41,753
State sources	-	100,822	2,827,359	-	150	2,928,331
Federal sources	-	338,115	-	-	-	338,115
Interest income	-	1,314	-	-	-	1,314
On-behalf payments	-	1,494,511	-	-	-	1,494,511
Total revenues	-	<u>1,974,992</u>	<u>2,827,359</u>	<u>1,514</u>	<u>159</u>	<u>4,804,024</u>
<b>EXPENDITURES:</b>						
Education:						
Salaries	-	294,124	-	-	71,400	365,524
Benefits	-	78,523	-	-	12,432	90,955
Purchased services	1,800	238,031	-	1,410	6,003	247,244
Supplies and materials	12,565	14,872	-	-	884	28,321
Payments to other governments	-	-	2,788,860	-	-	2,788,860
Other objects	-	250	-	-	18	268
On-behalf payments	-	1,494,511	-	-	-	1,494,511
Capital outlay	-	4,790	-	-	-	4,790
Total expenditures	<u>14,365</u>	<u>2,125,101</u>	<u>2,788,860</u>	<u>1,410</u>	<u>90,737</u>	<u>5,020,473</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(14,365)</u>	<u>(150,109)</u>	<u>38,499</u>	<u>104</u>	<u>(90,578)</u>	<u>(216,449)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	17,800	-	-	62,143	79,943
Transfers out	-	-	(62,143)	-	-	(62,143)
Total other financing sources (uses)	<u>-</u>	<u>17,800</u>	<u>(62,143)</u>	<u>-</u>	<u>62,143</u>	<u>17,800</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(14,365)</u>	<u>(132,309)</u>	<u>(23,644)</u>	<u>104</u>	<u>(28,435)</u>	<u>(198,649)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>68,035</u>	<u>85,552</u>	<u>149,691</u>	<u>1,245</u>	<u>1,070</u>	<u>305,593</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ 53,670</u>	<u>\$ (46,757)</u>	<u>\$ 126,047</u>	<u>\$ 1,349</u>	<u>\$ (27,365)</u>	<u>\$ 106,944</u>

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**EDUCATION FUND ACCOUNTS**  
 June 30, 2012

	Regional Safe Schools	Early Childhood Parenting Program	Truants' Alternative Program	McKinney Education for Homeless Children	Workforce Investment Act
<b>ASSETS</b>					
Cash and cash equivalents	\$ 229,276	\$ -	\$ -	\$ -	\$ -
Accounts receivable	175	-	-	-	-
Due from other governments	231,152	36,233	-	-	30,435
Prepaid expenses	1,770	304	-	-	326
<b>TOTAL ASSETS</b>	<b>\$ 462,373</b>	<b>\$ 36,537</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30,761</b>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>					
<b>LIABILITIES</b>					
Accounts payable	704	-	-	-	3,142
Accrued expenses	63,757	8,453	-	-	16,266
Due to other governments	1,755	-	4,050	-	-
Due to other funds	-	26,727	13,846	2,627	5,781
Deferred revenue	5,670	-	-	-	22,973
Total liabilities	71,886	35,180	17,896	2,627	48,162
<b>FUND BALANCE (DEFICIT)</b>					
Nonspendable					326
Unrestricted:	1,770	304	-	-	-
Restricted	388,717	1,053	-	-	-
Unassigned	-	-	(17,896)	(2,627)	(17,727)
Total fund balance (deficit)	390,487	1,357	(17,896)	(2,627)	(17,401)
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ 462,373</b>	<b>\$ 36,537</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30,761</b>

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND ACCOUNTS  
 June 30, 2012

System of Support (RESPRO)	Technology for Success	National Board Professional Preparation and Teacher Support System	Social Emotional Learning Standards Professional Development Program (SEL-PDP)	Preschool for All	Reading Improvement	Illinois New Principal Mentoring
\$ -	\$ 5,070	\$ -	\$ 19,686	\$ -	\$ -	\$ 864
-	-	-	-	-	-	-
289,198	13,468	-	-	-	-	8,300
470	-	-	-	-	-	-
\$ 289,668	\$ 18,538	\$ -	\$ 19,686	\$ -	\$ -	\$ 9,164

**ASSETS**

Cash and cash equivalents  
 Accounts receivable  
 Due from other governments  
 Prepaid expenses

**TOTAL ASSETS**

**LIABILITIES AND FUND BALANCE (DEFICIT)**

**LIABILITIES**

Accounts payable  
 Accrued expenses  
 Due to other governments  
 Due to other funds  
 Deferred revenue  
 Total liabilities

**FUND BALANCE (DEFICIT)**

Nonspendable  
 Unrestricted:  
     Restricted  
     Unassigned  
 Total fund balance (deficit)

**TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)**

\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,028	-	-	-	-	-	-
97,996	-	-	-	-	-	-
99,616	-	2,458	-	4,373	1,200	-
47,677	-	-	-	-	-	6,450
249,317	-	2,458	-	4,373	1,200	6,450
470	-	-	-	-	-	-
39,881	18,538	-	19,686	-	-	2,714
-	-	(2,458)	-	(4,373)	(1,200)	-
40,351	18,538	(2,458)	19,686	(4,373)	(1,200)	2,714
\$ 289,668	\$ 18,538	\$ -	\$ 19,686	\$ -	\$ -	\$ 9,164

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND ACCOUNTS  
 June 30, 2012

		<u>Teacher Mentoring Pilot Program</u>	<u>Gifted Education</u>	<u>Career &amp; Technical Education Improvement</u>	<u>ROE/ISC Operations</u>	<u>School Improvement</u>	<u>Response to Intervention</u>	<u>Totals</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$	4,279	-	-	190,799	10,574	-	\$ 460,548
Accounts receivable		-	-	-	-	-	-	175
Due from other governments		-	-	19,014	-	-	-	627,800
Prepaid expenses		-	-	-	-	-	-	2,870
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>4,279</b>	<b>-</b>	<b>19,014</b>	<b>190,799</b>	<b>10,574</b>	<b>-</b>	<b>\$ 1,091,393</b>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>								
<b>LIABILITIES</b>								
Accounts payable	\$	-	-	-	-	-	-	\$ 4,846
Accrued expenses		-	-	-	-	-	-	91,504
Due to other governments		2,929	-	-	2,730	7,079	-	116,539
Due to other funds		-	13,192	20,762	-	-	5,020	195,602
Deferred revenue		-	-	-	-	-	-	82,770
Total liabilities		<u>2,929</u>	<u>13,192</u>	<u>20,762</u>	<u>2,730</u>	<u>7,079</u>	<u>5,020</u>	<u>491,261</u>
<b>FUND BALANCE (DEFICIT)</b>								
Nonspendable		-	-	-	-	-	-	2,870
Unrestricted:								
Restricted		1,350	-	-	188,069	3,495	-	663,503
Unassigned		-	(13,192)	(1,748)	-	-	(5,020)	(66,241)
Total fund balance (deficit)		<u>1,350</u>	<u>(13,192)</u>	<u>(1,748)</u>	<u>188,069</u>	<u>3,495</u>	<u>(5,020)</u>	<u>600,132</u>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$</b>	<b>4,279</b>	<b>-</b>	<b>19,014</b>	<b>190,799</b>	<b>10,574</b>	<b>-</b>	<b>\$ 1,091,393</b>

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 Year Ended June 30, 2012

	Regional Safe Schools	Early Childhood Parenting Program	Truants' Alternative Program	McKinney Education for Homeless Children	Workforce Investment Act
<b>REVENUES:</b>					
Local sources	\$ 297,951	-	-	-	-
State sources	813,448	124,133	26,503	-	-
Federal sources	-	-	-	34,000	134,297
Total revenues	<u>1,111,399</u>	<u>124,133</u>	<u>26,503</u>	<u>34,000</u>	<u>134,297</u>
	\$	\$	\$	\$	\$
<b>EXPENDITURES:</b>					
Education:					
Salaries	428,937	84,164	20,856	-	86,642
Benefits	73,121	27,724	4,300	-	26,558
Purchased services	304,795	11,771	1,193	33,670	13,700
Supplies and materials	33,269	482	115	-	1,743
Payment to other governments	-	-	-	-	-
Other objects	-	-	39	-	18
Capital outlay	42,541	-	-	-	-
Total expenditures	<u>882,663</u>	<u>124,141</u>	<u>26,503</u>	<u>33,670</u>	<u>128,661</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>228,736</u>	<u>(8)</u>	<u>-</u>	<u>330</u>	<u>5,636</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	<u>228,736</u>	<u>(8)</u>	<u>-</u>	<u>330</u>	<u>5,636</u>
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<u>161,751</u>	<u>1,365</u>	<u>(17,896)</u>	<u>(2,957)</u>	<u>(23,037)</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ 390,487</u>	<u>\$ 1,357</u>	<u>\$ (17,896)</u>	<u>\$ (2,627)</u>	<u>\$ (17,401)</u>

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**Year Ended June 30, 2012**

	System of Support (RESPRO)	Technology for Success	National Board Professional Preparation and Teacher Support System	Social Emotional Learning Standards Professional Development Program (SEL-PDP)	Preschool for All	Reading Improvement	Illinois New Principal Mentoring
<b>REVENUES:</b>							
Local sources	\$ -	-	-	-	-	-	\$ 74,410
State sources	-	83,364	-	-	-	-	-
Federal sources	776,195	11,639	-	-	-	-	-
Total revenues	<u>776,195</u>	<u>95,003</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,410</u>
<b>EXPENDITURES:</b>							
Education:							
Salaries	82,838	31,807	-	-	-	-	-
Benefits	25,356	8,052	-	-	-	-	3,444
Purchased services	288,118	47,174	648	-	-	-	72,288
Supplies and materials	14,982	-	-	-	-	-	107
Payment to other governments	431,380	-	-	-	-	-	-
Other objects	-	182	-	-	-	-	88
Capital outlay	1,198	7,788	-	-	-	-	-
Total expenditures	<u>823,872</u>	<u>95,003</u>	<u>648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,927</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(47,677)</u>	<u>-</u>	<u>(648)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,517)</u>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	<u>(47,677)</u>	<u>-</u>	<u>(648)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,517)</u>
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<u>88,028</u>	<u>18,538</u>	<u>(1,810)</u>	<u>19,686</u>	<u>(4,373)</u>	<u>(1,200)</u>	<u>4,231</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ 40,351</u>	<u>\$ 18,538</u>	<u>\$ (2,458)</u>	<u>\$ 19,686</u>	<u>\$ (4,373)</u>	<u>\$ (1,200)</u>	<u>\$ 2,714</u>

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 Year Ended June 30, 2012

	Teacher Mentoring Pilot Program	Gifted Education	Career & Technical Education Improvement	ROE/ISC Operations	School Improvement	Response to Intervention	Totals												
<b>REVENUES:</b>																			
Local sources	-	\$ 1,420	\$ 84	-	-	-	\$ 373,865												
State sources	-	-	121,028	151,567	-	-	1,320,043												
Federal sources	-	-	-	-	-	28,450	984,581												
Total revenues	-	<u>1,420</u>	<u>121,112</u>	<u>151,567</u>	<u>-</u>	<u>28,450</u>	<u>2,678,489</u>												
<b>EXPENDITURES:</b>																			
Education:																			
Salaries	-	-	-	83,526	-	-	818,770												
Benefits	-	-	-	25,207	-	-	193,762												
Purchased services	-	4,800	89,552	725	-	30,768	879,202												
Supplies and materials	-	-	20,985	-	-	-	71,683												
Payment to other governments	-	-	-	-	-	-	431,380												
Other objects	-	-	-	-	-	-	327												
Capital outlay	-	-	309	-	-	-	51,836												
Total expenditures	-	<u>4,800</u>	<u>110,846</u>	<u>109,458</u>	<u>-</u>	<u>30,768</u>	<u>2,446,960</u>												
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	<u>(3,380)</u>	<u>10,266</u>	<u>42,109</u>	<u>-</u>	<u>(2,318)</u>	<u>231,529</u>												
<b>OTHER FINANCING SOURCES (USES):</b>																			
Transfers out	-	(400)	-	-	-	-	(400)												
Total other financing sources (uses)	-	<u>(400)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(400)</u>												
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	-	<u>(3,780)</u>	<u>10,266</u>	<u>42,109</u>	<u>-</u>	<u>(2,318)</u>	<u>231,129</u>												
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<u>1,350</u>	<u>(9,412)</u>	<u>(12,014)</u>	<u>145,960</u>	<u>3,495</u>	<u>(2,702)</u>	<u>369,003</u>												
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ 1,350</u>	<u>\$ (13,192)</u>	<u>\$ (1,748)</u>	<u>\$ 188,069</u>	<u>\$ 3,495</u>	<u>\$ (5,020)</u>	<u>\$ 600,132</u>												

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2012**

	Regional Safe Schools			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Local sources	\$ -	\$ -	\$ 297,951	\$ 297,951
State sources	<u>644,195</u>	<u>644,195</u>	<u>813,448</u>	<u>169,253</u>
Total revenues	<u>644,195</u>	<u>644,195</u>	<u>1,111,399</u>	<u>467,204</u>
<b>EXPENDITURES:</b>				
Education:				
Salaries	346,900	346,900	428,937	(82,037)
Benefits	55,756	55,756	73,121	(17,365)
Purchased services	191,568	191,568	304,795	(113,227)
Supplies and materials	9,971	9,971	33,269	(23,298)
Capital outlay	<u>40,000</u>	<u>40,000</u>	<u>42,541</u>	<u>(2,541)</u>
Total expenditures	<u>644,195</u>	<u>644,195</u>	<u>882,663</u>	<u>(238,468)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	228,736	<u>\$ 228,736</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>161,751</u>	
<b>FUND BALANCE , END OF YEAR</b>			<u>\$ 390,487</u>	

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2012**

	Early Childhood Parenting Program			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES:</b>				
State sources	\$ 123,000	\$ 123,000	\$ 124,133	\$ 1,133
<b>EXPENDITURES:</b>				
Education:				
Salaries	83,083	83,083	84,164	(1,081)
Benefits	26,477	26,477	27,724	(1,247)
Purchased services	11,690	11,690	11,771	(81)
Supplies and materials	1,750	1,750	482	1,268
Total expenditures	123,000	123,000	124,141	(1,141)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(8)</b>	<b>\$ (8)</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			1,365	
<b>FUND BALANCE, END OF YEAR</b>			<b>\$ 1,357</b>	

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2012**

	<b>Technology for Success</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Amounts</u></b>	<b><u>Final Budget</u></b>
<b>REVENUES:</b>				
State sources	\$ 87,371	\$ 87,371	83,364	\$ (4,007)
Federal sources	<u>11,639</u>	<u>11,639</u>	<u>11,639</u>	<u>-</u>
Total revenues	<u>99,010</u>	<u>99,010</u>	<u>95,003</u>	<u>(4,007)</u>
<b>EXPENDITURES:</b>				
Education:				
Salaries	31,807	31,807	31,807	-
Benefits	7,623	7,623	8,052	(429)
Purchased services	50,341	50,341	47,174	3,167
Other objects	-	-	182	(182)
Capital outlay	<u>9,239</u>	<u>9,239</u>	<u>7,788</u>	<u>1,451</u>
Total expenditures	<u>99,010</u>	<u>99,010</u>	<u>95,003</u>	<u>4,007</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>18,538</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 18,538</u>	

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2012**

	<b>Career &amp; Technical Education Improvement</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Amounts</u></b>	<b><u>Final Budget</u></b>
<b>REVENUES:</b>				
Local sources	\$ -	\$ -	\$ 84	\$ 84
State sources	<u>111,149</u>	<u>111,149</u>	<u>121,028</u>	<u>9,879</u>
Total revenues	<u>111,149</u>	<u>111,149</u>	<u>121,112</u>	<u>9,963</u>
<b>EXPENDITURES:</b>				
Education:				
Purchased services	78,700	80,329	89,552	(9,223)
Supplies and materials	32,449	30,820	20,985	9,835
Capital outlay	<u>-</u>	<u>-</u>	<u>309</u>	<u>(309)</u>
Total expenditures	<u>111,149</u>	<u>111,149</u>	<u>110,846</u>	<u>303</u>
<b>NET CHANGE IN</b>	<u>\$ -</u>	<u>\$ -</u>	10,266	<u>\$ 10,266</u>
<b>FUND BALANCE (DEFICIT)</b>				
<b>FUND BALANCE (DEFICIT),</b>			<u>(12,014)</u>	
<b>BEGINNING OF YEAR</b>				
<b>FUND BALANCE (DEFICIT),</b>			<u>\$ (1,748)</u>	
<b>END OF YEAR</b>				

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2012**

	ROE/ISC Operations			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
State sources	\$ 110,228	\$ 110,228	\$ 151,567	\$ 41,339
<b>EXPENDITURES:</b>				
Education:				
Salaries	87,392	87,392	83,526	3,866
Benefits	21,290	21,290	25,207	(3,917)
Purchased services	1,546	1,546	725	821
Total expenditures	110,228	110,228	109,458	770
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	42,109	<b>\$ 42,109</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			145,960	
<b>FUND BALANCE, END OF YEAR</b>			<b>\$ 188,069</b>	

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
 June 30, 2012

	<u>General</u>	<u>Education</u>	<u>Bus Driver</u>	<u>Training</u>	<u>Supervisory</u>	<u>Totals</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 11,833	\$ 150,467	\$ 343			\$ 162,643
Accounts receivable	-	18	-			18
Due from other governments	-	72	-			72
Due from other funds	-	478	-			478
<b>TOTAL ASSETS</b>	<u>\$ 11,833</u>	<u>\$ 151,035</u>	<u>\$ 343</u>			<u>\$ 163,211</u>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
None	-	-	-			-
<b>FUND BALANCE</b>						
Restricted	11,833	151,035	343			163,211
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 11,833</u>	<u>\$ 151,035</u>	<u>\$ 343</u>			<u>\$ 163,211</u>

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2012**

	<u>General</u>	<u>Bus Driver</u>	<u>Supervisory</u>	<u>Totals</u>
	<u>Education</u>	<u>Training</u>		
	<u>Development</u>			
<b>REVENUES:</b>				
Local sources	\$ 2,966	\$ 20,996	\$ -	\$ 23,962
State sources	-	3,764	-	3,764
Total revenues	<u>2,966</u>	<u>24,760</u>	<u>-</u>	<u>27,726</u>
<b>EXPENDITURES:</b>				
Education:				
Purchased services	341	13,170	-	13,511
Capital outlay	-	416	-	416
Total expenditures	<u>341</u>	<u>13,586</u>	<u>-</u>	<u>13,927</u>
<b>NET CHANGE IN FUND BALANCES</b>	2,625	11,174	-	13,799
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>9,208</u>	<u>139,861</u>	<u>343</u>	<u>149,412</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 11,833</u>	<u>\$ 151,035</u>	<u>\$ 343</u>	<u>\$ 163,211</u>

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**JUNE 30, 2012**

		<b><u>Criminal Background Investigation</u></b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$	1,139
Due from other governments		11,131
Due from other funds		4,964
Prepaid expenses		<u>9,207</u>
Total current assets		<u>26,441</u>
<b>TOTAL ASSETS</b>		<u>26,441</u>
<b>LIABILITIES</b>		
Current liabilities		
Due to other funds		<u>12,605</u>
<b>TOTAL LIABILITIES</b>		<u>12,605</u>
<b>NET ASSETS</b>		
Unrestricted		<u>13,836</u>
<b>TOTAL NET ASSETS</b>	<b>\$</b>	<b><u>13,836</u></b>

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**YEAR ENDED JUNE 30, 2012**

	<b>Criminal Background <u>Investigation</u></b>
<b>OPERATING REVENUES:</b>	
Fees and charges for services	\$ 69,665
Total operating revenues	69,665
<b>OPERATING EXPENSES:</b>	
Purchased services	60,793
Total operating expenses	60,793
<b>CHANGE IN NET ASSETS</b>	8,872
<b>NET ASSETS, BEGINNING OF YEAR</b>	4,964
<b>NET ASSETS, END OF YEAR</b>	\$ 13,836

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**Year Ended June 30, 2012**

	<b>Business-Type Activities <u>Enterprise Funds</u></b>	<b>Criminal Background <u>Investigation</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts for workshops and services	\$ 58,534	
Payments to suppliers and providers of goods and services	<u>(70,000)</u>	
Net cash used in operating activities	<u>(11,466)</u>	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Interfund loans	<u>12,605</u>	
Net cash provided by noncapital financing activities	<u>12,605</u>	
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>1,139</b>	
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>-</u>	
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,139</u>	
<b>Reconciliation of operating income (loss) to net cash used in operating activities:</b>		
Operating income	\$ 8,872	
Adjustments to reconcile operating income to net cash used in operating activities:		
Effects of changes in assets and liabilities:		
Due from other governments	(11,131)	
Prepaid expenses	<u>(9,207)</u>	
<b>Net cash used in operating activities</b>	<u>\$ (11,466)</u>	

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**STATEMENT OF CHANGES IN**  
**ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**For the Year Ended June 30, 2012**

	<u>Balance,</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance,</u> <u>June 30, 2012</u>
<b>DUPAGE CAREER EDUCATION CENTER (DCEC)</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 23,533	\$ -	\$ -	\$ 23,533
<b>TOTAL ASSETS</b>	<u>\$ 23,533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,533</u>
<b>LIABILITIES</b>				
Due to other governments	\$ 23,533	\$ -	\$ -	\$ 23,533
<b>TOTAL LIABILITIES</b>	<u>\$ 23,533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,533</u>

FEDERAL COMPLIANCE SECTION

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2012

<b>Federal Grantor/Pass- Through Grantor, Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Project Number (1st 8 digits) or Contract #</b>	<b>Federal Expenditures June 30, 2012</b>
U.S. Department of Education passed through Will County Regional Office of Education No. 56: (M) Title I - Grants to Local Educational Agencies (System of Support (RESPRO))	84.010A	2012-4331-SS	<u>\$ 823,872</u>
Education for Homeless Children and Youth	84.196A	2012-4920-SS	<u>33,670</u>
Lee/Ogle Counties Regional Office of Education No. 47: Special Education - State Personnel Development (Response to Intervention)	84.323A	2012-4631-00	<u>27,514</u>
Illinois State Board of Education: Education Technology State Grants, Recovery Act (Technology for Success)	84.386A	2012-4861-00	<u>10,998</u>
Education Jobs Fund, Recovery Act		2011-4880-93	42,139
Education Jobs Fund, Recovery Act		2011-4880-95	290,969
Education Jobs Fund, Recovery Act		2012-4880-93	633
Education Jobs Fund, Recovery Act		2012-4880-95	<u>4,374</u>
(M) Total Education Jobs Fund, Recovery Act	84.410A		<u>338,115</u>
U.S. Department of Labor passed through County of DuPage: WIA Youth Activities (Workforce Investment Act)	17.259	PY2010-01	<u>119,858</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><b>\$ 1,354,027</b></u>

(M) - Audited as a major program

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2012**

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

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of DuPage Regional Office of Education No. 19 and is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the basic financial statements.

**NOTE 2 - SUBRECIPIENTS**

N/A

**NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM**

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

Title I – Grants to Local Educational Agencies (System of Support (RESPRO)) – the objective of this program is to provide school improvement services to the participating schools/districts of the DuPage County Regional Office of Education No. 19 including, working with first and second year schools in improvement status, assisting in data analysis, and supporting the implementation interventions of effective practices to improve student achievement.

Education Jobs Fund, Recovery Act – the objective of this program is to assist local educational agencies in saving or creating education jobs. Jobs funded under this program include those that provide education and related services for early childhood, elementary, and secondary education.

**NOTE 4 - NON-CASH ASSISTANCE**

N/A

**NOTE 5 - AMOUNT OF INSURANCE**

N/A

**NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING**

N/A