

**State of Illinois
GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
FINANCIAL AUDIT
For the Year Ended June 30, 2013**

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24

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GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24

OFFICIALS

Regional Superintendent (Current and Acting Effective March 6, 2013)	Mr. Christopher Mehochko
Regional Superintendent (March 1, 2013 through March 5, 2013)	Vacant
Regional Superintendent (Acting Effective July 1, 2012 through February 28, 2013)	Mr. Paul Nordstrom
Assistant Regional Superintendent (Current and Acting Effective July 1, 2013)	Ms. Michelle Senffner
Assistant Regional Superintendent (March 6, 2013 through June 30, 2013)	Vacant
Assistant Regional Superintendent (Acting Effective July 1, 2012 through March 5, 2013)	Mr. Christopher Mehochko

Offices are located at:

1320 Union Street
Morris, Illinois 60450

109 W. Ridge Street
Yorkville, Illinois 60560

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
FINANCIAL REPORT SUMMARY

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

AUDITOR'S REPORTS

The auditor's reports do not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	2	4
Repeated audit findings	1	2
Prior recommendations implemented or not repeated	3	-

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2013-001	11a	Controls Over Financial Statement Preparation	Material Weakness
2013-002	11c	Inadequate Internal Controls Over Compliance	Significant Deficiency
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)			
12-1	13	Inadequate Internal Controls Over Financial Reporting	Material Weakness
12-3	13	Controls over Property and Equipment	Significant Deficiency
12-4	13	Inadequate Internal Controls Over Compliance	Noncompliance

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
FINANCIAL REPORT SUMMARY (Concluded)

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on September 12, 2013. Attending were Chris Mehochko, Regional Superintendent and Michelle D. Smith, Partner, Kemper CPA Group LLP. Responses to the recommendations were provided by Chris Mehochko, Regional Superintendent.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Grundy/Kendall Counties Regional Office of Education #24 was performed by Kemper CPA Group LLP.

Based on their audit, the auditors expressed an unmodified opinion on the Grundy/Kendall Counties Regional Office of Education #24's basic financial statements.



INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland
Auditor General
State of Illinois

Report on the Financial Statements

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 Grundy/Kendall Counties Regional Office of Education #24, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Grundy/Kendall Counties Regional Office of Education #24's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Grundy/Kendall Counties Regional office of Education #24, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund Schedule of Funding Progress, and Other Post Employment Benefits Schedule of Funding Progress on pages 14a-14g, 55, and 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grundy/Kendall Counties Regional Office of Education #24's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurers and Other Entities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 Disbursements to School District Treasurers and Other Entities are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2014, on our consideration of the Grundy/Kendall Counties Regional Office of Education #24'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* in considering the Grundy/Kendall Counties Regional Office of Education #24's internal control over financial reporting and compliance.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Evansville, Indiana
May 28, 2014

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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Grundy/Kendall Counties Regional Office of Education #24, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Grundy/Kendall Counties Regional Office of Education #24's basic financial statements, and have issued our report thereon dated May 28, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Grundy/Kendall Counties Regional Office of Education #24's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Grundy/Kendall Counties Regional Office of Education #24's internal control. Accordingly, we do not express an opinion on the effectiveness of Grundy/Kendall Counties Regional Office of Education #24's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2013-001 to be a material weakness.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2013-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Grundy/Kendall Counties Regional Office of Education #24'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*.

Regional Office of Education #24's Responses to Findings

Grundy/Kendall Counties Regional Office of Education #24's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Grundy/Kendall Counties Regional Office of Education #24's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Grundy/Kendall Counties Regional Office of Education #24's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Grundy/Kendall Counties Regional Office of Education #24's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Evansville, Indiana
May 28, 2014

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 SCHEDULE OF FINDINGS AND RESPONSES
 FOR THE YEAR ENDED JUNE 30, 2013

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: *unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified? Yes
- Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? N/A
- Significant deficiency(ies) identified? N/A

Type of auditor’s report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? N/A

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
N/A	

Dollar threshold used to distinguish between Type A and Type B programs: N/A

Auditee qualified as a low-risk auditee? N/A

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding No. 2013-001– Controls Over Financial Statement Preparation (Repeat of Prior Year Findings 12-2, 11-2 and 10-2)

Criteria/Specific Requirement:

The Regional Office of Education #24 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office of Education #24's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills and expertise to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments* (Statement), requires governments to present government-wide and fund financial statements as well as a summary reconciliation of the (a) total governmental funds balances to the net position of governmental activities in the Statement of Net Position, and (b) total change in governmental fund balances to the change in net position of governmental activities in the Statement of Activities. In addition, the Statement requires information about the government's major and nonmajor funds in the aggregate, to be provided in the fund financial statements.

Condition:

The Regional Office of Education #24 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #24 maintains its accounting records on cash basis accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office of Education #24 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of 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.

During review of the Regional Office of Education #24's financial information prepared by the Regional Office of Education #24, the following were noted:

- The Regional Office's financial information required material adjusting entries to accounts receivable, prepaid expenses, accounts payable, accrued payroll and unearned revenue in order to present its financial statements in accordance with generally accepted accounting principles. Proposed adjusting entries were approved and accepted by Regional Office management.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 2013-001– Controls Over Financial Statement Preparation (Repeat of Prior Year Findings 12-2, 11-2 and 10-2) (Concluded)

Effect:

The Regional Office of Education #24 management or its 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:

According to Regional Office officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements.

Recommendation:

As part of internal control over the preparation of financial statements, the Regional Office of Education #24 should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education #24's activities and operations.

Management's Response:

In the past, and in the present time, the Regional Office of Education has taken the following steps to address this finding:

1. Switched accounting software from an outdated accounting software to an accounting software used by many Regional Offices of Education;
2. Hired a local accounting firm to help transition to the new accounting software; and
3. Sent personnel to trainings.

The Regional Office of Education will continue to address this finding using the limited resources that we have.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS (Concluded)

Finding No. 2013-002 – Inadequate Internal Controls over Compliance

Criteria/Specific Requirement:

As a recipient of federal, State, and local funds from various grantor agencies, the Regional Office must incorporate certain procedures into their operations in order to comply with grant agreements with these entities. The Regional Office is required to separately account for federal grant funding.

Condition:

During our testing, we noted that the federal grant funding received for the Title II – Teacher Quality – Leadership Grant was not separately accounted for. Instead, the funding was accounted for within the Institute fund.

Effect:

The Regional Office is not in compliance with the requirement of this federal program.

Cause:

The Regional Office was unaware of the requirement to account for federal funding separately.

Recommendation:

The Regional Office should track all federally funded grants separately.

Management's Response:

The Regional Office of Education has taken the necessary steps to address this finding. A separate account has been established in order to track funds in a manner in which the auditing firm has recommended. The Regional Office of Education expects the measures taken will properly address the finding and thus eliminate the condition for the FY 14 audit.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
JUNE 30, 2013

Corrective Action Plan

Finding No. 2013-001– Controls Over Financial Statement Preparation (Repeat of Prior Year Findings 12-2, 11-2 and 10-2)

Condition:

The Regional Office of Education #24 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #24 maintains its accounting records on cash basis accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office of Education #24 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of 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.

During review of the Regional Office of Education #24's financial information prepared by the Regional Office of Education #24, the following were noted:

- The Regional Office's financial information required material adjusting entries to accounts receivable, prepaid expenses, accounts payable, accrued payroll and unearned revenue in order to present its financial statements in accordance with generally accepted accounting principles. Proposed adjusting entries were approved and accepted by Regional Office management.

Plan:

In the past, and in the present time, the Regional Office of Education has taken the following steps to address this finding:

1. Switched accounting software from an outdated accounting software to an accounting software used by many Regional Offices of Education;
2. Hired a local accounting firm to help transition to the new accounting software; and
3. Sent personnel to trainings.

The Regional Office of Education will continue to address this finding using the limited resources that we have.

Anticipated Date of Completion: N/A

Name of Contact Person:

Honorable Chris Mehochko, Regional Superintendent of Schools

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
JUNE 30, 2013

Corrective Action Plan (Concluded)

Finding No. 2013-002 – Inadequate Internal Controls over Compliance

Condition:

During our testing, we noted that the federal grant funding received for the Title II – Teacher Quality – Leadership Grant was not separately accounted for. Instead, the funding was accounted for within the Institute fund.

Plan:

The Regional Office of Education has taken the necessary steps to address this finding. A separate account has been established in order to track funds in a manner in which the auditing firm has recommended. The Regional Office of Education expects the measures taken will properly address the finding and thus eliminate the condition for the FY 14 audit.

Anticipated Date of Completion: Immediately upon learning of the oversight.

Name of Contact Person:

Honorable Chris Mehochko, Regional Superintendent of Schools

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
12-1	Inadequate Internal Controls Over Financial Reporting	Corrected
12-2	Controls Over Financial Statement Preparation	Repeated as Finding 2013-001
12-3	Controls Over Property and Equipment	Corrected
12-4	Inadequate Internal Controls Over Compliance	Corrected

MANAGEMENT'S DISCUSSION AND ANALYSIS

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

The Regional Office of Education #24 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 2013 that ended on June 30, 2013. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

2013 FINANCIAL HIGHLIGHTS

- Within the Governmental Funds, the General Fund revenues decreased by \$1,222,947 from \$2,903,921 in fiscal year 2012 to \$1,680,974 in fiscal year 2013. General Fund expenditures decreased by \$564,247 from \$2,559,816 in fiscal year 2012 to \$1,995,569 in fiscal year 2013. The majority of the revenue and expenditure decreases are due to a decrease in State funding received by the Regional Office.
- Within the Governmental Funds, the Special Revenue Fund revenue decreased by \$714,275 from \$1,231,371 in fiscal year 2012 to \$517,096 in fiscal year 2013. The Special Revenue Fund expenditures decreased by \$703,229 from \$1,243,159 in fiscal year 2012 to \$539,930 in fiscal year 2013. The revenue and expenditure decreases are due to less funding from federal and state sources.

USING THIS REPORT

This 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 Position and a Statement of Activities. These provide information about the activities of the Regional Office of Education as a whole and present an overall view of the Office's finances.
- 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 needed for a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements and supplementary information provides detailed information for each category of funds and about the non-major funds.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

REPORTING THE OFFICE AS A WHOLE

The Statement of Net Position and the Statement of Activities

The government-wide statements report information about the Regional Office of Education #24 as a whole. The Statement of Net Position includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid, using accounting methods similar to those used by private-sector companies.

The two government-wide statements report the Office's net position and how they have changed. Net position (the difference between the assets and liabilities) are one way to measure the Office's financial health or position.

- Over time, increases or decreases in the net position 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.

The government-wide financial statements present the Office's activities as both governmental and business-type activities. Local, state and federal aid finance most of these activities.

The fund financial statements provide detailed information about the Grundy/Kendall County Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office of Education #24 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

- 1) Governmental funds account for all of the 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 Office's programs. The Office's Governmental Funds include: the General Fund, Education Fund, and various other non-major funds.

The governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

REPORTING THE OFFICE AS A WHOLE (CONCLUDED)

- 2) Fiduciary funds are used to account for assets held by the Regional Office of Education #24 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The fiduciary funds' required financial statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

- 3) Proprietary funds account for activities where the ROE charges customers for services. These funds are most similar to a business that operates for a profit. The ROE has three enterprise funds, Criminal Backgrounds, Grundy County Summer School, and Will County Summer School fund.

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

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

OFFICE-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, when examined over time, as one indicator of the financial position of the Regional Office. The net position at the end of fiscal year 2013 totaled \$1,550,246. At the end of fiscal year 2012, the net position was \$1,818,520. Net position related to the Institute Fund is considered restricted for teacher professional development. The analysis that follows provides a summary of the Office's net position as of June 30, 2013 and 2012, for the governmental and business-type activities.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

CONDENSED STATEMENT OF NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Assets						
Current assets	\$ 1,523,021	\$ 1,864,798	\$ 27,987	\$ 19,024	\$ 1,551,008	\$ 1,883,822
Capital assets, being depreciated, net	<u>107,474</u>	<u>32,691</u>	<u>12,565</u>	<u>15,706</u>	<u>120,039</u>	<u>48,397</u>
Total Assets	<u><u>1,630,495</u></u>	<u><u>1,897,489</u></u>	<u><u>40,552</u></u>	<u><u>34,730</u></u>	<u><u>1,671,047</u></u>	<u><u>1,932,219</u></u>
Current Liabilities	<u>120,801</u>	<u>113,699</u>	<u>-</u>	<u>-</u>	<u>120,801</u>	<u>113,699</u>
Total Liabilities	<u><u>120,801</u></u>	<u><u>113,699</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>120,801</u></u>	<u><u>113,699</u></u>
Net Position:						
Net investment in capital assets	107,474	32,691	12,565	15,706	120,039	48,397
Unrestricted	1,226,607	1,548,921	27,987	19,024	1,254,594	1,567,945
Restricted for educational purposes	<u>175,613</u>	<u>202,178</u>	<u>-</u>	<u>-</u>	<u>175,613</u>	<u>202,178</u>
Total Net Position	<u><u>\$ 1,509,694</u></u>	<u><u>\$ 1,783,790</u></u>	<u><u>\$ 40,552</u></u>	<u><u>\$ 34,730</u></u>	<u><u>\$ 1,550,246</u></u>	<u><u>\$ 1,818,520</u></u>

The Regional Office of Education's net position decreased by \$268,274 from FY12.

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues						
Charges for services	\$ -	\$ -	\$ 35,201	\$ 46,486	\$ 35,201	\$ 46,486
Operating grants and contributions	745,402	1,724,509	-	-	745,402	1,724,509
General Revenues						
Local sources	290,369	288,976	-	-	290,369	288,976
State sources	754,630	1,592,540	-	-	754,630	1,592,540
Interest income	1,370	558	-	-	1,370	558
On-behalf payments - State	394,849	522,337	-	-	394,849	522,337
Loss on disposal of assets	-	(4,558)	-	-	-	(4,558)
Total revenues	\$ 2,186,620	\$ 4,124,362	\$ 35,201	\$ 46,486	\$ 2,221,821	\$ 4,170,848
Expenses:						
Program expenses						
Salaries and benefits	\$ 1,067,812	\$ 2,423,612	\$ 10,823	\$ 16,031	\$ 1,078,635	\$ 2,439,643
Purchased services	564,348	465,025	14,947	14,309	579,295	479,334
Supplies and materials	91,460	82,689	468	479	91,928	83,168
Payment to other governments	203,831	273,844	-	-	203,831	273,844
Capital Outlay	105,837	33,522	-	-	105,837	33,522
Depreciation	14,805	9,720	3,141	-	17,946	9,720
Other objects	17,774	1,946	-	-	17,774	1,946
Administration expenses						
On-behalf payments - State	394,849	522,337	-	-	394,849	522,337
Total expenses	\$ 2,460,716	\$ 3,812,695	\$ 29,379	\$ 30,819	\$ 2,490,095	\$ 3,843,514
Changes in net position	\$ (274,096)	\$ 311,667	\$ 5,822	\$ 15,667	\$ (268,274)	\$ 327,334
Net position beginning of year	1,783,790	1,472,123	34,730	19,063	1,818,520	1,491,186
Net position end of year	\$ 1,509,694	\$ 1,783,790	\$ 40,552	\$ 34,730	\$ 1,550,246	\$ 1,818,520

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

Governmental Activities

Revenues for governmental activities were \$2,186,620 and expenses were \$2,460,716 for the year ended June 30, 2013. Revenues for governmental activities were \$4,124,362 and expenses were \$3,812,695 for the year ended June 30, 2012. These decreases in revenues and expenditures are due primarily to decreases in operating grants within the Education Fund and subsequent decreases in services provided in those specific areas by the Regional Office.

Business-type Activities

Revenues for business-type activities were \$35,201 and expenses were \$29,379 for the year ended June 30, 2013. Revenues for business-type activities were \$46,486 and expenses were \$30,819 for the year ended June 30, 2012. The decrease in revenues is due primarily to a decrease in activity in the criminal backgrounds fund.

Financial analysis of the Regional Office of Education #24 Funds

As previously noted, the Regional Office of Education #24 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency's Governmental Funds reported combined fund balances of \$1,402,220 at June 30, 2013 compared to fiscal year 2012's ending fund balance of \$1,739,649.

Budgetary Highlights

The Regional Office of Education #24 annually adopts budgets for several funds. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Board for their approval. The Office Operations Budget covers a fiscal year that runs from December 1 to November 30. All grant budgets are prepared by the Regional Office of Education #24 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency.

Capital Assets

Capital assets of the Regional Office of Education #24 include office equipment, computers, audio-visual equipment, office furniture, and building improvements. The Regional Office of Education #24 maintains an inventory of capital assets that have been accumulated over time. During the year ended June 30, 2013, Regional Office of Education #24 purchased assets totaling \$89,588 and deleted no assets, resulting in an ending balance of \$120,039. In addition, the Regional Office of Education #24 has adopted a depreciation schedule that reflects the level of Net Governmental Activities Capital Assets. More detailed information about capital assets is available in Note 7 of the financial statements.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

Economic Factors and Next Year's Budget

At the time these financial statements were prepared and audited, the Regional Office of Education #24 was aware of several existing circumstances that could affect its financial health in the future:

- The Grundy/Kendall Regional Office of Education and Will County Regional Office of Education dissolved the former Education Service Network NFP Inc. as of July 1, 2012, minor expenditures still exist for FY13.
- The Alternative School for Grundy and Kendall Counties, Premier Academy, moved to a larger, more practical location over Christmas break of December 2012 and January 2013, taking on new expenses.
- The State of Illinois continues to go through financial challenges. Funding for General State Aid, RSSP and TAOEP have all been reduced significantly, reducing revenue for the ROE.
- Interest rates earned on all accounts are at historical lows.

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 Regional Office of Education #24 at 1320 Union St., Morris, IL 60450.

BASIC FINANCIAL STATEMENTS

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 1,341,628	\$ 27,987	\$ 1,369,615
Due from other governments:			
Local	54,000	-	54,000
State	38,216	-	38,216
Federal	70,278	-	70,278
Prepaid expenses	18,899	-	18,899
Total current assets	<u>1,523,021</u>	<u>27,987</u>	<u>1,551,008</u>
NONCURRENT ASSETS:			
Capital assets, net of depreciation	<u>107,474</u>	<u>12,565</u>	<u>120,039</u>
TOTAL ASSETS	<u>1,630,495</u>	<u>40,552</u>	<u>1,671,047</u>
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable	86,946	-	86,946
Accrued payroll and employee benefits	29,054	-	29,054
Due to other governments:			
State	3,464	-	3,464
Unearned revenue	1,337	-	1,337
Total current liabilities	<u>120,801</u>	<u>-</u>	<u>120,801</u>
TOTAL LIABILITIES	<u>120,801</u>	<u>-</u>	<u>120,801</u>
NET POSITION			
Net investment in capital assets	107,474	12,565	120,039
Unrestricted	1,226,607	27,987	1,254,594
Restricted for educational purposes	175,613	-	175,613
TOTAL NET POSITION	<u>\$ 1,509,694</u>	<u>\$ 40,552</u>	<u>\$ 1,550,246</u>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
PRIMARY GOVERNMENT:						
Governmental Activities:						
Instructional Services:						
Salaries and benefits	\$ 1,067,812	\$ -	\$ 462,602	\$ (605,210)	\$ -	\$ (605,210)
Purchased services	564,348	-	55,457	(508,891)	-	(508,891)
Supplies and materials	91,460	-	984	(90,476)	-	(90,476)
Other objects	17,774	-	-	(17,774)	-	(17,774)
Depreciation	14,805	-	-	(14,805)	-	(14,805)
Capital outlay	105,837	-	195,425	89,588	-	89,588
Payments to other governments	203,831	-	30,934	(172,897)	-	(172,897)
Administrative:						
On-behalf payments - State	394,849	-	-	(394,849)	-	(394,849)
Total Governmental Activities	<u>2,460,716</u>	<u>-</u>	<u>745,402</u>	<u>(1,715,314)</u>	<u>-</u>	<u>(1,715,314)</u>
Business-type Activities:						
Registration fees	16,211	16,609	-	-	398	398
Tuition	13,168	18,592	-	-	5,424	5,424
Total Business-type Activities	<u>29,379</u>	<u>35,201</u>	<u>-</u>	<u>-</u>	<u>5,822</u>	<u>5,822</u>
Total Primary Government	<u>\$ 2,490,095</u>	<u>\$ 35,201</u>	<u>\$ 745,402</u>	<u>(1,715,314)</u>	<u>5,822</u>	<u>(1,709,492)</u>
General Revenues:						
Local sources				290,369	-	290,369
State sources				754,630	-	754,630
On-behalf payments - State				394,849	-	394,849
Interest income				1,370	-	1,370
Total General Revenues				<u>1,441,218</u>	<u>-</u>	<u>1,441,218</u>
Change in net position				(274,096)	5,822	(268,274)
Net Position - beginning				<u>1,783,790</u>	<u>34,730</u>	<u>1,818,520</u>
Net Position - ending				<u>\$ 1,509,694</u>	<u>\$ 40,552</u>	<u>\$ 1,550,246</u>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Education Fund	Other NonMajor Funds	Eliminations	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,177,131	\$ 19,892	\$ 144,605	\$ -	\$ 1,341,628
Due from other funds	78,600	-	9,800	(88,400)	-
Due from other governments:					
Local	54,000	-	-	-	54,000
State	21,904	16,312	-	-	38,216
Federal	-	70,278	-	-	70,278
Prepaid expenses	15,579	3,320	-	-	18,899
TOTAL ASSETS	<u>\$ 1,347,214</u>	<u>\$ 109,802</u>	<u>\$ 154,405</u>	<u>\$ (88,400)</u>	<u>\$ 1,523,021</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$ 86,540	\$ 406	\$ -	\$ -	\$ 86,946
Accrued payroll and employee benefits	17,378	11,676	-	-	29,054
Due to other funds	15,084	73,316	-	(88,400)	-
Due to other governments:					
State	-	3,464	-	-	3,464
Unearned revenue	-	1,337	-	-	1,337
Total Liabilities	<u>119,002</u>	<u>90,199</u>	<u>-</u>	<u>(88,400)</u>	<u>120,801</u>
FUND BALANCE:					
Nonspendable	257,113	3,320	-	-	260,433
Restricted	-	16,283	154,405	-	170,688
Assigned	345,240	-	-	-	345,240
Unassigned	625,859	-	-	-	625,859
Total fund balance	<u>1,228,212</u>	<u>19,603</u>	<u>154,405</u>	<u>-</u>	<u>1,402,220</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,347,214</u>	<u>\$ 109,802</u>	<u>\$ 154,405</u>	<u>\$ (88,400)</u>	<u>\$ 1,523,021</u>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2013

Total fund balances - governmental funds	\$ 1,402,220
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>107,474</u>
Net position of governmental activities	<u><u>\$ 1,509,694</u></u>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Education Fund	Other NonMajor Funds	Eliminations	Total Governmental Funds
REVENUES					
Local sources	\$ 162,804	\$ 39,900	\$ 87,665	\$ -	\$ 290,369
State sources	1,107,544	197,971	772	-	1,306,287
Federal sources	-	205,195	-	-	205,195
On-behalf payments - State	394,849	-	-	-	394,849
Total revenues	<u>1,665,197</u>	<u>443,066</u>	<u>88,437</u>	<u>-</u>	<u>2,196,700</u>
EXPENDITURES					
Instructional Services					
Salaries and benefits	727,327	340,485	-	-	1,067,812
Purchased services	412,687	30,430	121,231	-	564,348
Supplies and materials	86,487	881	4,092	-	91,460
Other objects	17,774	-	-	-	17,774
Payments to other governments	161,020	42,811	-	-	203,831
On-behalf payments - State	394,849	-	-	-	394,849
Capital outlay	195,425	-	-	-	195,425
Total expenditures	<u>1,995,569</u>	<u>414,607</u>	<u>125,323</u>	<u>-</u>	<u>2,535,499</u>
Excess/(Deficiency) of revenues over expenditures	<u>(330,372)</u>	<u>28,459</u>	<u>(36,886)</u>	<u>-</u>	<u>(338,799)</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	527,234	1,161	-	(528,395)	-
Transfer out	(512,620)	(15,775)	-	528,395	-
Interest income	1,163	-	207	-	1,370
Total Other Financing Sources (Uses)	<u>15,777</u>	<u>(14,614)</u>	<u>207</u>	<u>-</u>	<u>1,370</u>
Net change in fund balances	(314,595)	13,845	(36,679)	-	(337,429)
FUND BALANCES - BEGINNING OF YEAR	<u>1,542,807</u>	<u>5,758</u>	<u>191,084</u>	<u>-</u>	<u>1,739,649</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,228,212</u>	<u>\$ 19,603</u>	<u>\$ 154,405</u>	<u>\$ -</u>	<u>\$ 1,402,220</u>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

Net change in fund balances \$ (337,429)

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	\$ 89,588	
Depreciation expense	(14,805)	74,783

Some revenues will not be collected for several months after the
Regional Office fiscal year ends; they are not considered "available"
revenues and are deferred in the governmental funds

Prior year unavailable revenue

State sources	\$ 6,114	
Federal sources	5,336	(11,450)

Change in net position of governmental activities \$ (274,096)

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Business-type Activities - Enterprise Funds			
	Criminal Backgrounds	Grundy County Summer School	Will County Summer School	Totals
Assets				
Current assets:				
Cash and cash equivalents	\$ 19,333	\$ 8,306	\$ 348	\$ 27,987
Total current assets	19,333	8,306	348	27,987
Noncurrent assets:				
Capital assets, net of accumulated depreciation	12,565	-	-	12,565
Total Noncurrent Assets	12,565	-	-	12,565
Total Assets	31,898	8,306	348	40,552
Net Position				
Net investment in capital assets	12,565	-	-	12,565
Unrestricted	19,333	8,306	348	27,987
Total Net Position	\$ 31,898	\$ 8,306	\$ 348	\$ 40,552

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds			
	Criminal Backgrounds	Grundy County Summer School	Will County Summer School	Totals
Operating Revenues				
Charges for services	\$ 16,609	\$ 16,515	\$ 2,077	\$ 35,201
Operating Expenses				
Salaries and benefits	-	10,805	18	10,823
Purchased services	13,070	1,877	-	14,947
Supplies and materials	-	468	-	468
Depreciation	3,141	-	-	3,141
Total operating expenses	16,211	13,150	18	29,379
Change in Net Position	398	3,365	2,059	5,822
Net Position - Beginning of year	31,500	4,941	(1,711)	34,730
Net Position - End of year	\$ 31,898	\$ 8,306	\$ 348	\$ 40,552

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds			Totals
	Criminal Backgrounds	Grundy County Summer School	Will County Summer School	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 16,609	\$ 16,515	\$ 2,077	\$ 35,201
Payments to suppliers and providers of goods and services	(10,032)	(2,345)	-	(12,377)
Payments to employees	-	(10,805)	(18)	(10,823)
Net cash provided by operating activities	<u>6,577</u>	<u>3,365</u>	<u>2,059</u>	<u>12,001</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash transfer from other funds	4,878	-	-	4,878
Cash transfer to other funds	-	-	(1,711)	(1,711)
Net Cash provided by (used for) noncapital financing activities	<u>4,878</u>	<u>-</u>	<u>(1,711)</u>	<u>3,167</u>
Net increase in cash and cash equivalents	11,455	3,365	348	15,168
Cash and cash equivalents - Beginning of year	<u>7,878</u>	<u>4,941</u>	<u>-</u>	<u>12,819</u>
Cash and cash equivalents - End of year	<u>\$ 19,333</u>	<u>\$ 8,306</u>	<u>\$ 348</u>	<u>\$ 27,987</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income	\$ 398	\$ 3,365	\$ 2,059	\$ 5,822
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	3,141			3,141
(Increase)/decrease in assets:				
Prepaid expenses	3,038	-	-	3,038
Net cash provided by (used for) operating activities	<u>\$ 6,577</u>	<u>\$ 3,365</u>	<u>\$ 2,059</u>	<u>\$ 12,001</u>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	Private-Purpose Scholarship Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 21,501	\$ 100,705
Due from other governments	-	1,594,109
TOTAL ASSETS	21,501	\$ 1,694,814
LIABILITIES		
Due to other governments	-	1,694,814
TOTAL LIABILITIES	-	\$ 1,694,814
NET POSITION		
Reserved for scholarships	\$ 21,501	

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Private-Purpose Scholarship Fund</u>
ADDITION	
Interest	\$ 2
DEDUCTION	
Service charges	50
Scholarships and awards	<u>3,000</u>
Total Deductions	3,050
CHANGE IN NET POSITION	(3,048)
NET POSITION, BEGINNING OF YEAR	<u>24,549</u>
NET POSITION, END OF YEAR	<u><u>\$ 21,501</u></u>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Grundy/Kendall Counties Regional Office of Education #24 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

A. DATE OF MANAGEMENT’S REVIEW

The Grundy/Kendall Counties Regional Office of Education #24 has evaluated subsequent events through May 28, 2014, the date which the financial statements were available to be issued.

B. REPORTING ENTITY

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

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Grundy/Kendall Counties Regional Office of Education #24’s districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

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

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the Grundy/Kendall Counties Regional Office of Education #24, 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.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. REPORTING ENTITY (Concluded)

For the period ended June 30, 2013, the Grundy/Kendall Counties Regional Office of Education #24 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 Grundy/Kendall Counties Regional Office of Education #24. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Grundy/Kendall Counties Regional Office of Education #24 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Grundy/Kendall Counties Regional Office of Education #24 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Grundy/Kendall Counties Regional Office of Education #24, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Grundy/Kendall Counties Regional Office of Education #24 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

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 Grundy/Kendall Counties Regional Office of Education #24 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Grundy/Kendall Counties Regional Office of Education #24 is not aware of any entity, which would exercise such oversight as to result in the Grundy/Kendall Counties Regional Office of Education #24 being considered a component unit of the entity.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. NEW ACCOUNTING PRONOUNCEMENTS

In 2013, the Grundy/Kendall Counties Regional Office of Education #24 implemented Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*; and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The Regional Office of Education #24 implemented these standards during the current year; however, GASB Statement No. 60 and GASB Statement No. 61 had no impact on the financial statements. The implementation of GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

E. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Grundy/Kendall Counties Regional Office of Education #24's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Grundy/Kendall Counties Regional Office of Education #24 has three business-type activities that rely on fees and charges for support.

The Grundy/Kendall Counties Regional Office of Education #24's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Grundy/Kendall Counties Regional Office of Education #24 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Grundy/Kendall Counties Regional Office of Education #24's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services, and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and proprietary fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and on the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities. The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent short falls in cash flow within grant programs and funds.

F. PROPRIETARY FUND FINANCIAL STATEMENTS

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each nonmajor fund.

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

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

G. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. GOVERNMENTAL FUND FINANCIAL STATEMENTS (Concluded)

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

H. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Grundy/Kendall Counties Regional Office of Education #24; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

Under the terms of grant agreements, Grundy/Kendall Counties Regional Office of Education #24 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Grundy/Kendall Counties Regional Office of Education #24's policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

I. FUND ACCOUNTING

The Grundy/Kendall Counties Regional Office of Education #24 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Grundy/Kendall Counties Regional Office of Education #24 uses governmental, proprietary, and fiduciary funds.

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

GOVERNMENTAL FUNDS

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Grundy/Kendall Counties Regional Office of Education #24 has presented all major funds that met the above qualifications. The Grundy/Kendall Counties Regional Office of Education #24 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 and reported in another fund. The General Fund is always considered a major fund. The following accounts are included in the General Fund:

General School Fund - To account for the general operating fund. It has been used to record transactions in connection with general administrative activities.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Payroll - To account for income received for and expenses paid for the payroll for certain employees who are paid by Grundy and Kendall Counties.

Interest - This fund accounts for interest revenue earned on the Regional Office's bank accounts.

Illinois Tobacco – This fund accounts for revenues and expenditures associated with the curriculum and materials for tobacco prevention for youth and incentives for the stop smoking program for youth.

Grundy County Health Department - This fund accounts for local revenues and expenditures associated with a contract the Regional Office has with the Grundy County Health Department.

Grundy/Kendall Counties State Aid - To account for grant monies received for, and payment of expenditures for the unrestricted State grant-in aid to school districts which are directly received from the Illinois State Board of Education.

Will County General State Aid - To account for grant monies received for, and payment of expenditures for the unrestricted State grant-in aid to school districts which are received from and passed through the Will County Regional Office of Education No. 56.

Regional Safe Schools - To account for the administration of monies to be used for the Regional Safe Schools Program Fund received from the Illinois State Board of Education. This fund is an alternative schooling program for disruptive youth, creating alternative placement for those students who are suspended and/or are deemed ineligible.

Will County Alternative Program - To account for grant monies received for, and payment of expenditures for, Regional Safe Schools Program under Will County.

HAI HIV/MC Bowling – To account for funds collected from students at the Morris campus to pay to take those students bowling.

Local Revenues - This fund accounts for revenues and expenditures associated with various miscellaneous local revenues.

Department of Commerce and Economic Opportunity – This fund accounts for revenues received from Chestnut Health System, a local organization, to pay salary expenses for one employee from the Regional Office to work for In-Touch Local programs.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

No Tolerance Task Force - This fund accounts for donations received from individuals for the No Tolerance Task Force program.

Grundy County Teen Reach - This fund accounts donations received from local parents to pay for the purchase of food and snacks for the kids participating in the teen reach program.

In Touch Local - This fund accounts for revenues and expenditures related to a youth group fundraiser that was held in fiscal year 2009.

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

Major special revenue funds include the following:

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

Workforce Investment Act (WIA) Grants - To account for federal monies received and payment of expenditures for the Workforce Investment Act passed through Kane County. Training programs include tutoring, mentoring, and study skills training for underprivileged youth.

Truants Alternative Optional Education Program (TAOEP) - To account for grant monies received for, and payment of expenditures for TAOEP. This program provides assistance to students and families when students have excessive absenteeism.

Will County Truants Alternative Optional Education Program - To account for State grant monies received from Will County for payment of expenditures for the TAOEP.

No Tolerance Task Force - To account for monies received for, and payment of expenditures for the No Tolerance Task Force. This program is a community partnership for zero tolerance against drug abuse and gangs.

Teen Reach/Gear Up - To account for federal monies received for, and payment of expenditures for, the Teen Reach and Gear Up programs. These programs consist of educational, recreational, and vocational activities designed to improve youth's chances for success.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Concluded)

McKinney-Vento Education for Homeless Children and Youth - To account for grant monies received for and payment of expenditures associated with a federal program designed to provide counseling and educational support to homeless children and their families. The programs are funded by a Federal Stewart B. McKinney Education for Homeless Children and Youth Grant passed through the Will County Regional Office of Education No. 56.

American Reinvestment and Recovery Act (ARRA) – Education Jobs Fund Program – To account for federal funding passed through the State to provide assistance to save or create education jobs for the 2011-2012 school year.

ROE/ISC Operations – To account for monies passed through to the Professional Development Alliance.

Fairmont Literacy Program - To account for grant monies received for and payment of expenses to improve the students' reading and literacy achievements in the Fairmont School District.

Title II – Teacher Quality – Leadership Grant - To account for monies received from the State (federal dollars) to support school improvement services for schools in academic difficulty.

Will County - American Reinvestment and Recovery Act (ARRA) – Education Jobs Fund Program – To account for federal funding received from Will County to provide assistance to save or create education jobs for the 2011-2012 school year for the Regional Safe Schools program.

The Grundy/Kendall Counties Regional Office of Education #24 reports the following nonmajor governmental funds:

School Bus Driver Training - This fund accounts for bus drivers' permit fees which may be expended for bus drivers' refresher courses.

General Education Development - To account for the Regional Office of Education's administration of the GED Testing Program. Revenues are received from testing and diploma fees.

Institute - This fund accounts for teacher certificate registration, issuance and evaluation fees for processing certificates, and expenses of meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPRIETARY FUNDS

Proprietary funds are those which account for resources from fees charged directly to those entities or individuals that use its services. Proprietary funds are as follows:

Criminal Backgrounds - This fund accounts for revenues and expenditures associated with criminal background checks conducted by the Regional Office.

Grundy County Summer School - This fund accounts for revenues and expenditures associated with summer school programs conducted by the Grundy/Kendall Counties Regional Office of Education #24.

Will County Summer School - This fund accounts for revenues and expenditures associated with Will County summer school programs conducted by the Grundy/Kendall Counties Regional Office of Education #24.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the Grundy/Kendall Counties Regional Office of Education #24 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Fiduciary Funds include the following:

Private-Purpose Scholarship Fund - To account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. It includes the Martha Slyther Scholarship fund which was received from an estate to be used for the purpose of providing scholarships to students in Kendall County.

Agency Funds – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency Funds include the following:

Distributive Fund – To account for funds received and disbursed as a result of the Superintendent’s responsibility to receive and distribute to treasurers of school districts and other agencies, monies due them from general State aid, State categorical grants, and various other sources. Interest earned on Distributive Fund assets is used to fund existing programs.

Outdoor Education Cooperative – To account for funds received and disbursed for the Outdoor Education Cooperative.

Special Ed. – Personnel – To account for funds received and disbursed to the Kendall County Special Ed Co-op.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIDUCIARY FUNDS (Concluded)

Fed. – Sp. Ed. – Pre-school Flow Through - To account for funds received and disbursed to the Kendall County Special Ed Co-op.

Fed. – Sp. Ed. – I.D.E.A. – Flow Through - To account for funds received and disbursed to the Kendall County Special Ed Co-op.

National School Lunch and Breakfast Program - To account for funds received and disbursed to the Kendall County Special Ed Co-op.

J. GOVERNMENTAL FUND BALANCES

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

Nonspendable Fund Balance – the portion of a Governmental Fund’s net position that are not available to be spent, either short term or long term, in either form or through legal restrictions. A portion of the fund balance for the General School Fund, Grundy/Kendall Counties State Aid, Regional Safe Schools, WIA Grants, Truants Alternative Optional Education Program, and No Tolerance Task Force Funds are presented as nonspendable. These nonspendable fund balances are for prepaid insurance. In addition, a portion of the fund balance for Grundy/Kendall Counties State Aid is presented as nonspendable. This nonspendable fund balance is to be maintained in a separate Strict Joint Order Escrow investment account as required by a lease the Regional Office entered into during fiscal year 2012.

Restricted Fund Balance – the portion of a Governmental Fund’s net position that are subject to external enforceable legal restrictions. The following fund balances are restricted by grant agreements or contracts: Will County Truants Alternative Optional Education Program, No Tolerance Task Force, and Fairmont Literacy Program. The following funds are restricted by Illinois Statute: School Bus Driver Training, General Education Development, and Institute.

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

Assigned Fund Balance – the Portion of a Governmental Fund’s net position to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balance: Grundy/Kendall Counties State Aid, and No Tolerance Task Force.

Unassigned Fund Balance – available expendable resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of the following: General School Fund, Payroll, Interest, Grundy County Health Department, and In Touch Local.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. NET POSITION

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

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation.

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

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

L. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit. The Grundy/Kendall Counties Regional Office of Education #24 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents. Investments with original maturities of more than three months are reported as investments.

M. INVENTORY

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

N. CAPITAL ASSETS

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

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

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Office Equipment and Furniture	5 - 10 years
Building Improvements	15 years

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

O. COMPENSATED ABSENCES

Non-certified and certified employees who work 12 calendar months earn up to 20 vacation days for a full year of service. The accumulated total of vacation days may never exceed 30 days. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days, and therefore, no liability is accrued.

Employees receive up to 12 sick days annually and the unused portion is accumulated up to 180 days and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore, no liability is accrued.

P. ESTIMATES

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

Q. UNEARNED REVENUE

The Regional Office of Education #24 reports unearned revenue in the governmental fund Balance Sheet. Deferred revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period or when grant funds received are unexpended or obligated at year end.

R. BUDGET DATA

The Grundy/Kendall Counties Regional Office of Education #24 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education, however, none of the annual budgets have been legally adopted nor are they required to do so. Comparisons of budgeted and actual results are presented as supplemental information.

Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Regional Safe Schools, Truants Alternative Optional Education Program, Title II – Teacher Quality – Leadership Grant, and ROE/ISC Operations.

S. REVENUE FROM FEDERAL AND STATE GRANTS

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

NOTE 2 – DEPOSITS AND INVESTMENTS

The *Illinois Compiled Statutes* authorize the Grundy/Kendall Counties Regional Office of Education #24 to make deposits and invest in U.S. Government, State of Illinois and municipal securities, certificates of deposit or time savings deposits insured by the FDIC, mortgage notes, bonds, or debentures issued by the Federal Housing Administration, bonds and other obligations of the Federal National Mortgage Association, commercial paper rated within the three highest classifications by at least two standard rating services, credit union shares, and the Illinois Public Treasurer’s Investment Pool.

A. DEPOSITS

At June 30, 2013, the carrying amount of the Grundy/Kendall Counties Regional Office of Education #24’s government-wide and agency deposits were \$1,369,615 and \$122,206, respectively. The government-wide and agency bank balances were \$1,140,844 and \$129,601, respectively. Of the total bank balances as of June 30, 2013, \$562,421 was secured by federal depository insurance and \$708,024 was collateralized by securities pledged by the Grundy/Kendall Counties Regional Office of Education #24’s financial institution in the name of the Regional Office.

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. To guard against custodial credit risk for deposits with financial institutions, the Grundy/Kendall Counties Regional Office of Education #24’s investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Grundy/Kendall Counties Regional Office of Education #24.

B. INVESTMENTS

The Grundy/Kendall Counties Regional Office of Education #24 does not have a formal investment policy but requires that funds be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2.

As of June 30, 2013, the carrying and fair value Grundy/Kendall Counties Regional Office of Education #24’s government-wide and agency investments as follows:

	Government-Wide	Agency
Invested in Illinois Funds investment pool	\$ 8,400	\$ 5,998
Invested in certificates of deposit	250,354	22,000
	\$ 258,754	\$ 27,998

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

CREDIT RISK

At June 30, 2013, the Illinois School District Liquid Asset Fund Plus (ISDLAF+) had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. The investment advisor for ISDLAF+ is a corporation organized under the laws of the State of Illinois and is registered with the Securities and Exchange Commission. All investments are fully insured by the FDIC or fully collateralized.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The Regional Office of Education #24's policy for reducing its exposure to the risk is to structure their portfolio so that securities mature to meet the cash requirements for ongoing operations. As of June 30, 2013, all the investments have investment maturities of less than one year.

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 issuer. The Regional Office of Education #24 does not have a policy that specifically addresses concentration of credit risk. As of June 30, 2013, the Regional Office of Education #24's investment in certificates of deposit which is 95% of total investment and totaling \$272,354 is subject to concentration of credit risk.

NOTE 3 – DEFINED BENEFIT PENSION PLAN

Plan Description. The Regional Office of Education #24's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #24's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy. As set by statute, the Grundy/Kendall Counties Regional Office of Education #24’s Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2012 was 10.06 percent. The Grundy/Kendall Counties Regional Office of Education #24 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2012 was \$683,673.

A. THREE-YEAR TREND INFORMATION FOR THE REGULAR PLAN

Calendar Year <u>Ending</u>	Annual Pension Cost (APC) <u> </u>	Percentage of APC <u>Contributed</u>	Net Pension Obligation <u> </u>
12/31/12	\$ 683,673	100%	\$ -
12/31/11	619,580	100%	-
12/31/10	571,214	100%	-

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, included a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), b) projected salary increases of 4.00% a year, attributable to inflation, c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and d) post retirement benefit increases of 3% annually. The actuarial value of your employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Grundy/Kendall Counties Regional Office of Education #24’s Regular plan’s unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 10 year basis.

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 92.43 percent funded. The actuarial accrued liability for benefits was \$8,304,418 and the actuarial value of assets was \$7,676,183, resulting in an underfunded actuarial accrued liability (UAAL) of \$628,235. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$6,795,951 and the ratio of the UAAL to the covered payroll was 9 percent.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Concluded)

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

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

The Grundy/Kendall Counties Regional Office of Education #24 participates in the Teachers’ Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2013, was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2012 and 2011.

The State of Illinois makes contributions directly to TRS on behalf of the Grundy/Kendall Counties Regional Office of Education #24’s TRS-covered employees.

On behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the Grundy/Kendall Counties Regional Office of Education #24. For the year ended June 30, 2013, state of Illinois contributions were based on 28.05 percent of creditable earnings not paid from federal funds, and the Grundy/Kendall Counties Regional Office of Education #24 recognized revenue and expenditures of \$154,887 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2012 and June 30, 2011, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 24.91 percent (\$273,282) and 23.10 percent (\$232,372), respectively.

The Grundy/Kendall Counties Regional Office of Education #24 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, 2013 were \$2,204. Contributions for the years ending June 30, 2012 and June 30, 2011, were \$5,210 and \$4,772, respectively.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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

- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Grundy/Kendall Counties Regional Office of Education #24, there is a statutory requirement for the Grundy/Kendall Counties Regional Office of Education #24 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2013, the employer pension contribution was 28.05 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2012 and 2011, the employer pension contribution was 24.91 and 23.10 percent of salaries paid from federal and special trust funds, respectively. For the years ended June 30, 2013, 2012 and 2011 no salaries were paid from federal and special trust funds therefore there were no required employer contributions.

Early Retirement Option. The Grundy/Kendall Counties Regional Office of Education #24 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 under the current program is 117.5 percent and applies when the member is age 55 at retirement.

For the years ended June 30, 2013, 2012, and 2011, the Grundy/Kendall Counties Regional Office of Education #24 paid no employer contribution to TRS under the ERO program.

- **Salary increases over 6 percent and excess sick leave.** If the Grundy/Kendall Counties Regional Office of Education #24 grants salary increases over 6 percent and those salaries are used to calculate a retiree’s final average salary, the Grundy/Kendall Counties Regional Office of Education #24 makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increase of up to 6 percent.

For the years ended June 30, 2013, 2012, and 2011, the Grundy/Kendall Counties Regional Office of Education #24 made \$0, \$0 and \$837 to TRS for employer contributions due on salary increases in excess of 6 percent, respectively.

If the Grundy/Kendall Counties Regional Office of Education #24 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Grundy/Kendall Counties Regional Office of Education #24 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 (17.63 percent of salary during the year ended June 30, 2013).

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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

For the years ended June 30, 2013, 2012, and 2011 the Grundy/Kendall Counties Regional Office of Education #24 paid no employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for year ended June 30, 2012. The report for the year ended June 30, 2013, is expected to be available in late 2013.

The reports may be obtained by writing to the Teachers’ Retirement System of the State of Illinois, 2815 West Washington Street, PO Box 19253, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at <http://trs.illinois.gov>.

NOTE 5 – TEACHERS’ HEALTH INSURANCE SECURITY FUND

The Grundy/Kendall Counties Regional Office of Education #24 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but 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.

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. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (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 the THIS Fund.

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

On behalf contributions. The State of Illinois makes employer retiree health insurance contributions on behalf of Grundy/Kendall Counties Regional Office of Education #24. State contributions are intended to match contributions to THIS Fund from active members which were 0.92 percent of pay during the year ended June 30, 2013. State of Illinois contributions were \$3,498, and Grundy/Kendall Counties Regional Office of Education #24 recognized revenue and expenditures of this amount during the year.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

NOTE 5 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Concluded)

State contributions intended to match active member contributions during the years ended June 30, 2012 and June 30, 2011 were 0.88 percent of pay, both years. State contributions on behalf of the Regional Office employees were \$7,905 and \$7,240, respectively.

Employer contributions to THIS Fund. The Grundy/Kendall Counties Regional Office of Education #24 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.69 percent during the years ended June 30, 2013 and 0.66 percent during the years ended June 30, 2012 and June 30, 2011. For the year ended June 30, 2013, the Grundy/Kendall Counties Regional Office of Education #24 paid \$2,623 to the THIS Fund. For the years ended June 30, 2012 and June 30, 2011, the Grundy/Kendall Counties Regional Office of Education #24 paid \$5,929 and \$5,430 to the THIS Fund, respectively, which was 100 percent of the required contribution.

Further information on THIS Fund. The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The 2013 report is listed under “Central Management Services.” Prior reports are available under “Healthcare and Family Services.”

NOTE 6 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2013 consist of the following individual due to/from other funds in the governmental fund balance sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Position.

	Due From Other Funds	Due To Other Funds
Education Fund	\$ -	\$ 73,316
General Fund	78,600	15,084
Other Non-Major Funds	9,800	-
	\$ 88,400	\$ 88,400

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

NOTE 6 – INTERFUND ACTIVITY (Concluded)

TRANSFERS

Interfund transfer in/out to other fund balances at June 30, 2013 consist of the following individual transfers in/out to other funds in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

	Transfer Out	Transfer In
General Fund	\$ 512,620	\$ 527,234
Education Fund	15,775	1,161
	\$ 528,395	\$ 528,395

NOTE 7 – CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Grundy/Kendall Counties Regional Office of Education #24 has reported capital assets in the government-wide Statement of Net position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of capital assets for business-type activities are capitalized when purchased. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2013:

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

NOTE 7 – CAPITAL ASSET ACTIVITY (Concluded)

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Governmental Activities:				
<u>Education Fund</u>				
Equipment	\$ 74,764	\$ 19,660	\$ -	\$ 94,424
Building Improvements	29,505	69,928	-	99,433
Governmental Activities Total Assets	<u>104,269</u>	<u>89,588</u>	<u>-</u>	<u>193,857</u>
Less Accumulated Depreciation				
Equipment	(56,192)	(11,805)	-	(67,997)
Building Improvements	(15,386)	(3,000)	-	(18,386)
Total Accumulated Depreciation	<u>(71,578)</u>	<u>(14,805)</u>	<u>-</u>	<u>(86,383)</u>
Governmental Activities				
Investment in Capital Assets, Net	<u>\$ 32,691</u>	<u>\$ 74,783</u>	<u>\$ -</u>	<u>\$ 107,474</u>
	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Business-type Activities:				
Criminal Backgrounds	\$ 15,706	\$ -	\$ -	\$ 15,706
Business-type Activities Total Assets	<u>15,706</u>	<u>-</u>	<u>-</u>	<u>15,706</u>
Less Accumulated Depreciation	<u>-</u>	<u>(3,141)</u>	<u>-</u>	<u>(3,141)</u>
Business-type Activities				
Investment in Capital Assets, Net	<u>\$ 15,706</u>	<u>\$ (3,141)</u>	<u>\$ -</u>	<u>\$ 12,565</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2013 of \$14,805 and \$3,141 was charged to the governmental activities and the business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

NOTE 8 – RISK MANAGEMENT

The Grundy/Kendall Counties Regional Office of Education #24 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Grundy/Kendall Counties Regional Office of Education #24 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

NOTE 9 – OPERATING LEASE

Grundy/Kendall Counties Regional Office of Education #24 leases an office space for its Joliet operations. The lease agreement which commenced in 2010 expires in 2015. The agreement provides for a renewal option to extend the lease for an additional five years. Also, the agreement generally requires the Grundy/Kendall Counties Regional Office of Education #24 to pay executory costs.

On June 25, 2012, the Regional Office entered into a lease agreement for a new alternative school location. The initial lease term is December 1, 2012 through June 30, 2015. The agreement provides for two four-year extensions and the landlord is to make certain leasehold improvements to the structure. The agreement required the Regional Office to place the sum of \$494,802 into a Strict Joint Order Escrow investment account upon execution of the lease. This amount will be decreased by the amount of the rental payments each year. The lease requires payments of \$253,268, \$31,714, and \$31,714 on December 1, 2012, 2013, and 2014, respectively.

Rental expense for the year ended June 30, 2013 was \$535,042.

Future minimum rentals for the year ending June 30 are:

Year Ending	
June 30,	Amount
2014	\$ 313,488
2015	313,488
2016	46,962
	\$ 673,938

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

NOTE 10 – ON BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Grundy/Kendall Counties Regional Office of Education #24:

Regional Superintendent Salary	\$ 103,480
Assistant Regional Superintendent Salary	68,629
Regional Superintendent Fringe Benefit (Includes State paid insurance)	37,278
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	27,077
Regional Superintendent TRS Pension Contribution	29,027
Assistant Regional Superintendent TRS Pension Contribution	19,250
TRS Pension Contributions	106,610
THIS Contributions	3,498
Total	<u><u>\$ 394,849</u></u>

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

These amounts have been recorded in the accompanying financial statements as State revenue and expenditures.

NOTE 11 – DUE TO/FROM OTHER GOVERNMENTS

The Grundy/Kendall Counties Regional Office of Education #24's Proprietary Fund and various grant programs have funds due from various other governmental units which consist of the following:

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

NOTE 11 – DUE TO/FROM OTHER GOVERNMENTS (Concluded)

Due From Other Governments:

<u>Education Fund</u>	
State Resources:	
Illinois State Board of Education	\$ 16,312
Federal Resources:	
Illinois State Board of Education	70,278
<u>General Fund</u>	
State Resources:	
Will County ROE #56	54,000
Illinois State Board of Education	21,904
<u>Agency Fund</u>	
State Resources:	
Illinois State Board of Education	1,594,109
Total	\$ 1,756,603

Due To Other Governments:

<u>Education Fund</u>	
State Governments	\$ 3,464
<u>Agency Fund</u>	
Local Governments	1,694,814
Total	\$ 1,698,278

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the Grundy & Kendall Counties ROE #24 provides postemployment health care benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Grundy & Kendall Counties ROE #24 and can be amended by the Grundy & Kendall Counties ROE #24 through its personnel manual, except for the implicit subsidy which is governed by the State Legislature and Illinois Compiled Statutes (ILCS). The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Grundy & Kendall Counties ROE #24 governmental funds.

b. Benefits Provided

The Grundy & Kendall Counties ROE #24 provides continued health insurance coverage at the blended employer rate to all eligible retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under the Grundy & Kendall Counties ROE #24 retirement plan. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan, but can purchase a Medicare supplement plan from the Grundy & Kendall Counties ROE #24 insurance provider.

c. Membership

At June 30, 2013 membership consisted of:

Retirees and beneficiaries currently receiving benefits	-
Terminated employees entitled to benefits but not yet receiving them	-
Active vested plan members	5
Active nonvested plan members	6
Total	11
Number of participating employers	1

d. Funding Policy

The Grundy & Kendall Counties ROE #24 is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and net OPEB Obligation

The Grundy & Kendall Counties ROE #24 had an actuarial valuation performed for the plan as of June 30, 2013 to determine the funded status of the plan as of that date as well as the employer’s annual required contribution (ARC) for the fiscal year ended June 30, 2013. The Grundy & Kendall Counties ROE #24’s annual OPEB cost (expense) of \$5,087 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of July 1, 2009. The Grundy & Kendall Counties ROE #24’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2013, 2012, and 2011 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 5,087	\$ 4,622	91%	\$ 2,262
June 30, 2012	\$ 5,083	\$ 4,622	91%	\$ 1,797
June 30, 2011	\$ 5,075	\$ 4,622	91%	\$ 1,336

The net OPEB obligation as of June 30, 2013, was calculated as follows:

Annual Required Contribution	\$ 5,075
Interest on Net OPEB Obligation	72
Adjustment to Annual Required Contribution	<u>(60)</u>
Annual OPEB Cost	5,087
Contributions Made	<u>4,622</u>
Increase in Net OPEB Obligation	465
Net OPEB Obligation Beginning of year	1,797
NET OPEB OBLIGATION END OF YEAR	<u><u>\$ 2,262</u></u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (Continued)

f. Funded Status and Funding Progress

The funded status of the plan was as follows:

	Fiscal Year	
	2013	2012
Actuarial Accrued Liability (AAL)	\$ 24,454	\$ 52,646
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	24,454	52,646
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%	0%
Covered Payroll (Active Plan Members)	\$ -	\$ 642,720
UAAL as a Percentage of Covered Payroll	0.00%	8.19%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2013 and 2012, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a discount rate of 4.00% and an initial healthcare cost trend rate of 8.00% with a ultimate healthcare inflation rate of 6.00% increase for 2015 and later years. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the Grundy & Kendall Counties ROE #24 has not advance funded its obligation. The plan’s unfunded actuarial accrued liability is being amortized using a level-percent-of-pay method. The remaining amortization period at June 30, 2013 and 2012 was 30 years.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 13 – LITIGATION

In the normal course of business, the Grundy & Kendall Counties ROE #24 is involved in disputes related to certain projects with suppliers, contractors, and customers. In 2010, a lessor of the Regional Office filed a suit related to damages to a building under lease. The lawsuit was settled in November 2013. The Regional Office has recorded a liability relating to this lawsuit in the amount of \$54,000 at June 30, 2013. This liability has been included in accounts payable.

REQUIRED SUPPLEMENTAL INFORMATION

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 ILLINOIS MUNICIPAL RETIREMENT FUND
 SCHEDULE OF FUNDING PROGRESS
 (UNAUDITED)
 JUNE 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/12	\$7,676,183	\$ 8,304,418	\$628,235	92.43%	\$6,795,951	9.24%
12/31/11	6,853,413	7,788,391	934,978	88.00%	6,177,269	15.14%
12/31/10	6,174,102	7,003,574	829,472	88.16%	5,913,192	14.03%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$7,901,029. On a market basis, the funded ratio would be 95.14%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Grundy Kendall R.O.E. #24. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 OTHER POST EMPLOYMENT BENEFITS
 SCHEDULE OF FUNDING PROGRESS
 (UNAUDITED)
 JUNE 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/13	\$ -	\$ 24,454	\$ 24,454	0.00%	\$386,815	6.32%
6/30/12	-	52,646	52,646	0.00%	642,720	8.19%
6/30/11	-	52,646	52,646	0.00%	642,720	8.19%

OTHER SUPPLEMENTAL INFORMATION

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 JUNE 30, 2013

	General School Fund	Payroll	Interest	Illinois Tobacco	Grundy County Health Department	Grundy/Kendall Counties State Aid	Will County General State Aid	Regional Safe Schools
Assets								
Cash and cash equivalents	540,340	\$ 6,768	\$ 58	\$ -	\$ 45	\$ 625,364	\$ -	\$ -
Due from other funds	78,600	-	-	-	-	-	-	-
Due from other governments								
Local	-	-	-	-	-	54,000	-	-
State	-	-	-	-	-	-	-	21,904
Prepaid Expenses	8,633	-	-	-	-	5,341	-	1,605
Total Assets	\$ 627,573	\$ 6,768	\$ 58	\$ -	\$ 45	\$ 684,705	\$ -	\$ 23,509
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,885	\$ -	\$ -
Accrued payroll and employee benefits	-	-	-	-	-	10,558	-	6,820
Due to other funds	-	-	-	-	-	-	-	15,084
Total Liabilities	-	-	-	-	-	96,443	-	21,904
Fund Balance (Deficit)								
Nonspendable	8,633	-	-	-	-	246,875	-	1,605
Assigned	-	-	-	-	-	341,387	-	-
Unassigned	618,940	6,768	58	-	45	-	-	-
Total Fund Balance (Deficit)	627,573	6,768	58	-	45	588,262	-	1,605
Total Liabilities and Fund Balance (Deficit)	\$ 627,573	\$ 6,768	\$ 58	\$ -	\$ 45	\$ 684,705	\$ -	\$ 23,509

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 JUNE 30, 2013

	Will County Alternative Program	HAJ HIV/MC Bowling	Local Revenues	Department of Commerce and Economic Opportunity	No Tolerance Task Force	Grundy County Teen Reach	In Touch Local	TOTALS
Assets								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 4,508	\$ -	\$ 48	\$ 1,177,131
Due from other funds	-	-	-	-	-	-	-	78,600
Due from other governments								
Local	-	-	-	-	-	-	-	54,000
State	-	-	-	-	-	-	-	21,904
Prepaid Expenses	-	-	-	-	-	-	-	15,579
Total Assets	\$ -	\$ -	\$ -	\$ -	\$ 4,508	\$ -	\$ 48	1,347,214
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 655	\$ -	\$ -	\$ 86,540
Accrued payroll and employee benefits	-	-	-	-	-	-	-	17,378
Due to other funds	-	-	-	-	-	-	-	15,084
Total Liabilities	-	-	-	-	655	-	-	119,002
Fund Balance (Deficit)								
Nonspendable	-	-	-	-	-	-	-	257,113
Assigned	-	-	-	-	3,853	-	-	345,240
Unassigned	-	-	-	-	-	-	48	625,859
Total Fund Balance (Deficit)	-	-	-	-	3,853	-	48	1,228,212
Total Liabilities and Fund Balance (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ 4,508	\$ -	\$ 48	\$ 1,347,214

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GENERAL FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2013

	General School Fund	Payroll	Interest	Illinois Tobacco	Grundy County Health Department	Grundy/Kendall Counties State Aid	Will County General State Aid	Regional Safe Schools
Revenues								
Local sources	\$ 31,166	\$ 114,175	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	9,759	947,888	-	120,959
On-behalf payments -State	394,849	-	-	-	-	-	-	-
Total Revenues	426,015	114,175	-	5,000	9,759	947,888	-	120,959
Expenditures								
Salaries and benefits	-	116,644	-	-	9,183	493,911	1,578	105,852
Purchased services	22,370	213	102	2,317	642	358,890	-	13,502
Supplies and materials	3,676	53	-	2,683	-	72,030	-	-
Payments to other governments	-	-	-	-	-	161,020	-	-
Other objects	2,178	-	-	-	-	15,596	-	-
Capital outlay	663	-	-	-	-	194,762	-	-
On-behalf payments -State	394,849	-	-	-	-	-	-	-
Total Expenditures	423,736	116,910	102	5,000	9,825	1,296,209	1,578	119,354
Excess/(Deficiency) of revenues over expenditures	2,279	(2,735)	(102)	-	(66)	(348,321)	(1,578)	1,605
Other Financing Sources/(Uses)								
Transfers in	509,922	-	-	-	-	15,775	1,537	-
Transfers out	(1,537)	-	-	-	-	(495,963)	-	-
Interest income	1,163	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	509,548	-	-	-	-	(480,188)	1,537	-
Net change in fund balance	511,827	(2,735)	(102)	-	(66)	(828,509)	(41)	1,605
Fund Balance (Deficit) - Beginning of year	115,746	9,503	160	-	111	1,416,771	41	-
Fund Balance (Deficit) - End of year	\$ 627,573	\$ 6,768	\$ 58	\$ -	\$ 45	\$ 588,262	\$ -	\$ 1,605

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

	Will County Alternative Program	HAI HIV/MC Bowling	Local Revenues	Department of Commerce and Economic Opportunity	No Tolerance Task Force	Grundy County Teen Reach	In Touch Local	TOTALS
Revenues								
Local sources	\$ -	\$ 11,748	\$ -	-	\$ 715	\$ -	\$ -	\$ 162,804
State sources	22,380	-	-	6,558	-	-	-	1,107,544
On-behalf payments -State	-	-	-	-	-	-	-	394,849
Total Revenues	<u>22,380</u>	<u>11,748</u>	<u>-</u>	<u>6,558</u>	<u>715</u>	<u>-</u>	<u>-</u>	<u>1,665,197</u>
Expenditures								
Salaries and benefits	159	-	-	-	-	-	-	727,327
Purchased services	987	5,244	-	6,558	1,355	362	145	412,687
Supplies and materials	-	6,755	25	-	1,211	-	54	86,487
Payments to other governments	-	-	-	-	-	-	-	161,020
Other objects	-	-	-	-	-	-	-	17,774
Capital outlay	-	-	-	-	-	-	-	195,425
On-behalf payments -State	-	-	-	-	-	-	-	394,849
Total Expenditures	<u>1,146</u>	<u>11,999</u>	<u>25</u>	<u>6,558</u>	<u>2,566</u>	<u>362</u>	<u>199</u>	<u>1,995,569</u>
Excess/(Deficiency) of revenues over expenditures	<u>21,234</u>	<u>(251)</u>	<u>(25)</u>	<u>-</u>	<u>(1,851)</u>	<u>(362)</u>	<u>(199)</u>	<u>(330,372)</u>
Other Financing Sources/(Uses)								
Transfers in	-	-	-	-	-	-	-	527,234
Transfers out	(15,120)	-	-	-	-	-	-	(512,620)
Interest income	-	-	-	-	-	-	-	1,163
Total Other Financing Sources/(Uses)	<u>(15,120)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,777</u>
Net change in fund balance	6,114	(251)	(25)	-	(1,851)	(362)	(199)	(314,595)
Fund Balance (Deficit) - Beginning of year	(6,114)	251	25	-	5,704	362	247	1,542,807
Fund Balance (Deficit) - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,853</u>	<u>\$ -</u>	<u>\$ 48</u>	<u>\$ 1,228,212</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2012 to June 30, 2013)
 GENERAL FUND ACCOUNT
 REGIONAL SAFE SCHOOLS
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 120,470	\$ 120,470	\$ 120,959
Total Revenues	<u>120,470</u>	<u>120,470</u>	<u>120,959</u>
Expenditures			
Salaries and benefits	105,952	107,455	105,852
Purchased services	14,518	13,015	13,502
Total Expenditures	<u>120,470</u>	<u>120,470</u>	<u>119,354</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1,605</u>
OTHER FINANCING SOURCES (USES):			
Transfer in	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	1,605
Fund Balance (Deficit) - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit) - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,605</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2013

	WIA Grants	Truants Alternative Optional Education Program	Will County Truants Alternative Optional Education Program	No Tolerance Task Force	Teen Reach/ Gear Up	McKinney-Vento Education for Homeless Children and Youth
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ 204	\$ 16,909	\$ -	\$ 1,337
Due from other governments						
State	-	12,848	-	-	-	-
Federal	60,478	-	-	-	-	-
Prepaid expenses	880	2,433	-	7	-	-
Total Assets	<u>\$ 61,358</u>	<u>\$ 15,281</u>	<u>\$ 204</u>	<u>\$ 16,916</u>	<u>\$ -</u>	<u>\$ 1,337</u>
Liabilities						
Accounts payable	\$ 406	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and employee benefits	-	9,404	-	2,272	-	-
Due to other funds	60,072	3,444	-	-	-	-
Due to other governments	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	1,337
Total Liabilities	<u>60,478</u>	<u>12,848</u>	<u>-</u>	<u>2,272</u>	<u>-</u>	<u>1,337</u>
Fund Balance (Deficit)						
Nonspendable	880	2,433	-	7	-	-
Restricted	-	-	204	14,637	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balance (Deficit)	<u>880</u>	<u>2,433</u>	<u>204</u>	<u>14,644</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 61,358</u>	<u>\$ 15,281</u>	<u>\$ 204</u>	<u>\$ 16,916</u>	<u>\$ -</u>	<u>\$ 1,337</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2013

	ARRA - Education Jobs Fund Program	ROE/ISC Operations	Fairmont Literacy Program	Title II - Teacher Quality - Leadership Grant	Will County ARRA - Education Jobs Fund Program	TOTALS
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ 1,442	\$ -	\$ -	\$ 19,892
Due from other governments						
State	-	3,464	-	-	-	16,312
Federal	-	-	-	9,800	-	70,278
Prepaid expenses	-	-	-	-	-	3,320
Total Assets	<u>\$ -</u>	<u>\$ 3,464</u>	<u>\$ 1,442</u>	<u>\$ 9,800</u>	<u>\$ -</u>	<u>\$ 109,802</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 406
Accrued payroll and employee benefits	-	-	-	-	-	11,676
Due to other funds	-	-	-	9,800	-	73,316
Due to other governments	-	3,464	-	-	-	3,464
Unearned revenue	-	-	-	-	-	1,337
Total Liabilities	<u>-</u>	<u>3,464</u>	<u>-</u>	<u>9,800</u>	<u>-</u>	<u>90,199</u>
Fund Balance (Deficit)						
Nonspendable	-	-	-	-	-	3,320
Restricted	-	-	1,442	-	-	16,283
Unassigned	-	-	-	-	-	-
Total Fund Balance (Deficit)	<u>-</u>	<u>-</u>	<u>1,442</u>	<u>-</u>	<u>-</u>	<u>19,603</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ 3,464</u>	<u>\$ 1,442</u>	<u>\$ 9,800</u>	<u>\$ -</u>	<u>\$ 109,802</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2013

	WIA Grants	Truants Alternative Optional Education Program	Will County Truants Alternative Optional Education Program	No Tolerance Task Force	Teen Reach/ Gear Up	McKinney-Vento Education for Homeless Children and Youth
Revenues						
Local sources	\$ -	\$ -	\$ -	\$ 39,900	\$ -	\$ -
State sources	-	154,099	1,605	-	633	-
Federal sources	175,155	-	-	-	-	19,982
Total Revenues	<u>175,155</u>	<u>154,099</u>	<u>1,605</u>	<u>39,900</u>	<u>633</u>	<u>19,982</u>
Expenditures						
Salaries and benefits	140,914	149,865	966	33,991	186	14,349
Purchased services	10,711	2,668	435	917	447	5,408
Supplies and materials	431	294	-	-	-	156
Payments to other governments	1,177	-	-	-	-	-
Total Expenditures	<u>153,233</u>	<u>152,827</u>	<u>1,401</u>	<u>34,908</u>	<u>633</u>	<u>19,913</u>
Excess of revenues over expenditures	<u>21,922</u>	<u>1,272</u>	<u>204</u>	<u>4,992</u>	<u>-</u>	<u>69</u>
Other Financing Sources/(Uses)						
Transfer in	-	1,161	-	-	-	-
Transfer out	(15,775)	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>(15,775)</u>	<u>1,161</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	6,147	2,433	204	4,992	-	69
Fund Balance (Deficit) - Beginning of year	<u>(5,267)</u>	<u>-</u>	<u>-</u>	<u>9,652</u>	<u>-</u>	<u>(69)</u>
Fund Balance (Deficit) - End of year	<u>\$ 880</u>	<u>\$ 2,433</u>	<u>\$ 204</u>	<u>\$ 14,644</u>	<u>\$ -</u>	<u>\$ -</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2013

	ARRA - Education Jobs Fund Program	ROE/ISC Operations	Fairmont Literacy Program	Title II - Teacher Quality - Leadership Grant	Will County ARRA - Education Jobs Fund Program	TOTALS
Revenues						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,900
State sources	-	41,634	-	-	-	197,971
Federal sources	44	-	-	9,800	214	205,195
Total Revenues	<u>44</u>	<u>41,634</u>	<u>-</u>	<u>9,800</u>	<u>214</u>	<u>443,066</u>
Expenditures						
Salaries and benefits	-	-	-	-	214	340,485
Purchased services	44	-	-	9,800	-	30,430
Supplies and materials	-	-	-	-	-	881
Payments to other governments	-	41,634	-	-	-	42,811
Total Expenditures	<u>44</u>	<u>41,634</u>	<u>-</u>	<u>9,800</u>	<u>214</u>	<u>414,607</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,459</u>
Other Financing Sources/(Uses)						
Transfer in	-	-	-	-	-	1,161
Transfer out	-	-	-	-	-	(15,775)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,614)</u>
Net change in fund balance	-	-	-	-	-	13,845
Fund Balance (Deficit) - Beginning of year	-	-	1,442	-	-	5,758
Fund Balance (Deficit) - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,442</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,603</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2012 to June 30, 2013)
 EDUCATION FUND ACCOUNT
 WIA GRANT
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 150,142	\$ 150,142	\$ 175,155
Total Revenues	<u>150,142</u>	<u>150,142</u>	<u>175,155</u>
Expenditures			
Salaries and benefits	137,090	137,090	140,914
Purchased services	11,193	11,193	10,711
Supplies and materials	1,859	1,859	431
Payments to other governments	-	-	1,177
Total Expenditures	<u>150,142</u>	<u>150,142</u>	<u>153,233</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>21,922</u>
Other Financing Sources/(Uses)			
Transfers out	<u>-</u>	<u>-</u>	<u>(15,775)</u>
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>(15,775)</u>
Net change in fund balance	-	-	6,147
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>(5,267)</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 880</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2012 to June 30, 2013)
 EDUCATION FUND ACCOUNT
 TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 154,099	\$ 154,099	\$ 154,099
Total Revenues	<u>154,099</u>	<u>154,099</u>	<u>154,099</u>
Expenditures			
Salaries and benefits	150,891	150,891	149,865
Purchased services	3,208	3,208	2,668
Supplies and materials	-	-	294
Total Expenditures	<u>154,099</u>	<u>154,099</u>	<u>152,827</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1,272</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	1,161
Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>1,161</u>
NET CHANGE IN FUND BALANCE	-	-	2,433
Fund Balance - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,433</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2012 to June 30, 2013)
 EDUCATION FUND ACCOUNT
 ROE/ISC OPERATIONS
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 41,634	\$ 41,634	\$ 41,634
Total Revenues	<u>41,634</u>	<u>41,634</u>	<u>41,634</u>
Expenditures			
Payments to other governments	41,634	41,634	41,634
Total Expenditures	<u>41,634</u>	<u>41,634</u>	<u>41,634</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2012 to June 30, 2013)
 EDUCATION FUND ACCOUNT
 TITLE II – TEACHER QUALITY – LEADERSHIP GRANT
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 9,800	\$ 12,500	\$ 9,800
Total Revenues	<u>9,800</u>	<u>12,500</u>	<u>9,800</u>
Expenditures			
Purchased services	9,800	12,500	9,800
Total Expenditures	<u>9,800</u>	<u>12,500</u>	<u>9,800</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2013

	School Bus Driver Training	General Education Development	Institute	TOTALS
Assets				
Cash and cash equivalents	\$ 44,545	\$ 5,734	\$ 94,326	\$ 144,605
Due from other funds	-	-	9,800	9,800
Total Assets	<u>\$ 44,545</u>	<u>\$ 5,734</u>	<u>\$ 104,126</u>	<u>\$ 154,405</u>
Fund Balance				
Restricted	<u>\$ 44,545</u>	<u>\$ 5,734</u>	<u>\$ 104,126</u>	<u>\$ 154,405</u>
Total Fund Balance	<u><u>\$ 44,545</u></u>	<u><u>\$ 5,734</u></u>	<u><u>\$ 104,126</u></u>	<u><u>\$ 154,405</u></u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	School Bus Driver Training	General Education Development	Institute	TOTALS
Revenues				
Local sources	\$ 7,602	\$ 12,121	\$ 67,942	\$ 87,665
State sources	772	-	-	772
Total Revenues	<u>8,374</u>	<u>12,121</u>	<u>67,942</u>	<u>88,437</u>
Expenditures				
Purchased services	3,429	11,304	106,498	121,231
Supplies and materials	-	2,212	1,880	4,092
Total Expenditures	<u>3,429</u>	<u>13,516</u>	<u>108,378</u>	<u>125,323</u>
Excess/(Deficiency) of revenues over expenditures	<u>4,945</u>	<u>(1,395)</u>	<u>(40,436)</u>	<u>(36,886)</u>
Other Financing Sources/(Uses)				
Interest income	44	-	163	207
Total Other Financing Sources/(Uses)	<u>44</u>	<u>-</u>	<u>163</u>	<u>207</u>
Net change in fund balance	4,989	(1,395)	(40,273)	(36,679)
Fund Balance - Beginning of year	<u>39,556</u>	<u>7,129</u>	<u>144,399</u>	<u>191,084</u>
Fund Balance - End of year	<u>\$ 44,545</u>	<u>\$ 5,734</u>	<u>\$ 104,126</u>	<u>\$ 154,405</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 JUNE 30, 2013

	Distributive Fund	Outdoor Education Cooperative	Special Ed. Personnel	Fed. - Sp. Ed. Pre-School Flow Through	Fed. - Sp. Ed. I.D.E.A. Flow Through	National School Lunch and Breakfast Program	Totals
Assets							
Cash and cash equivalents	\$ 80,935	\$ 19,770	\$ -	\$ -	\$ -	\$ -	\$ 100,705
Due from other governments	-	-	865,705	17,400	707,251	3,753	1,594,109
Total Assets	\$ 80,935	\$ 19,770	\$ 865,705	\$ 17,400	\$ 707,251	\$ 3,753	\$ 1,694,814
Liabilities							
Due to other governments	\$ 80,935	\$ 19,770	\$ 865,705	\$ 17,400	\$ 707,251	\$ 3,753	\$ 1,694,814
Total Liabilities	\$ 80,935	\$ 19,770	\$ 865,705	\$ 17,400	\$ 707,251	\$ 3,753	\$ 1,694,814

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>July 01, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2013</u>
<u>DISTRIBUTIVE FUND</u>				
Assets				
Cash and cash equivalents	\$ 80,859	\$ 8,506,201	\$ 8,506,125	\$ 80,935
Total Assets	<u>\$ 80,859</u>	<u>\$ 8,506,201</u>	<u>\$ 8,506,125</u>	<u>\$ 80,935</u>
Liabilities				
Due to other governments	\$ 80,859	\$ 8,506,201	\$ 8,506,125	\$ 80,935
Total Liabilities	<u>\$ 80,859</u>	<u>\$ 8,506,201</u>	<u>\$ 8,506,125</u>	<u>\$ 80,935</u>
<u>OUTDOOR EDUCATION COOPERATIVE</u>				
Assets				
Cash and cash equivalents	\$ 7,225	\$ 135,581	\$ 123,036	\$ 19,770
Total Assets	<u>\$ 7,225</u>	<u>\$ 135,581</u>	<u>\$ 123,036</u>	<u>\$ 19,770</u>
Liabilities				
Due to other governments	\$ 7,225	\$ 135,581	\$ 123,036	\$ 19,770
Total Liabilities	<u>\$ 7,225</u>	<u>\$ 135,581</u>	<u>\$ 123,036</u>	<u>\$ 19,770</u>
<u>SPECIAL ED. - PERSONNEL</u>				
Assets				
Due from other governments	\$ 874,550	\$ 865,705	\$ 874,550	\$ 865,705
Total Assets	<u>\$ 874,550</u>	<u>\$ 865,705</u>	<u>\$ 874,550</u>	<u>\$ 865,705</u>
Liabilities				
Due to other governments	\$ 874,550	\$ 865,705	\$ 874,550	\$ 865,705
Total Liabilities	<u>\$ 874,550</u>	<u>\$ 865,705</u>	<u>\$ 874,550</u>	<u>\$ 865,705</u>
<u>FED. - SP. ED. - PRE-SCHOOL FLOW THROUGH</u>				
Assets				
Due from other governments	\$ 16,800	\$ 17,400	\$ 16,800	\$ 17,400
Total Assets	<u>\$ 16,800</u>	<u>\$ 17,400</u>	<u>\$ 16,800</u>	<u>\$ 17,400</u>
Liabilities				
Due to other governments	\$ 16,800	\$ 17,400	\$ 16,800	\$ 17,400
Total Liabilities	<u>\$ 16,800</u>	<u>\$ 17,400</u>	<u>\$ 16,800</u>	<u>\$ 17,400</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>July 01, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2013</u>
<u>FED. - SP. ED. - I.D.E.A. - FLOW THROUGH</u>				
Assets				
Due from other governments	\$ 676,840	\$ 707,251	\$ 676,840	\$ 707,251
Total Assets	<u>\$ 676,840</u>	<u>\$ 707,251</u>	<u>\$ 676,840</u>	<u>\$ 707,251</u>
Liabilities				
Due to other governments	\$ 676,840	\$ 707,251	\$ 676,840	\$ 707,251
Total Liabilities	<u>\$ 676,840</u>	<u>\$ 707,251</u>	<u>\$ 676,840</u>	<u>\$ 707,251</u>
<u>National School Lunch and Breakfast Program</u>				
Assets				
Due from other governments	\$ -	\$ 3,753	\$ -	\$ 3,753
Total Assets	<u>\$ -</u>	<u>\$ 3,753</u>	<u>\$ -</u>	<u>\$ 3,753</u>
Liabilities				
Due to other governments		\$ 3,753	\$ -	\$ 3,753
Total Liabilities	<u>\$ -</u>	<u>\$ 3,753</u>	<u>\$ -</u>	<u>\$ 3,753</u>
<u>TOTALS ALL AGENCY FUNDS</u>				
Assets				
Cash and cash equivalents	\$ 88,084	\$ 8,641,782	\$ 8,629,161	\$ 100,705
Due from other governments	1,568,190	1,594,109	1,568,190	1,594,109
Total Assets	<u>\$ 1,656,274</u>	<u>\$ 10,235,891</u>	<u>\$ 10,197,351</u>	<u>\$ 1,694,814</u>
Liabilities				
Due to other governments	\$ 1,656,274	\$ 10,235,891	\$ 10,197,351	\$ 1,694,814
Total Liabilities	<u>\$ 1,656,274</u>	<u>\$ 10,235,891</u>	<u>\$ 10,197,351</u>	<u>\$ 1,694,814</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
 FOR THE YEAR ENDED JUNE 30, 2013

	Regional Office of Education #24	Kendall County Special Ed.	Grundy/ Kendall General School Fund	Total
Federal Special Education - IDEA Flow Through	\$ -	\$ 3,421,456	\$ -	\$ 3,421,456
Special Education Personnel	-	3,471,664	-	3,471,664
Lunch and Breakfast	517	-	-	517
National School Lunch	17,273	-	-	17,273
School Breakfast	8,857	-	-	8,857
General State Aid	947,652	-	-	947,652
ROE/ISC Operations	38,170	-	-	38,170
Truants Alternative	187,022	-	-	187,022
Regional Safe Schools	144,983	-	-	144,983
Medicaid Fairbanks	-	97,067	-	97,067
Medicaid matching fund	-	98,407	-	98,407
Fed. Spec. Ed. Pre School	-	43,927	-	43,927
Illinois Step Ahead	3,800	-	-	3,800
Energy Efficiency	6,558	-	-	6,558
Homeless liaison	18,000	-	-	18,000
ROE school bus driver training	-	-	772	772
Totals	<u>\$ 1,372,832</u>	<u>\$ 7,132,521</u>	<u>\$ 772</u>	<u>\$ 8,506,125</u>