

**STATE OF ILLINOIS
GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION # 24
FINANCIAL AUDIT
For the Year Ended June 30, 2014**

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

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
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REGIONAL OFFICE OF EDUCATION #24
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**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
OFFICIALS**

Regional Superintendent
(Current and During the audit period)

Mr. Christopher Mehochko

Assistant Regional Superintendent
(Current and During the audit period)

Ms. Michelle Senffner

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.

AUDITORS' REPORTS

The auditors' 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	2
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	1	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>
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
2014-001	11a	Controls Over Financial Statement Preparation	Material Weakness
2014-002	11c	Controls Over Property And Equipment	Significant Deficiency
<i>PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)</i>			
2013-002	13	Inadequate Internal Controls Over Compliance	Significant Deficiency

**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 11, 2014. 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, 2014, 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, 2014, 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 – Health Insurance Schedule of Funding Progress on pages 14a-14g, 54, and 55 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 schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund 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 18, 2015, 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 18, 2015

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, 2014, 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 18, 2015.

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 deficiencies described in the accompanying Schedule of Findings and Responses as item 2014-001 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 2014-002 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 18, 2015

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2014**

Financial Statements

Type of auditor's report issued: *unmodified*

Internal control over financial reporting:

- Material weakness identified? Yes
- Significant deficiency identified? Yes
- Noncompliance material to financial statements noted? No

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2014**

FINDING No. 2014-001 – Controls Over Financial Statement Preparation (Repeat of Prior Year Findings 13-001, 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 experience 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 the cash basis of 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, auditors 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
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2014**

FINDING No. 2014-001– Controls Over Financial Statement Preparation (Repeat of Prior Year Findings 13-001, 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:

The Regional Office of Education has taken the following steps to address this finding:

1. Implemented a new software system – now in our second year of use;
2. Hired a local accounting firm to review our financial statements; 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
SECTION II – FINANCIAL STATEMENT FINDINGS
For The Year Ended June 30, 2014**

FINDING No. 2014-002 – Controls Over Property and Equipment

CRITERIA/SPECIFIC REQUIREMENT:

The Regional Office of Education #24's policy is to maintain detailed fixed asset records for property and equipment with a cost of \$5,000 or more and a useful life greater than one year. Generally accepted accounting principles (GAAP) require inventory and depreciation schedules be maintained for all fixed assets meeting the capitalization threshold for reporting.

CONDITION:

During audit procedures related to property and equipment, auditors noted the following:

- The fixed asset listing incorrectly calculated beginning accumulated depreciation, depreciation expense, and ending accumulated depreciation.
- New property acquired, which met the criteria for capitalization under the Regional Office of Education #24's capitalization policy, was omitted from the depreciation schedule.
- Items were included on the depreciation schedule which the Regional Office of Education had transferred to Regional Office of Education #56.

EFFECT:

Inaccurate recording of the book value of fixed assets and depreciation expense could cause the financial statements to be materially misstated. Additionally, an incomplete and incorrect fixed asset inventory does not provide an adequate basis for physical control and losses may occur without being detected.

CAUSE:

Regional Office personnel were not following established internal control policies regarding the tracking of fixed assets. Additionally, the Regional Office did not have a procedure in place to ensure newly acquired property, meeting the capitalization policy, were included on the depreciation schedule.

RECOMMENDATION:

The Regional Office of Education should follow established internal controls and/or implement procedures to:

- Review calculation of depreciation expense and verify the beginning balance of accumulated depreciation is correctly stated.
- Review equipment and supply accounts at year end to ensure that all fixed assets have been properly added to the fixed asset inventory listing and depreciation schedule.
- Periodically review the listing of fixed assets and remove any that have become obsolete, are no longer in service or have been transferred to another Regional Office.

MANAGEMENT'S RESPONSE:

The Regional Office of Education has taken the follow steps to address this finding.

1. Working to ensure beginning balance is correct; and
2. Reviewed and ensured all fixed assets are listed correctly.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
For The Year Ended June 30, 2014**

Corrective Action Plan

FINDING No. 2014-001– Controls Over Financial Statement Preparation (Repeat of findings 13-001, 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 the cash basis of 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, auditors 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:

The Regional Office of Education has taken the following steps to address this finding:

1. Implemented a new software system – now in our second year of use;
2. Hired a local accounting firm to review our financial statements; 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 FINDINGS
For The Year Ended June 30, 2014**

Corrective Action Plan

FINDING No. 2014-002 – Controls Over Property and Equipment

CONDITION:

During audit procedures related to property and equipment, auditors noted the following:

- The fixed asset listing incorrectly calculated beginning accumulated depreciation, depreciation expense, and ending accumulated depreciation.
- New property acquired, which met the criteria for capitalization under the Regional Office of Education #24's capitalization policy, was omitted from the depreciation schedule.
- Items were included on the depreciation schedule which the Regional Office of Education had transferred to Regional Office of Education #56.

PLAN:

The Regional Office of Education has taken the follow steps to address this finding.

1. Working to ensure beginning balance is correct; and
2. Reviewed and ensured all fixed assets are listed correctly.

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
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For Year Ended June 30, 2014**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
2013-001	Controls Over Financial Statement Preparation	Repeated
2013-002	Inadequate Internal Controls over Compliance	Corrected

MANAGEMENT'S DISCUSSION AND ANALYSIS

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

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 2014 that ended on June 30, 2014. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

2014 Financial Highlights

- Within the Governmental Funds, the General Fund revenues decreased by \$17,352 from \$1,680,974 in fiscal year 2013 to \$1,663,622 in fiscal year 2014. General Fund expenditures decreased by \$202,654 from \$1,995,569 in fiscal year 2013 to \$1,792,915 in fiscal year 2014. The majority of the revenue and expenditure decreases are due to a decrease in State and federal funding received by the Regional Office.
- Within the Governmental Funds, the Special Revenue Fund revenue decreased by \$41,829 from \$517,096 in fiscal year 2013 to \$475,807 in fiscal year 2014. The Special Revenue Fund expenditures decreased by \$62,671 from \$539,930 in fiscal year 2013 to \$477,259 in fiscal year 2014. The revenue and expenditure decreases are due to less funding from State and federal sources.

Using This Annual 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
June 30, 2014**

Reporting the Regional Office of Education No. 24 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, Institute 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
June 30, 2014**

Reporting the Regional Office of Education No. 24 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.

Government- 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 2014 totaled \$1,494,847. At the end of fiscal year 2013, the net position was \$1,550,246. 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, 2014 and 2013, for the governmental and business-type activities.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

**CONDENSED STATEMENT OF NET POSITION
June 30, 2014 an 2013**

	Governmental Activities		Business-Type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
ASSETS						
Current assets	\$ 1,332,987	\$ 1,523,021	\$ 30,249	\$ 27,987	\$ 1,363,236	\$ 1,551,008
Capital assets, being depreciated, net	183,704	107,474	9,424	12,565	193,128	120,039
TOTAL ASSETS	<u>\$ 1,516,691</u>	<u>\$ 1,630,495</u>	<u>\$ 39,673</u>	<u>\$ 40,552</u>	<u>\$ 1,556,364</u>	<u>\$ 1,671,047</u>
LIABILITIES						
Current liabilities	\$ 61,512	\$ 120,801	\$ 5	\$ -	\$ 61,517	\$ 120,801
TOTAL LIABILITIES	<u>61,512</u>	<u>120,801</u>	<u>5</u>	<u>-</u>	<u>61,517</u>	<u>120,801</u>
NET POSITION						
Net investment in capital assets	183,704	107,474	9,424	12,565	193,128	120,039
Unrestricted	1,097,230	1,226,607	30,244	27,987	1,127,474	1,254,594
Restricted for educational purposes	174,245	175,613	-	-	174,245	175,613
TOTAL NET POSITION	<u>\$ 1,455,179</u>	<u>\$ 1,509,694</u>	<u>\$ 39,668</u>	<u>\$ 40,552</u>	<u>\$ 1,494,847</u>	<u>\$ 1,550,246</u>

The Regional Office of Education's net position decreased by \$55,399 from Fiscal Year 2013 to Fiscal Year 2014. This decrease occurred primarily in the Governmental Funds due to a decrease in grant funding. In addition, part of the Regional Office's net position is considered restricted or educational purposes.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

The following analysis shows the changes in net position for the years ended June 30, 2014 and 2013.

**CHANGES IN NET POSITION
For the Years Ended June 30, 2014 and 2013**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Government</u>	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues						
Charges for services	\$ -	\$ -	\$ 33,105	\$ 35,201	\$ 33,105	\$ 35,201
Operating grants and contributions	632,220	745,402	-	-	632,220	745,402
General Revenues						
Local sources	305,748	290,369	-	-	305,748	290,369
State sources	739,073	754,630	-	-	739,073	754,630
Federal sources	941	-	-	-	941	-
Interest income	275	1,370	-	-	275	1,370
On-behalf payments - State	461,172	394,849	-	-	461,172	394,849
Total revenues	<u>\$ 2,139,429</u>	<u>\$ 2,186,620</u>	<u>\$ 33,105</u>	<u>\$ 35,201</u>	<u>\$ 2,172,534</u>	<u>\$ 2,221,821</u>
Expenses:						
Program expenses						
Salaries and benefits	\$ 1,046,194	\$ 1,067,812	\$ 10,146	\$ 10,823	\$ 1,056,340	\$ 1,078,635
Purchased services	319,859	564,348	18,782	14,947	338,641	579,295
Supplies and materials	60,206	91,460	1,856	468	62,062	91,928
Payment to other governments	220,993	203,831	-	-	220,993	203,831
Capital Outlay	58,221	105,837	-	-	58,221	105,837
Depreciation	24,014	14,805	3,141	3,141	27,155	17,946
Other objects	3,285	17,774	64	-	3,349	17,774
Administration expenses						
On-behalf payments - State	461,172	394,849	-	-	461,172	394,849
Total expenses	<u>\$ 2,193,944</u>	<u>\$ 2,460,716</u>	<u>\$ 33,989</u>	<u>\$ 29,379</u>	<u>\$ 2,227,933</u>	<u>\$ 2,490,095</u>
Changes in net position	\$ (54,515)	\$ (274,096)	\$ (884)	\$ 5,822	\$ (55,399)	\$ (268,274)
Net position - beginning	1,509,694	1,783,790	40,552	34,730	1,550,246	1,818,520
Net position - ending	<u>\$ 1,455,179</u>	<u>\$ 1,509,694</u>	<u>\$ 39,668</u>	<u>\$ 40,552</u>	<u>\$ 1,494,847</u>	<u>\$ 1,550,246</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

Governmental Activities

Revenues for governmental activities were \$2,139,429 and expenses were \$2,193,944 for the year ended June 30, 2014. Revenues for governmental activities were \$2,186,620 and expenses were \$2,460,716 for the year ended June 30, 2013. 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 \$33,105 and expenses were \$33,989 for the year ended June 30, 2014. Revenues for business-type activities were \$35,201 and expenses were \$29,379 for the year ended June 30, 2013. The decrease in revenues is due primarily to a decrease in activity in the Grundy County Summer School 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 \$1,267,068 at June 30, 2014 compared to fiscal year 2013's ending fund balance of \$1,402,220.

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, 2014, Regional Office of Education #24 purchased assets totaling \$100,244 and deleted no assets, resulting in an ending balance of \$193,128. 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 3 of the financial statements.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

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 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, 2014**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,240,226	\$ 27,913	\$ 1,268,139
Due from other governments:			
State	35,270	-	35,270
Federal	46,388	-	46,388
Prepaid expenses	11,103	2,336	13,439
Total current assets	<u>1,332,987</u>	<u>30,249</u>	<u>1,363,236</u>
NONCURRENT ASSETS:			
Capital assets, net of depreciation	183,704	9,424	193,128
Total noncurrent assets	<u>183,704</u>	<u>9,424</u>	<u>193,128</u>
TOTAL ASSETS	<u>1,516,691</u>	<u>39,673</u>	<u>1,556,364</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	31,656	5	31,661
Accrued payroll and employee benefits	28,522	-	28,522
Unearned revenue	1,334	-	1,334
Total current liabilities	<u>61,512</u>	<u>5</u>	<u>61,517</u>
TOTAL LIABILITIES	<u>61,512</u>	<u>5</u>	<u>61,517</u>
NET POSITION			
Net investment in capital assets	183,704	9,424	193,128
Unrestricted	1,097,230	30,244	1,127,474
Restricted for educational purposes	174,245	-	174,245
TOTAL NET POSITION	<u>\$ 1,455,179</u>	<u>\$ 39,668</u>	<u>\$ 1,494,847</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, 2014**

FUNCTIONS/PROGRAMS	Net (Expense) Revenue and Changes in Net Position					
	Expenses	Program Revenues		Primary Government		Total
		Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	
PRIMARY GOVERNMENT						
Governmental Activities:						
Instructional Services:						
Salaries and benefits	\$ 1,046,194	\$ -	\$ 388,136	\$ (658,058)	\$ -	\$ (658,058)
Purchased services	319,859	-	41,304	(278,555)	-	(278,555)
Supplies and materials	60,206	-	3,092	(57,114)	-	(57,114)
Other objects	3,285	-	-	(3,285)	-	(3,285)
Depreciation	24,014	-	-	(24,014)	-	(24,014)
Capital outlay	58,221	-	158,465	100,244	-	100,244
Payments to other governments	220,993	-	41,223	(179,770)	-	(179,770)
Administrative:						
On-behalf payments - State	461,172	-	-	(461,172)	-	(461,172)
Total Governmental Activities	<u>2,193,944</u>	<u>-</u>	<u>632,220</u>	<u>(1,561,724)</u>	<u>-</u>	<u>(1,561,724)</u>
Business-type Activities:						
Registration fees	20,867	22,049	-	-	1,182	1,182
Tuition	13,122	11,056	-	-	(2,066)	(2,066)
Total Business-type Activities	<u>33,989</u>	<u>33,105</u>	<u>-</u>	<u>-</u>	<u>(884)</u>	<u>(884)</u>
Total Primary Government	<u>\$ 2,227,933</u>	<u>\$ 33,105</u>	<u>\$ 632,220</u>	<u>(1,561,724)</u>	<u>(884)</u>	<u>(1,562,608)</u>
General Revenues:						
Local sources				305,748	-	305,748
State sources				739,073	-	739,073
Federal sources				941	-	941
On-behalf payments - State				461,172	-	461,172
Interest				275	-	275
Total General Revenues				<u>1,507,209</u>	<u>-</u>	<u>1,507,209</u>
Change in net position				(54,515)	(884)	(55,399)
Net Position - beginning				<u>1,509,694</u>	<u>40,552</u>	<u>1,550,246</u>
Net Position - ending				<u>\$ 1,455,179</u>	<u>\$ 39,668</u>	<u>\$ 1,494,847</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, 2014**

	General Fund	Education Fund	Institute Fund	NonMajor Special Revenue Funds	Eliminations	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,070,464	\$ 18,289	\$ 99,719	\$ 51,754	\$ -	\$ 1,240,226
Due from other funds	69,838	-	4,625	-	(74,463)	-
Due from other governments:						
State	10,964	24,306	-	-	-	35,270
Federal	-	46,388	-	-	-	46,388
Prepaid expenses	8,381	2,722	-	-	-	11,103
TOTAL ASSETS	\$ 1,159,647	\$ 91,705	\$ 104,344	\$ 51,754	\$ (74,463)	\$ 1,332,987
LIABILITIES						
Accounts payable	\$ 30,676	\$ 980	\$ -	\$ -	\$ -	\$ 31,656
Accrued payroll and employee benefits	16,108	12,414	-	-	-	28,522
Due to other funds	13,944	60,519	-	-	(74,463)	-
Unearned revenue	-	1,334	-	-	-	1,334
Total Liabilities	60,728	75,247	-	-	(74,463)	61,512
FUND BALANCES						
Nonspendable	218,201	2,722	-	-	-	220,923
Restricted	-	13,736	104,344	51,754	-	169,834
Assigned	255,955	-	-	-	-	255,955
Unassigned	624,763	-	-	-	-	624,763
Total fund balances	1,098,919	16,458	104,344	51,754	-	1,271,475
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,159,647	\$ 91,705	\$ 104,344	\$ 51,754	\$ (74,463)	\$ 1,332,987

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, 2014

Total fund balance - governmental funds	\$ 1,271,475
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>183,704</u>
Net position of governmental activities	<u><u>\$ 1,455,179</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 BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014**

	General Fund	Education Fund	Institute Fund	NonMajor Special Revenue Funds	Eliminations	Total Governmental Funds
REVENUES						
State sources	\$ 1,022,716	\$ 177,015	-	\$ 772	\$ -	\$ 1,200,503
Federal sources	-	171,731	-	-	-	171,731
Local sources	178,476	33,000	69,447	24,825	-	305,748
Interest	97	-	134	44	-	275
On-behalf payments - State	461,172	-	-	-	-	461,172
Total revenues	<u>1,662,461</u>	<u>381,746</u>	<u>69,581</u>	<u>25,641</u>	<u>-</u>	<u>2,139,429</u>
EXPENDITURES						
Instructional Services						
Salaries and benefits	738,026	308,168	-	-	-	1,046,194
Purchased services	198,869	31,654	66,085	23,251	-	319,859
Supplies and materials	56,352	1,735	1,204	915	-	60,206
Payments to other governments	178,820	42,173	-	-	-	220,993
Other objects	1,211	-	2,074	-	-	3,285
On-behalf payments - State	461,172	-	-	-	-	461,172
Capital outlay	158,465	-	-	-	-	158,465
Total expenditures	<u>1,792,915</u>	<u>383,730</u>	<u>69,363</u>	<u>24,166</u>	<u>-</u>	<u>2,270,174</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>(130,454)</u>	<u>(1,984)</u>	<u>218</u>	<u>1,475</u>	<u>-</u>	<u>(130,745)</u>
OTHER FINANCING SOURCES(USES)						
Transfer in	1,161	-	-	-	(1,161)	-
Transfer out	-	(1,161)	-	-	1,161	-
Total other financing sources (uses)	<u>1,161</u>	<u>(1,161)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(129,293)</u>	<u>(3,145)</u>	<u>218</u>	<u>1,475</u>	<u>-</u>	<u>(130,745)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>1,228,212</u>	<u>19,603</u>	<u>104,126</u>	<u>50,279</u>	<u>-</u>	<u>1,402,220</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,098,919</u>	<u>\$ 16,458</u>	<u>\$ 104,344</u>	<u>\$ 51,754</u>	<u>\$ -</u>	<u>\$ 1,271,475</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 BALANCE TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014**

Net change in fund balances	\$ (130,745)
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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	\$ 100,244	
Depreciation expense	<u>(24,014)</u>	76,230

Change in net position of governmental activities	<u><u>\$ (54,515)</u></u>
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The notes to the financial statements are an integral part of this statement.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014**

	Business-type Activities - Enterprise Funds			
	Non Major Enterprise Funds			
	Criminal Backgrounds	Grundy County Summer School	Will County Summer School	Totals
Assets				
Current assets				
Cash and cash equivalents	\$ 21,320	\$ 6,245	\$ 348	\$ 27,913
Prepaid expenses	2,336	-	-	2,336
Total current assets	23,656	6,245	348	30,249
Noncurrent assets				
Capital assets, net of accumulated depreciation	9,424	-	-	9,424
Total noncurrent assets	9,424	-	-	9,424
Total Assets	33,080	6,245	348	39,673
Liabilities				
Accounts payable	-	5	-	5
Total Liabilities	-	5	-	5
Net Position				
Net investment in capital assets	9,424	-	-	9,424
Unrestricted	23,656	6,240	348	30,244
Total Net Position	\$ 33,080	\$ 6,240	\$ 348	\$ 39,668

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, 2014**

	Business-Type Activities - Enterprise Funds			
	Non Major Enterprise Funds			
	Criminal Backgrounds	Grundy County Summer School	Will County Summer School	Totals
Operating Revenues				
Charges for services				
Tuition	\$ -	\$ 11,056	\$ -	\$ 11,056
Registration fees	22,049	-	-	22,049
Total operating revenues	<u>22,049</u>	<u>11,056</u>	<u>-</u>	<u>33,105</u>
Operating Expenses				
Salaries and benefits	-	10,146	-	10,146
Purchased services	17,726	1,056	-	18,782
Supplies and materials	-	1,856	-	1,856
Other objects	-	64	-	64
Depreciation	3,141	-	-	3,141
Total operating expenses	<u>20,867</u>	<u>13,122</u>	<u>-</u>	<u>33,989</u>
Change in Net Position	1,182	(2,066)	-	(884)
Net Position - Beginning of year	<u>31,898</u>	<u>8,306</u>	<u>348</u>	<u>40,552</u>
Net Position - End of year	<u>\$ 33,080</u>	<u>\$ 6,240</u>	<u>\$ 348</u>	<u>\$ 39,668</u>

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, 2014**

	Business-Type Activities - Enterprise Funds			Totals
	Criminal Backgrounds	Non Major Enterprise Funds Grundy County Summer School	Will County Summer School	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 22,049	\$ 11,056	\$ -	\$ 33,105
Payments to suppliers and providers of goods and services	(20,062)	(2,971)	-	(23,033)
Payments to employees	-	(10,146)	-	(10,146)
Net cash provided by (used for) operating activities	1,987	(2,061)	-	(74)
Net increase (decrease) in cash and cash equivalents	1,987	(2,061)	-	(74)
Cash and cash equivalents - Beginning of year	19,333	8,306	348	27,987
Cash and cash equivalents - End of year	<u>\$ 21,320</u>	<u>\$ 6,245</u>	<u>\$ 348</u>	<u>\$ 27,913</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 1,182	\$ (2,066)	\$ -	\$ (884)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	3,141	-	-	3,141
(Increase)/decrease in assets:				
Prepaid expenses	(2,336)	-	-	(2,336)
Increase/(decrease) in liabilities:				
Accounts payable	-	5	-	5
Net cash provided by (used for) operating activities	<u>\$ 1,987</u>	<u>\$ (2,061)</u>	<u>\$ -</u>	<u>\$ (74)</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, 2014**

	Private-Purpose Scholarship Funds			
	Martha Slyther Scholarship Fund	Community Foundation Scholarship Fund	Total	Agency Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 17,452	\$ 500	\$ 17,952	\$ 86,466
Due from other governments	-	-	-	1,203,092
TOTAL ASSETS	<u>17,452</u>	<u>500</u>	<u>17,952</u>	<u>\$ 1,289,558</u>
LIABILITIES				
Due to other governments	-	-	-	\$ 1,289,558
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 1,289,558</u>
NET POSITION				
Reserved for scholarships	<u>\$ 17,452</u>	<u>\$ 500</u>	<u>\$ 17,952</u>	

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, 2014**

	Private-Purpose Scholarship Funds		
	<u>Martha Slyther Scholarship Fund</u>	<u>Community Foundation Scholarship Fund</u>	<u>Total</u>
ADDITION			
Interest	\$ 1	\$ -	\$ 1
Contributions	-	500	500
Total Additions	<u>1</u>	<u>500</u>	<u>501</u>
DEDUCTION			
Service charges	50	-	50
Scholarships and awards	4,000	-	4,000
Total Deductions	<u>4,050</u>	<u>-</u>	<u>4,050</u>
CHANGE IN NET POSITION	(4,049)	500	(3,549)
NET POSITION, BEGINNING OF YEAR	<u>21,501</u>	<u>-</u>	<u>21,501</u>
NET POSITION, END OF YEAR	<u>\$ 17,452</u>	<u>\$ 500</u>	<u>\$ 17,952</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
June 30, 2014**

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 18, 2015, 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
June 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. REPORTING ENTITY (Concluded)

For the period ended June 30, 2014, 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
June 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. NEW ACCOUNTING PRONOUNCEMENTS

In 2014, the Regional Office of Education #24 implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*; GASB Statement No. 66, *Technical Corrections – 2012 - an amendment of GASB Statements No. 10 and No. 62*; GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*; and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The Regional Office of Education #24 implemented these standards during the current year; however, GASB Statement No. 70 had no impact on the financial statements. The implementation of GASB Statement No. 65 reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The implementation of GASB Statement No. 66 resolved conflicting guidance that resulted from the issuance of GASB Statement Nos. 54 and 62 regarding risk financing activities, operating leases, purchased loans, and servicing fees. The implementation of GASB Statement No. 67 improved financial reporting by state and local governmental pension plans.

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

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.

GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and the net position and changes in net position presented in the government-wide financial statements.

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, 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 inflows of resources in the governmental fund financial statements, but are recognized as current revenues in the government-wide financial statements.

H. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Concluded)

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the 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.

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

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

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets (including deferred outflows), liabilities (including deferred inflows), 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 (including deferred outflows), liabilities (including deferred inflows), 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 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 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.

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.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Concluded)

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.

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

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

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

Major Special Revenue Fund - 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 Fund - 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.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

Major Special Revenue Funds (Concluded)

Education Fund (Concluded)

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.

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.

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.

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.

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

Non-major Special Revenue Funds – Non-major special revenue funds include the following:

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

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FUND ACCOUNTING (Concluded)

GOVERNMENTAL FUNDS (Concluded)

Non-major Special Revenue Funds (Concluded)

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.

PROPRIETARY FUNDS

Proprietary Fund - 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 Funds

Martha Slyther Scholarship fund – To account for 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.

Community Foundation Scholarship fund – To account for the Community Foundation Scholarship fund which was received from an individual to be used for the purpose of providing scholarships to students going into the medical field.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FUND ACCOUNTING (Concluded)

FIDUCIARY FUNDS (Concluded)

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.

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 plus deferred outflows of resources and liabilities plus deferred inflows of resources 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:

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. GOVERNMENTAL FUND BALANCES (Concluded)

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 Grant, Truants Alternative Optional Education Program and No Tolerance Task Force 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: Illinois Tobacco, Grundy/Kendall Counties State Aid, HAJ HIV/MC Bowling, 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.

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, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. NET POSITION (Concluded)

Unrestricted net position – The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

L. BUDGETARY 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, WIA Grant, Truants Alternative Optional Education Program, ROE/ISC Operations, and Title II- Teacher Quality – Leadership Grant.

M. 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.

N. INVENTORIES

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

O. 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.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

O. CAPITAL ASSETS (Concluded)

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

In the fund financial statements, fixed assets used in governmental operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

P. 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.

Q. 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.

R. UNEARNED REVENUE

The Regional Office of Education #24 reports unearned revenue in the governmental fund Balance Sheet. Unearned revenue arises when grant funds received are unexpended or obligated at year end.

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
June 30, 2014**

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. BANK DEPOSITS

At June 30, 2014, the carrying amount of the Grundy/Kendall Counties Regional Office of Education #24’s government-wide and agency deposits were \$1,268,139 and \$104,418, respectively. The government-wide and agency bank balances were \$1,005,778 and \$138,590, respectively. Of the total bank balances as of June 30, 2014, \$522,083 was secured by federal depository insurance and \$622,285 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, 2014, the carrying and fair value Grundy/Kendall Counties Regional Office of Education #24’s government-wide and agency investments as follows:

	<u>Government-Wide</u>	<u>Agency</u>
Invested in Illinois Funds investment pool	\$ 10,191	\$ 1,003
Invested in certificates of deposit	251,775	-
	<u>\$ 261,966</u>	<u>\$ 1,003</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

CREDIT RISK

At June 30, 2014, 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, 2014, 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, 2014, the Regional Office of Education #24's investment in certificates of deposit which is 96% of total investment and totaling \$251,775 is subject to concentration of credit risk.

NOTE 3 – CAPITAL ASSETS

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, 2014:

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 3 – CAPITAL ASSETS (Concluded)

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Governmental Activities:				
<u>Education Fund</u>				
Equipment	\$ 94,424	\$ 8,300	\$ -	\$ 102,724
Building Improvements	99,433	91,944	-	191,377
Governmental Activities Total Assets	<u>193,857</u>	<u>100,244</u>	<u>-</u>	<u>294,101</u>
Less Accumulated Depreciation				
Equipment	(67,997)	(7,276)	-	(75,273)
Building Improvements	(18,386)	(16,738)	-	(35,124)
Total Accumulated Depreciation	<u>(86,383)</u>	<u>(24,014)</u>	<u>-</u>	<u>(110,397)</u>
Governmental Activities				
Investment in Capital Assets, Net	<u>\$ 107,474</u>	<u>\$ 76,230</u>	<u>\$ -</u>	<u>\$ 183,704</u>
	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</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>(3,141)</u>	<u>(3,141)</u>	<u>-</u>	<u>(6,282)</u>
Business-type Activities				
Investment in Capital Assets, Net	<u>\$ 12,565</u>	<u>\$ (3,141)</u>	<u>\$ -</u>	<u>\$ 9,424</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, 2014 of \$24,014 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 4 – 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 (RSI). That report may be obtained online at www.imrf.org.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 4 – DEFINED BENEFIT PENSION PLAN (Concluded)

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 2013 was 9.71 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 2013 was \$675,572.

A. THREE-YEAR TREND INFORMATION FOR THE REGULAR PLAN

Calendar Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
12/31/13	\$ 675,572	100%	\$ -
12/31/12	683,673	100%	-
12/31/11	619,580	100%	-

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, 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, 2011 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, 2013, the most recent actuarial valuation date, the Regular plan was 96.33 percent funded. The actuarial accrued liability for benefits was \$9,285,204 and the actuarial value of assets was \$8,944,424, resulting in an underfunded actuarial accrued liability (UAAL) of \$340,780. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$6,957,482 and the ratio of the UAAL to the covered payroll was 5 percent.

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

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 5 – 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 licensure is required. The active member contribution rate for the year ended June 30, 2014, 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, 2013 and 2012.

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, 2014, state of Illinois contributions were based on 35.41 percent of creditable earnings not paid from federal funds, and the Grundy/Kendall Counties Regional Office of Education #24 recognized revenue and expenditures of \$210,287 in pension contributions that the State of Illinois paid directly to TRS.

For the years ended June 30, 2013 and June 30, 2012, the State of Illinois contribution rates were 28.05 percent (\$154,887) and 24.91 percent (\$273,282), 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, 2014 were \$2,238. Contributions for the years ending June 30, 2013 and June 30, 2012, were \$2,204 and \$5,210, respectively.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

**NOTE 5 – 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 has been in effect since 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. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2014, the employer pension contribution was 35.41 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2013 and 2012, the employer pension contribution was 28.05 and 24.91 percent, respectively. For the year ended June 30, 2014, 2013, and 2012 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 146.5 percent and applies when the member is age 55 at retirement.

For the years ended June 30, 2014, 2013, and 2012, 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, 2014, 2013, and 2012, the Grundy/Kendall Counties Regional Office of Education #24 made no employer contribution to TRS for employer contributions due on salary increases in excess of 6 percent.

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.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

**NOTE 5 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
(Concluded)**

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 (17.29 percent of salary during the year ended June 30, 2014).

For the years ended June 30, 2014, 2013, and 2012 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.

Further information on TRS. 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, 2013. The report for the year ended June 30, 2014, is expected to be available in late 2014.

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 6 – 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 post-employment 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 not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several Managed Care options. Beginning February 1, 2014, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

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.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 6 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Concluded)

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 0.97 percent of pay during the year ended June 30, 2014. State of Illinois contributions were \$3,743, and Grundy/Kendall Counties Regional Office of Education #24 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2013 and June 30, 2012 were 0.92 and 0.88 percent of pay, respectively. State contributions on behalf of the Regional Office employees were \$3,498 and \$7,905, 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 0.72 percent during the year ended June 30, 2014 and 0.69 and 0.66 percent during the years ended June 30, 2013 and June 30, 2012, respectively. For the year ended June 30, 2014, the Grundy/Kendall Counties Regional Office of Education #24 paid \$2,778 to the THIS Fund. For the years ended June 30, 2013 and June 30, 2012, the Grundy/Kendall Counties Regional Office of Education #24 paid \$2,623 and \$5,929, 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 current reports are listed under “Central Management Services.” Prior reports are available under “Healthcare and Family Services.”

NOTE 7 – DUE FROM/TO OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2014 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	\$ -	\$ 60,519
General Fund	69,838	13,944
Institute Fund	4,625	-
	\$ 74,463	\$ 74,463

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 7 – DUE FROM/TO OTHER FUNDS (Concluded)

TRANSFERS

Interfund transfers in/out to other fund balances at June 30, 2014 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	\$ -	\$ 1,161
Education Fund	1,161	-
	\$ 1,161	\$ 1,161

NOTE 8 – DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

GASB Statement No. 65 reclassified as deferred outflows of resources or deferred inflows of resources certain items that were previously reported as assets and liabilities. Decreases in net assets that relate to future periods are reported as deferred outflows of resources. Increases in net assets that relate to future periods are reported as deferred inflows of resources. When an asset is recorded in the governmental fund financial statements but the revenue is not available, the Regional Office reports a deferred inflow of resources until such time as the revenue becomes available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are not available if they are received more than 60 days after the end of the fiscal year. The Regional office has no deferred inflows of resources or deferred outflows in the current year.

NOTE 9 – 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
June 30, 2014**

NOTE 10 – OPERATING LEASE

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.

Rental expense for the year ended June 30, 2014 was \$31,714.

Future minimum rentals for the year ending June 30 are:

Year Ending	Amount
<u>June 30,</u>	<u> </u>
2015	<u>\$ 31,714</u>

NOTE 11 – 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	\$ 109,464
Assistant Regional Superintendent Salary	98,544
Regional Superintendent Fringe Benefit (Includes State paid insurance)	32,895
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	6,239
Regional Superintendent TRS Pension Contribution	38,761
Assistant Regional Superintendent TRS Pension Contribution	34,894
TRS Pension Contributions	136,632
THIS Contributions	<u>3,743</u>
Total	<u>\$ 461,172</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.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 12 – DUE FROM/TO OTHER GOVERNMENTS

The Grundy/Kendall Counties Regional Office of Education #24’s Agency Fund, Education Fund and General Fund have funds due to/from various other governmental units which consist of the following:

Due From Other Governments:

<u>Education Fund</u>	
State Resources:	
Illinois State Board of Education	\$ 24,306
Federal Resources:	
Illinois State Board of Education	46,388
<u>General Fund</u>	
State Resources:	
Illinois State Board of Education	10,964
<u>Agency Fund</u>	
State Resources:	
Illinois State Board of Education	1,203,092
Total	\$ 1,284,750

Due To Other Governments:

<u>Agency Fund</u>	
Local Governments	1,289,558
Total	\$ 1,289,558

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE

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.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

**NOTE 13 – OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE
(Continued)**

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, 2014 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	<u>11</u>
Number of participating employers	<u>1</u>

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.

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, 2014 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, 2014. The Grundy & Kendall Counties ROE #24's annual OPEB cost (expense) of \$2,835 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 2014, 2013, and 2012 was as follows:

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

**NOTE 13 – OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE
(Continued)**

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 5,083	\$ 4,622	91%	\$ 1,797
June 30, 2013	\$ 5,087	\$ 4,622	91%	\$ 2,262
June 30, 2014	\$ 2,835	\$ -	0%	\$ 5,097

The net OPEB obligation as of June 30, 2014, was calculated as follows:

Annual Required Contribution	\$ 2,820
Interest on Net OPEB Obligation	90
Adjustment to Annual Required Contribution	(75)
Annual OPEB Cost	2,835
Contributions Made	-
Increase in Net OPEB Obligation	2,835
Net OPEB Obligation Beginning of year	2,262
NET OPEB OBLIGATION END OF YEAR	\$ 5,097

f. **Funded Status and Funding Progress**

The funded status of the plan was as follows:

	Fiscal Year	
	2014	2013
Actuarial Accrued Liability (AAL)	\$ 24,454	\$ 24,454
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	24,454	24,454
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%	0%
Covered Payroll (Active Plan Members)	\$ 344,844	\$ 386,815
UAAL as a Percentage of Covered Payroll	7.09%	6.32%

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.

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

**NOTE 13 – OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE
(Concluded)**

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, 2014 and 2013, 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, 2014 and 2013 was 30 years.

NOTE 14 – DEFICIT FUND BALANCES

The Grundy County Health Department Fund carried a deficit fund balance as of June 30, 2014. The Regional Office of Education #24 will transfer unrestricted funds from the general operating funds to eliminate the deficit.

Funds with Deficit Fund Balance	Deficit Balance
Grundy County Health Department	\$ 2,980

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

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)
June 30, 2014**

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)
12/31/13	\$ 8,944,424	\$ 9,285,204	\$ 340,780	96.33%	\$ 6,957,482	4.90%
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%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$10,175,851. On a market basis, the funded ratio would be 109.59%

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Grundy/Kendall ROE #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 – HEALTH INSURANCE
SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)
June 30, 2014**

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)
6/30/14	\$ -	\$ 24,454	\$ 24,454	0.00%	\$344,844	7.09%
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%

OTHER SUPPLEMENTAL INFORMATION

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2014**

	General School Fund	Payroll	Interest	Illinois Tobacco	Grundy County Health Department	Grundy/Kendall Counties State Aid
Assets						
Cash and cash equivalents	\$ 550,387	\$ 8,599	\$ 58	\$ 2,174	\$ -	\$ 489,959
Due from other funds	68,677	-	-	-	-	1,161
Due from other governments						
State	-	-	-	-	-	-
Prepaid expenses	73	-	-	-	-	6,619
Total Assets	\$ 619,137	\$ 8,599	\$ 58	\$ 2,174	\$ -	\$ 497,739
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,606
Accrued payroll and employee benefits	-	-	-	-	-	12,988
Due to other funds	-	-	-	-	2,980	-
Unearned Revenue	-	-	-	-	-	-
Total Liabilities	-	-	-	-	2,980	42,594
Fund Balance (Deficit)						
Nonspendable	73	-	-	-	-	216,439
Assigned	-	-	-	2,174	-	238,706
Unassigned	619,064	8,599	58	-	(2,980)	-
Total Fund Balance (Deficit)	619,137	8,599	58	2,174	(2,980)	455,145
Total Liabilities and Fund Balance (Deficit)	\$ 619,137	\$ 8,599	\$ 58	\$ 2,174	\$ -	\$ 497,739

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2014**

	Regional Safe Schools	HAJ HIV/MC Bowling	No Tolerance Task Force	In Touch Local	Totals
Assets					
Cash and cash equivalents	\$ 3,120	\$ 11,218	\$ 4,927	\$ 22	\$ 1,070,464
Due from other funds	-	-	-	-	69,838
Due from other governments					
State	10,964	-	-	-	10,964
Prepaid expenses	1,689	-	-	-	8,381
Total Assets	\$ 15,773	\$ 11,218	\$ 4,927	\$ 22	\$ 1,159,647
Liabilities					
Accounts payable	-	1,070	-	-	\$ 30,676
Accrued payroll and employee benefits	3,120	-	-	-	16,108
Due to other funds	10,964	-	-	-	13,944
Unearned Revenue	-	-	-	-	-
Total Liabilities	14,084	1,070	-	-	60,728
Fund Balance (Deficit)					
Nonspendable	1,689	-	-	-	218,201
Assigned	-	10,148	4,927	-	255,955
Unassigned	-	-	-	22	624,763
Total Fund Balance (Deficit)	1,689	10,148	4,927	22	1,098,919
Total Liabilities and Fund Balance (Deficit)	\$ 15,773	\$ 11,218	\$ 4,927	\$ 22	\$ 1,159,647

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND ACCOUNT
For the Year Ended June 30, 2014**

	General School Fund	Payroll	Interest	Illinois Tobacco	Grundy County Health Department	Grundy/Kendall Counties State Aid
Revenues						
State sources	\$ -	\$ -	\$ -	\$ -	\$ 7,281	\$ 894,838
Local sources	35,697	120,253	-	2,174	-	-
Interest	97	-	-	-	-	-
On-behalf payments -State	461,172	-	-	-	-	-
Total Revenues	<u>496,966</u>	<u>120,253</u>	<u>-</u>	<u>2,174</u>	<u>7,281</u>	<u>894,838</u>
Expenditures						
Salaries and benefits	-	117,588	-	-	9,752	498,024
Purchased services	38,417	834	-	-	554	146,634
Supplies and materials	3,054	-	-	-	-	49,932
Payments to other governments	-	-	-	-	-	178,820
Other objects	-	-	-	-	-	-
Capital outlay	2,759	-	-	-	-	155,706
On-behalf payments -State	461,172	-	-	-	-	-
Total Expenditures	<u>505,402</u>	<u>118,422</u>	<u>-</u>	<u>-</u>	<u>10,306</u>	<u>1,029,116</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>(8,436)</u>	<u>1,831</u>	<u>-</u>	<u>2,174</u>	<u>(3,025)</u>	<u>(134,278)</u>
Other Financing Sources/(Uses)						
Transfers in	-	-	-	-	-	1,161
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,161</u>
Net change in fund balance	(8,436)	1,831	-	2,174	(3,025)	(133,117)
Fund Balance , Beginning of year	<u>627,573</u>	<u>6,768</u>	<u>58</u>	<u>-</u>	<u>45</u>	<u>588,262</u>
Fund Balance , End of year	<u>\$ 619,137</u>	<u>\$ 8,599</u>	<u>\$ 58</u>	<u>\$ 2,174</u>	<u>\$ (2,980)</u>	<u>\$ 455,145</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND ACCOUNT
For the Year Ended June 30, 2014**

	Regional Safe Schools	HAJ HIV/MC Bowling	No Tolerance Task Force	In Touch Local	Totals
Revenues					
State sources	\$ 120,597	\$ -	\$ -	\$ -	\$ 1,022,716
Local sources	-	15,404	4,948	-	178,476
Interest	-	-	-	-	97
On-behalf payments -State	-	-	-	-	461,172
Total Revenues	<u>120,597</u>	<u>15,404</u>	<u>4,948</u>	<u>-</u>	<u>1,662,461</u>
Expenditures					
Salaries and benefits	112,662	-	-	-	738,026
Purchased services	7,851	1,626	2,953	-	198,869
Supplies and materials	-	2,419	921	26	56,352
Payments to other governments	-	-	-	-	178,820
Other objects	-	1,211	-	-	1,211
Capital outlay	-	-	-	-	158,465
On-behalf payments -State	-	-	-	-	461,172
Total Expenditures	<u>120,513</u>	<u>5,256</u>	<u>3,874</u>	<u>26</u>	<u>1,792,915</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>84</u>	<u>10,148</u>	<u>1,074</u>	<u>(26)</u>	<u>(130,454)</u>
Other Financing Sources/(Uses)					
Transfers in	-	-	-	-	1,161
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,161</u>
Net change in fund balance	84	10,148	1,074	(26)	(129,293)
Fund Balance , Beginning of year	<u>1,605</u>	<u>-</u>	<u>3,853</u>	<u>48</u>	<u>1,228,212</u>
Fund Balance , End of year	<u>\$ 1,689</u>	<u>\$ 10,148</u>	<u>\$ 4,927</u>	<u>\$ 22</u>	<u>\$ 1,098,919</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND ACCOUNT
REGIONAL SAFE SCHOOLS
For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues			
State sources	\$ 120,598	\$ 120,598	\$ 120,597
Total Revenues	<u>120,598</u>	<u>120,598</u>	<u>120,597</u>
Expenditures			
Salaries and benefits	113,222	113,222	112,662
Purchased services	<u>7,376</u>	<u>7,376</u>	<u>7,851</u>
Total Expenditures	<u>120,598</u>	<u>120,598</u>	<u>120,513</u>
Excess/(Deficiency) of revenues over (under) expenditures	-	-	
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	84
Fund Balance , Beginning of year			<u>1,605</u>
Fund Balance , End of year			<u><u>\$ 1,689</u></u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2014**

	WIA Grant	Truants Alternative Optional Education Program	Will County Truants Alternative Optional Education Program	No Tolerance Task Force	McKinney-Vento Education for Homeless Children and Youth
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 204	\$ 14,930	\$ 1,713
Due from other governments					
State	-	24,306	-	-	-
Federal	41,763	-	-	-	-
Prepaid expenses	941	1,777	-	4	-
Total Assets	\$ 42,704	\$ 26,083	\$ 204	\$ 14,934	\$ 1,713
Liabilities					
Accounts payable	\$ 601	\$ -	\$ -	\$ -	\$ 379
Accrued payroll and employee benefits	-	9,574	-	2,840	-
Due to other funds	41,162	14,732	-	-	-
Unearned revenue	-	-	-	-	1,334
Total Liabilities	41,763	24,306	-	2,840	1,713
Fund Balance					
Nonspendable	941	1,777	-	4	-
Restricted	-	-	204	12,090	-
Total Fund Balance	941	1,777	204	12,094	-
Total Liabilities and Fund Balance	\$ 42,704	\$ 26,083	\$ 204	\$ 14,934	\$ 1,713

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2014**

	ROE/ISC Operations	Fairmont Literacy Program	Title II - Teacher Quality - Leadership Grant	Totals
Assets				
Cash and cash equivalents	\$ -	\$ 1,442	\$ -	\$ 18,289
Due from other governments				
State	-	-	-	24,306
Federal	-	-	4,625	46,388
Prepaid expenses	-	-	-	2,722
Total Assets	-	1,442	4,625	91,705
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 980
Accrued payroll and employee benefits	-	-	-	12,414
Due to other funds	-	-	4,625	60,519
Unearned revenue	-	-	-	1,334
Total Liabilities	-	-	4,625	75,247
Fund Balance				
Nonspendable	-	-	-	2,722
Restricted	-	1,442	-	13,736
Total Fund Balance	-	1,442	-	16,458
Total Liabilities and Fund Balance	\$ -	\$ 1,442	\$ 4,625	\$ 91,705

**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, 2014**

	WIA Grant	Truants Alternative Optional Education Program	Will County Truants Alternative Optional Education Program	No Tolerance Task Force	McKinney-Vento Education for Homeless Children and Youth
Revenues					
State sources	\$ -	\$ 134,842	\$ -	\$ -	\$ -
Federal sources	140,003	-	-	-	18,803
Local sources	-	-	-	33,000	-
Total Revenues	<u>140,003</u>	<u>134,842</u>	<u>-</u>	<u>33,000</u>	<u>18,803</u>
Expenditures					
Salaries and benefits	131,826	132,223	-	30,172	13,947
Purchased services	7,691	2,114	-	5,378	3,546
Supplies and materials	425	-	-	-	1,310
Other objects	-	-	-	-	-
Payments to other governments	-	-	-	-	-
Total Expenditures	<u>139,942</u>	<u>134,337</u>	<u>-</u>	<u>35,550</u>	<u>18,803</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>61</u>	<u>505</u>	<u>-</u>	<u>(2,550)</u>	<u>-</u>
Other Financing Sources/(Uses)					
Transfer out	-	(1,161)	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>(1,161)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	61	(656)	-	(2,550)	-
Fund Balance , Beginning of year	<u>880</u>	<u>2,433</u>	<u>204</u>	<u>14,644</u>	<u>-</u>
Fund Balance , End of year	<u>\$ 941</u>	<u>\$ 1,777</u>	<u>\$ 204</u>	<u>\$ 12,094</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, 2014**

	ROE/ISC Operations	Fairmont Literacy Program	Title II - Teacher Quality - Leadership Grant	Totals
Revenues				
State sources	\$ 42,173	\$ -	\$ -	\$ 177,015
Federal sources	-	-	12,925	171,731
Local sources	-	-	-	33,000
Total Revenues	<u>42,173</u>	<u>-</u>	<u>12,925</u>	<u>381,746</u>
Expenditures				
Salaries and benefits	-	-	-	308,168
Purchased services	-	-	12,925	31,654
Supplies and materials	-	-	-	1,735
Other objects	-	-	-	-
Payments to other governments	42,173	-	-	42,173
Total Expenditures	<u>42,173</u>	<u>-</u>	<u>12,925</u>	<u>383,730</u>
Excess/(Deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,984)</u>
Other Financing Sources/(Uses)				
Transfer out	-	-	-	(1,161)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,161)</u>
Net change in fund balance	-	-	-	(3,145)
Fund Balance , Beginning of year	-	1,442	-	19,603
Fund Balance , End of year	<u>\$ -</u>	<u>\$ 1,442</u>	<u>\$ -</u>	<u>\$ 16,458</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
WIA GRANT
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 142,425	\$ 142,425	\$ 140,003
Total Revenues	<u>142,425</u>	<u>142,425</u>	<u>140,003</u>
Expenditures			
Salaries and benefits	128,993	128,293	131,826
Purchased services	9,879	12,279	7,691
Supplies and materials	3,553	1,853	425
Total Expenditures	<u>142,425</u>	<u>142,425</u>	<u>139,942</u>
Excess/(Deficiency) of revenues over (under) expenditures	-	-	61
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	61
Fund Balance, Beginning of year			<u>880</u>
Fund Balance, Ending of year			<u>\$ 941</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 133,681	\$ 133,681	\$ 134,842
Total Revenues	<u>133,681</u>	<u>133,681</u>	<u>134,842</u>
Expenditures			
Salaries and benefits	131,864	131,864	132,223
Purchased services	<u>1,817</u>	<u>1,817</u>	<u>2,114</u>
Total Expenditures	<u>133,681</u>	<u>133,681</u>	<u>134,337</u>
Excess/(Deficiency) of revenues over (under) expenditures	-	-	505
Other Financing Sources (Uses)			
Transfers out	<u>-</u>	<u>-</u>	<u>(1,161)</u>
Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>(1,161)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(656)
Fund Balance, Beginning of year			<u>2,433</u>
Fund Balance, End of year			<u>\$ 1,777</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
ROE/ISC OPERATIONS
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 42,173	\$ 42,173	\$ 42,173
Total Revenues	<u>42,173</u>	<u>42,173</u>	<u>42,173</u>
Expenditures			
Payments to other governments	42,173	42,173	42,173
Total Expenditures	<u>42,173</u>	<u>42,173</u>	<u>42,173</u>
Excess/(Deficiency) of revenues over (under) expenditures	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of year			<u>-</u>
Fund Balance, End of year			<u>\$ -</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TITLE II – TEACHER QUALITY – LEADERSHIP GRANT
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 10,225	\$ 10,225	\$ 12,925
Total Revenues	<u>10,225</u>	<u>10,225</u>	<u>12,925</u>
Expenditures			
Purchased services	10,225	10,225	12,925
Total Expenditures	<u>10,225</u>	<u>10,225</u>	<u>12,925</u>
Excess/(Deficiency) of revenues over (under) expenditures	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance, Beginning of year			<u>-</u>
Fund Balance, End of year			<u><u>\$ -</u></u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2014**

	<u>School Bus Driver Training</u>	<u>General Education Development</u>	<u>Totals</u>
Assets			
Cash and cash equivalents	\$ 47,886	\$ 3,868	\$ 51,754
Due from other funds	-	-	-
Total Assets	<u>\$ 47,886</u>	<u>\$ 3,868</u>	<u>\$ 51,754</u>
Fund Balance			
Restricted	<u>\$ 47,886</u>	<u>\$ 3,868</u>	<u>\$ 51,754</u>
Total Fund Balance	<u>\$ 47,886</u>	<u>\$ 3,868</u>	<u>\$ 51,754</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, 2014**

	School Bus Driver Training	General Education Development	Totals
Revenues			
State sources	\$ 772	\$ -	\$ 772
Local sources	8,984	15,841	24,825
Interest	44	-	44
Total Revenues	<u>9,800</u>	<u>15,841</u>	<u>25,641</u>
Expenditures			
Purchased services	6,459	16,792	23,251
Supplies and materials	-	915	915
Other objects	-	-	-
Total Expenditures	<u>6,459</u>	<u>17,707</u>	<u>24,166</u>
Net change in fund balance	3,341	(1,866)	1,475
Fund Balance - Beginning of year	<u>44,545</u>	<u>5,734</u>	<u>50,279</u>
Fund Balance - End of year	<u>\$ 47,886</u>	<u>\$ 3,868</u>	<u>\$ 51,754</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL AGENCY FUNDS
June 30, 2014**

	<u>Distributive Fund</u>	<u>Outdoor Education Cooperative</u>	<u>Special Ed. - Personnel</u>	<u>Fed. - Sp. Ed. - Pre-School Flow Through</u>	<u>Fed. - Sp. Ed. - I.D.E.A. - Flow Through</u>	<u>National School Lunch and Breakfast Program</u>	<u>Totals</u>
Assets							
Cash and cash equivalents	\$ 75,968	\$ 10,498	\$ -	\$ -	\$ -	\$ -	\$ 86,466
Due from other governments	68,485	-	117	2,894	1,131,596	-	1,203,092
Total Assets	<u>\$ 144,453</u>	<u>\$ 10,498</u>	<u>\$ 117</u>	<u>\$ 2,894</u>	<u>\$ 1,131,596</u>	<u>\$ -</u>	<u>\$ 1,289,558</u>
Liabilities							
Due to other governments	\$ 144,453	\$ 10,498	\$ 117	\$ 2,894	\$ 1,131,596	\$ -	\$ 1,289,558
Total Liabilities	<u>\$ 144,453</u>	<u>\$ 10,498</u>	<u>\$ 117</u>	<u>\$ 2,894</u>	<u>\$ 1,131,596</u>	<u>\$ -</u>	<u>\$ 1,289,558</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended June 30, 2014**

	Balance July 01, 2013	Additions	Deductions	Balance June 30, 2014
<u>DISTRIBUTIVE FUND</u>				
Assets				
Cash and cash equivalents	\$ 80,935	\$ 11,208,170	\$ 11,213,137	\$ 75,968
Due from other governments	-	68,485	-	68,485
Total Assets	<u>\$ 80,935</u>	<u>\$ 11,276,655</u>	<u>\$ 11,213,137</u>	<u>\$ 144,453</u>
Liabilities				
Due to other governments	\$ 80,935	\$ 11,276,655	\$ 11,213,137	\$ 144,453
Total Liabilities	<u>\$ 80,935</u>	<u>\$ 11,276,655</u>	<u>\$ 11,213,137</u>	<u>\$ 144,453</u>
<u>OUTDOOR EDUCATION COOPERATIVE</u>				
Assets				
Cash and cash equivalents	\$ 19,770	\$ 112,946	\$ 122,218	\$ 10,498
Total Assets	<u>\$ 19,770</u>	<u>\$ 112,946</u>	<u>\$ 122,218</u>	<u>\$ 10,498</u>
Liabilities				
Due to other governments	\$ 19,770	\$ 112,946	\$ 122,218	\$ 10,498
Total Liabilities	<u>\$ 19,770</u>	<u>\$ 112,946</u>	<u>\$ 122,218</u>	<u>\$ 10,498</u>
<u>SPECIAL ED. - PERSONNEL</u>				
Assets				
Due from other governments	\$ 865,705	\$ 3,713,828	\$ 4,579,416	\$ 117
Total Assets	<u>\$ 865,705</u>	<u>\$ 3,713,828</u>	<u>\$ 4,579,416</u>	<u>\$ 117</u>
Liabilities				
Due to other governments	\$ 865,705	\$ 3,713,828	\$ 4,579,416	\$ 117
Total Liabilities	<u>\$ 865,705</u>	<u>\$ 3,713,828</u>	<u>\$ 4,579,416</u>	<u>\$ 117</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended June 30, 2014**

	Balance July 01, 2013	Additions	Deductions	Balance June 30, 2014
<u><i>FED. - SP. ED. - PRE-SCHOOL FLOW THROUGH</i></u>				
Assets				
Due from other governments	\$ 17,400	\$ 57,877	\$ 72,383	\$ 2,894
Total Assets	<u>\$ 17,400</u>	<u>\$ 57,877</u>	<u>\$ 72,383</u>	<u>\$ 2,894</u>
Liabilities				
Due to other governments	\$ 17,400	\$ 57,877	\$ 72,383	\$ 2,894
Total Liabilities	<u>\$ 17,400</u>	<u>\$ 57,877</u>	<u>\$ 72,383</u>	<u>\$ 2,894</u>
<u><i>FED. - SP. ED. - I.D.E.A. - FLOW THROUGH</i></u>				
Assets				
Due from other governments	\$ 707,251	\$ 4,116,245	\$ 3,691,900	\$ 1,131,596
Total Assets	<u>\$ 707,251</u>	<u>\$ 4,116,245</u>	<u>\$ 3,691,900</u>	<u>\$ 1,131,596</u>
Liabilities				
Due to other governments	\$ 707,251	\$ 4,116,245	\$ 3,691,900	\$ 1,131,596
Total Liabilities	<u>\$ 707,251</u>	<u>\$ 4,116,245</u>	<u>\$ 3,691,900</u>	<u>\$ 1,131,596</u>
<u><i>NATIONAL SCHOOL LUNCH AND BREAKFAST PROGRAM</i></u>				
Assets				
Due from other governments	\$ 3,753	\$ 28,545	\$ 32,298	\$ -
Total Assets	<u>\$ 3,753</u>	<u>\$ 28,545</u>	<u>\$ 32,298</u>	<u>\$ -</u>
Liabilities				
Due to other governments	\$ 3,753	\$ 28,545	\$ 32,298	\$ -
Total Liabilities	<u>\$ 3,753</u>	<u>\$ 28,545</u>	<u>\$ 32,298</u>	<u>\$ -</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended June 30, 2014**

<u>TOTALS</u>	Balance			Balance
Assets	July 01, 2013	Additions	Deductions	June 30, 2014
Cash and cash equivalents	\$ 100,705	\$ 11,321,116	\$ 11,335,355	\$ 86,466
Due from other governments	1,594,109	7,984,980	8,375,997	1,203,092
Total Assets	<u>\$ 1,694,814</u>	<u>\$ 19,306,096</u>	<u>\$ 19,711,352</u>	<u>\$ 1,289,558</u>
Liabilities				
Due to other governments	\$ 1,694,814	\$ 19,306,096	\$ 19,711,352	\$ 1,289,558
Total Liabilities	<u>\$ 1,694,814</u>	<u>\$ 19,306,096</u>	<u>\$ 19,711,352</u>	<u>\$ 1,289,558</u>

**GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
DISTRIBUTIVE FUND
For the Year Ended June 30, 2014**

	Regional Office of Education #24	Kendall County Special Ed.	Grundy/ Kendall General School Fund	Total
Federal Special Education - IDEA Flow Through	\$ -	\$ 4,759,543	\$ -	\$ 4,759,543
Special Education Personnel	-	4,578,928	-	4,578,928
Lunch and Breakfast	678	-	-	678
National School Lunch	22,321	-	-	22,321
School Breakfast	9,977	-	-	9,977
General State Aid	894,838	-	-	894,838
ROE/ISC Operations	45,637	-	-	45,637
Truants Alternative	147,690	-	-	147,690
Regional Safe Schools	142,502	-	-	142,502
Medicaid Matching Fund	-	507,249	-	507,249
Fed. Spec. Ed. Pre School	-	75,277	-	75,277
Teacher Quality	2,025	-	-	2,025
Transfer to ROE General Fund	-	-	5,000	5,000
Leadership	20,700	-	-	20,700
ROE School Bus Driver Training	-	-	772	772
Totals	<u>\$ 1,286,368</u>	<u>\$ 9,920,997</u>	<u>\$ 5,772</u>	<u>\$ 11,213,137</u>