

**STATE OF ILLINOIS
McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2013**

**PERFORMED AS SPECIAL
ASSISTANT AUDITORS FOR THE
AUDITOR GENERAL, STATE OF ILLINOIS**

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McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44

AGENCY OFFICIALS

Regional Superintendent

Ms. Leslie A. Schermerhorn

Assistant Regional Superintendent (July 16,
2013 and current)

Dr. Michael Freeman

Assistant Regional Superintendent (December 1,
2012 through June 30, 2013)

Dr. Amy Weiss Narea

Assistant Regional Superintendent (July 1, 2012
through November 30, 2012)

Dr. Michael Anderson

Agency offices are located at:

McHenry County Government Center
2200 N. Seminary Avenue (Route 47)
Woodstock, Illinois 60098

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44

FINANCIAL REPORT SUMMARY

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

AUDITOR'S REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Findings	0	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	0

SCHEDULE OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page(s)</u>	<u>Description</u>	<u>Finding Type</u>
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FINDINGS (GOVERNMENT AUDITING STANDARDS)

-N/A-

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

-N/A-

EXIT CONFERENCE

An informal exit conference was held in person with agency personnel on September 5, 2013. Attending were Ms. Leslie A. Schermerhorn, Regional Superintendent, Ms. Barbara Murray, Office Manager and Jeffery L. Johnson, Senior Manager of Wipfli LLP. There were no findings to discuss.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the McHenry County Regional Office of Education No. 44 was performed by Wipfli LLP.

Based on their audit, the auditors expressed an unmodified opinion on the Agency'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, each major fund, and the aggregate remaining fund information of the McHenry County Regional Office of Education No. 44 as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the McHenry County Regional Office of Education No 44'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 auditor's 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, each major fund, and the aggregate remaining fund information of the McHenry County Regional Office of Education No. 44, as of June 30, 2013, and the respective changes in financial position, 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 on pages 13 through 17 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 McHenry County Regional Office of Education No. 44's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules and the Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules and the Schedule of Disbursements to School District Treasurers and Other Entities 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 and individual nonmajor fund financial statements, budgetary comparison schedules and the Schedule of Disbursements to School District Treasurers and Other Entities are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2014 on our consideration of McHenry County Regional Office of Education No. 44'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 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 McHenry County Regional Office of Education No. 44's internal control over financial reporting and compliance.

Wipfli LLP

Dixon, Illinois
June 5, 2014

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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, 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, each major fund, and the aggregate remaining fund information of McHenry County Regional Office of Education No. 44, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise McHenry County Regional Office of Education No. 44's basic financial statements, and have issued our report thereon dated June 5, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered McHenry County Regional Office of Education No. 44'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 opinion(s) on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of McHenry County Regional Office of Education No. 44's internal control. Accordingly, we do not express an opinion on the effectiveness of the McHenry County Regional Office of Education No. 44's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether McHenry County Regional Office of Education No. 44'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*.

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 McHenry County Regional Office of Education No 44'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 McHenry County Regional Office of Education No. 44's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Dixon, Illinois
June 5, 2014

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2013

Section I: Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? yes no

- Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
SCHEDULE OF FINDINGS AND RESPONSES (Continued)
Year Ended June 30, 2013

Section II: Financial Statement Findings:

-N/A-

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
Year Ended June 30, 2013

Corrective Action Plan:

-N/A-

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2013

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
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-N/A-

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44 MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

As management of McHenry County Regional Office of Education No. 44, we offer the readers of the financial statements this narrative overview and analysis of the financial activities of McHenry County Regional Office of Education No. 44 for the year ended June 30, 2013 as compared to the year ended June 30, 2012.

Management's Discussion and Analysis ("MD&A") is provided at the beginning of the report to provide an overview of McHenry County Regional Office of Education No. 44's financial position at June 30, 2013 and the results of operations for the year ended. This summary should not be taken as a replacement for the audit report, which consists of the financial statements, notes to the financial statements, required and other supplementary information.

Using This Financial Report

The financial section of this annual report consists of four parts – Independent Auditor's Reports, required supplementary information which includes the MD&A (this section), the basic financial statements, and other supplementary information. The basic financial statements include two kinds of statements that present different views of McHenry County Regional Office of Education No. 44: 1) government-wide financial statements and 2) fund financial statements.

Government – Wide Financial Statements

The first two statements are government-wide financial statements that provide both short term and long term information about McHenry County Regional Office of Education No. 44's overall financial status, similar to a private sector business. In the government-wide financial statements, activities are shown in one category – governmental activities. McHenry County Regional Office of Education No. 44's basic service is education. These activities are largely financed with local and State revenues.

The Statement of Net Position presents information on all of McHenry County Regional Office of Education No. 44's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of McHenry County Regional Office of Education No. 44 is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. The financial statements are prepared under the accrual basis of accounting, whereby revenues are recognized when earned and expenditures are recognized when the service or goods are received or liability is incurred.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44 MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

Fund Financial Statements

The fund financial statements provide more detailed information about McHenry County Regional Office of Education No. 44's funds – not McHenry County Regional Office of Education No. 44 as a whole. Funds are accounting devices McHenry County Regional Office of Education No. 44 uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law, while others are established to control and manage money for particular purposes or to show that McHenry County Regional Office of Education No. 44 is properly using certain revenues.

McHenry County Regional Office of Education No. 44 maintains individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for all these funds. These funds are considered major funds of McHenry County Regional Office of Education No. 44. Major funds are separately reported while non-major funds are combined into a single aggregated presentation. More detail of the individual revenues and expenditures for non-major funds is presented in the supplementary section of this report.

McHenry County Regional Office of Education No. 44 is not legally required to adopt budgets. McHenry County Regional Office of Education No. 44 is required by Illinois State Board of Education (ISBE), the granting agency, to adopt annual budgets for certain program money received by the Education Fund of the governmental funds. A Budgetary Comparison Schedule has been provided as supplementary information for the Regional Safe Schools Program, ROE/ISC Operations, Title II – Teacher Quality-Leadership program, and Reorganization Incentive Feasibility Study program which are in compliance with Governmental Accounting Standards Board ("GASB") Statement No. 34.

The last category of funds is the Agency Fund. The Regional Office of Education is the trustee, or agent, for assets that belong to others or are designated to be used for a specific purpose. McHenry County Regional Office of Education No. 44 is responsible for ensuring that the assets reported in these funds are used only for their intended purpose and by those to whom the assets belong. McHenry County Regional Office of Education No. 44's agency activities are reported in a Statement of Fiduciary Net Position – Fiduciary Funds, a separate Combining Statement of Changes in Assets and Liabilities – Agency Funds and a Combining Statement of Fiduciary Net Position – Agency Funds. These activities are excluded from the government-wide financial statements because McHenry County Regional Office of Education No. 44 cannot use these assets to finance its operations.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

Net position is summarized in the table below:

Condensed Statement of Net Position		
	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Assets:		
Current Assets	\$514,407	\$526,612
Capital Assets	<u>-0-</u>	<u>-0-</u>
Total Assets	<u>514,407</u>	<u>526,612</u>
Liabilities:		
Current Liabilities	51,563	80,456
Non-current Liabilities	<u>-0-</u>	<u>-0-</u>
Total Liabilities	<u>51,563</u>	<u>80,456</u>
Net Position:		
Unrestricted	64,826	67,887
Restricted for educational purposes	<u>398,018</u>	<u>378,269</u>
Total Net Position	<u>\$462,844</u>	<u>\$446,156</u>

Current assets consist of cash and cash equivalents of \$483,513 and due from other governments of \$30,894.

As of June 30, 2013, McHenry County Regional Office of Education No. 44 had no outstanding long-term debt.

Net position related to the Institute Fund, GED Fund, and other non-major funds are considered restricted for educational purposes.

**McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2013

Revenues, expenditures, and changes in net position are summarized in the table below:

**Condensed Statement of Activities
For Fiscal Year Ending:**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Revenues received:		
Program:		
Operating grants and contributions	\$ 400,414	\$ 503,354
General:		
Local sources	200,965	212,393
On-behalf payments	531,379	270,820
Interest	454	408
Miscellaneous	1,458	75
Total revenue received	<u>1,134,670</u>	<u>987,050</u>
Expenditures disbursed:		
Instructional services:		
Salaries and benefits	585	-0-
Purchased services	192,331	149,468
Supplies and materials	8,265	7,124
Payments to other governments	385,422	473,817
Administrative services:		
On-behalf payments	531,379	270,820
Total expenditures disbursed	<u>1,117,982</u>	<u>901,229</u>
Change in net position	16,688	85,821
Net position – beginning	<u>446,156</u>	<u>360,335</u>
Net position – ending	<u>\$ 462,844</u>	<u>\$ 446,156</u>

Major sources of operating revenues for McHenry County Regional Office of Education No. 44 include: State grants, federal grants, teacher certificate fees, and fingerprinting fees.

Management's Analysis of the Regional Office of Education's Overall Financial Position and Results of Operations

During the year ended June 30, 2013, the Regional Office of Education did not invest any monies in capital assets.

On behalf payments continue to include payments made on behalf of the Regional Office of Education No. 44. These payments include direct expenditures and employee benefits made by McHenry County and salary and employee benefits made by the Illinois State Board of Education.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44 MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

The McHenry County Regional Office of Education did see an increase of \$16,688 in net position from July 1, 2012 through June 30, 2013. The increase is due to changes in the net position in the following six funds:

General Fund – change in net position was (\$6,468)

Education Fund – change in net position was (\$-0-)

Institute Fund – change in net position was \$13,420

Fingerprinting – change in net position was \$3,407

General Educational Development – change in net position was \$3,028

Non major funds – change in net position was \$3,301

Other than the General Fund, Education Fund, and Institute Fund, there were no significant changes to revenues or expenditures.

Revenue increased in the General Fund due to increased on-behalf payments. Correspondingly, the costs of performing such services also increased during the year due to on-behalf payments.

The decrease in revenues in the Education fund was a result of less federal and State program revenue during fiscal year 2013. This resulted in decreased payments to other governments. There were no other significant changes to expenditures.

The decrease in Institute Fund revenues was due to a decrease in teacher certificates being issued. The expenses increased due to an increase in teacher workshops during the year.

Factors or Conditions Impacting Future Periods

On a long-term basis, the McHenry County Regional Office of Education No. 44 is on a stable financial standing and it is anticipated that it will remain stable as there is no apparent legislation which would impact the office in the next year.

Lastly, fingerprinting net revenue will remain stable, depending on a legal opinion of the General Counsel of the Illinois State Board of Education as to the authority of the Regional Office of Education to continue and/or expand this service.

Contacting the Regional Office of Education No. 44's Financial Management

This financial report is designed to provide the Regional Office of Education No. 44's citizens, taxpayers, customers, and constituents with a general overview of the Regional Office of Education No. 44's finances and to demonstrate the Regional Office of Education No. 44's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Regional Office of Education No. 44, McHenry County Government Center, 2200 N. Seminary Avenue (Route 47), Woodstock, IL 60098.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
STATEMENT OF NET POSITION
 June 30, 2013

	<u>Primary Government Governmental Activities</u>
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 483,513
Due from other governments	30,894
Total Current Assets	<u>514,407</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable	24,165
Deferred revenue	9,789
Due to other governments	<u>17,609</u>
Total Current Liabilities	<u>51,563</u>
<u>NET POSITION</u>	
Unrestricted	64,826
Restricted for educational purposes	<u>398,018</u>
Total Net Position	<u>\$ 462,844</u>

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

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION No. 44
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position Primary Governmental Activities</u>
FUNCTIONS/PROGRAMS			
Primary Government:			
Governmental activities:			
Instructional Services:			
Salaries and benefits	\$ 585	\$ 585	\$ -0-
Purchased services	192,331	14,407	(177,924)
Supplies and materials	8,265	-0-	(8,265)
Payments to other governments	385,422	385,422	-0-
Administrative:			
On-behalf payments	531,379	-0-	(531,379)
Total Governmental Activities	<u>\$ 1,117,982</u>	<u>\$ 400,414</u>	<u>(717,568)</u>
General Revenues:			
Local sources			200,965
On-behalf payments			531,379
Interest			454
Miscellaneous			1,458
Total general revenues			<u>734,256</u>
Change in net position			16,688
Net Position - Beginning			<u>446,156</u>
Net Position - Ending			<u>\$ 462,844</u>

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

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	<u>General Fund</u>	<u>Education</u>	<u>Institute</u>	<u>General Educational Development</u>	<u>Finger- Printing</u>	<u>Other Non-Major Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>							
Cash and cash equivalents	\$ 9,434	\$ -0-	\$ 340,938	\$ 39,811	\$ 78,380	\$ 14,950	\$ 483,513
Due from other funds	-0-	-0-	12,700	-0-	-0-	-0-	12,700
Due from other governments	-0-	30,894	-0-	-0-	-0-	-0-	30,894
Total assets	\$ 9,434	\$ 30,894	\$ 353,638	\$ 39,811	\$ 78,380	\$ 14,950	\$ 527,107
<u>LIABILITIES</u>							
Accounts payable	\$ 1,403	\$ 585	\$ 10,381	\$ -0-	\$ 11,796	\$ -0-	\$ 24,165
Deferred revenue	-0-	-0-	-0-	-0-	9,789	-0-	9,789
Due to other funds	-0-	12,700	-0-	-0-	-0-	-0-	12,700
Due to other governments	-0-	17,609	-0-	-0-	-0-	-0-	17,609
Total liabilities	1,403	30,894	10,381	-0-	21,585	-0-	64,263
<u>FUND BALANCES</u>							
Nonspendable	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Restricted	-0-	-0-	343,257	39,811	-0-	14,950	398,018
Committed	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Assigned	-0-	-0-	-0-	-0-	56,795	-0-	56,795
Unassigned	8,031	-0-	-0-	-0-	-0-	-0-	8,031
Total fund balances	8,031	-0-	343,257	39,811	56,795	14,950	462,844
Total liabilities and fund balances	\$ 9,434	\$ 30,894	\$ 353,638	\$ 39,811	\$ 78,380	\$ 14,950	\$ 527,107

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

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2013

Total fund balances - governmental funds \$ 462,844

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

No reconciling differences at June 30, 2013

Net Position of governmental activities \$ 462,844

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

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2013

	<u>General Fund</u>	<u>Education</u>	<u>Institute</u>	<u>General Educational Development</u>	<u>Finger- Printing</u>	<u>Other Non-Major Funds</u>	<u>Total</u>
REVENUES							
Local sources							
Teacher certificate fees	\$ -0-	\$ -0-	\$ 65,514	\$ -0-	\$ -0-	\$ -0-	\$ 65,514
GED application fees	-0-	-0-	-0-	32,065	-0-	-0-	32,065
School bus permit and class fees	-0-	-0-	-0-	-0-	-0-	8,992	8,992
Fingerprinting fees	-0-	-0-	-0-	-0-	94,394	-0-	94,394
Interest income	12	-0-	313	38	79	12	454
Other	884	-0-	574	-0-	-0-	-0-	1,458
Total local sources	<u>896</u>	<u>-0-</u>	<u>66,401</u>	<u>32,103</u>	<u>94,473</u>	<u>9,004</u>	<u>202,877</u>
State sources	167,727	217,695	-0-	-0-	-0-	1,707	387,129
Federal sources	-0-	13,285	-0-	-0-	-0-	-0-	13,285
On-behalf payments	531,379	-0-	-0-	-0-	-0-	-0-	531,379
Total revenues	<u>700,002</u>	<u>230,980</u>	<u>66,401</u>	<u>32,103</u>	<u>94,473</u>	<u>10,711</u>	<u>1,134,670</u>
EXPENDITURES							
Salaries and benefits	-0-	585	-0-	-0-	-0-	-0-	585
Purchased services	5,096	12,700	52,387	23,750	91,066	7,332	192,331
Supplies and materials	2,268	-0-	594	5,325	-0-	78	8,265
Payments to other governments	167,727	217,695	-0-	-0-	-0-	-0-	385,422
On-behalf payments	531,379	-0-	-0-	-0-	-0-	-0-	531,379
Total expenditures	<u>706,470</u>	<u>230,980</u>	<u>52,981</u>	<u>29,075</u>	<u>91,066</u>	<u>7,410</u>	<u>1,117,982</u>
 NET CHANGE IN FUND BALANCE	 (6,468)	 -0-	 13,420	 3,028	 3,407	 3,301	 16,688
 FUND BALANCE, BEGINNING OF YEAR	 <u>14,499</u>	 <u>-0-</u>	 <u>329,837</u>	 <u>36,783</u>	 <u>53,388</u>	 <u>11,649</u>	 <u>446,156</u>
 FUND BALANCE, END OF YEAR	 <u>\$ 8,031</u>	 <u>\$ -0-</u>	 <u>\$ 343,257</u>	 <u>\$ 39,811</u>	 <u>\$ 56,795</u>	 <u>\$ 14,950</u>	 <u>\$ 462,844</u>

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

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
Year Ended June 30, 2013

Net change in fund balances - governmental funds \$ 16,688

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

No reconciling differences at June 30, 2013

Change in net position of governmental activities \$ 16,688

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

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
June 30, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 64,771
Due from other governments	30,894
Total assets	<u>\$ 95,665</u>
<u>LIABILITIES</u>	
Due to other governments	<u>\$ 95,665</u>

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

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The McHenry County Regional Office of Education No. 44 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

GASB Statement No. 34 established a financial reporting model for State and local governments that included the addition of a management's discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the effects of the interfund activities and the use of account groups to the already required fund financial statements and notes.

Under the terms of grant agreements, McHenry County Regional Office of Education #44 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 resources available to finance the program. It is McHenry County Regional Office of Education #44's policy to first apply restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned then unassigned if any.

A. Financial Reporting Entity

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teachers meetings and assist in their management; evaluate the schools in the region; examine evidence of indebtedness; file and keep 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; proving notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before September 30; maintenance of a map and numbering of the McHenry County Regional Office of Education No. 44's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

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

The McHenry County Regional Office of Education No. 44's reporting entity includes all related organizations for which it exercises oversight responsibility.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Reporting Entity (Continued)

The ROE has developed criteria to determine whether outside agencies with activities which benefit the citizens of the ROE's geographic responsibility, including joint agreements which serve pupils from numerous school districts, should be included within its financial entity. The criteria include but are not limited to, whether the ROE 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.

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the ROE. The effect of inter-fund activity has been removed from these statements.

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

The Statement of Net Position presents information on all of McHenry County Regional Office of Education No 44's assets and liabilities, with the difference between the two reported as net position. Net position of the ROE is classified as Unrestricted and Restricted for educational purposes. Unrestricted Net Position represents resources used for transactions relating to the general operations of the ROE and may be used at the discretion of management to meet expenses for any purpose. Net Position Restricted for educational purposes consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of either governments; or 2) law through constitutional provisions or enabling legislation.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental funds:

Major Governmental Funds

General Fund – The General Fund is the ROE's primary operating fund. It is used to account for all financial resources except those required to be accounted for and reported in another fund. The General Fund is used to account for various expenditures as approved. The General Fund includes the following:

General Operations – This fund accounts for monies received for, and payment of expenditures in connection with general administration activities.

Regional Safe Schools Program - General State Aid (RSSP-GSA) – The RSSP-GSA consists of State funds received for the administration of the Regional Safe Schools Program (RSSP) for, and payment of, expenses of general operations.

Major Special Revenue Funds – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted expenditures for specified purposes. The ROE reports the following major special revenue funds:

Education Fund – The Education 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:

Regional Safe Schools Program (RSSP) – The RSSP consists of State funds received for the administration of the Regional Safe Schools Program (RSSP).

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

ROE/ISC Operations – The ROE/ISC Operations program consists of State funds received for the administration of the ROE/ISC Operations program.

Reorganization Incentive – Feasibility Study – Consists of State funds received for the administration of the Reorganization Incentive – Feasibility Study program.

Title II – Teacher Quality-Leadership – Consists of federal funds received for the administration of the Title II – Teacher Quality-Leadership program.

Institute Fund – The Institute Fund is used to account for the stewardship of the assets held in trust for the benefit of the teachers. Fees are collected from registration of teachers' certificates of qualification. These funds are to be used to defray expenses connected with improving the technology necessary for the efficient processing of certificates as well as any expenses incidental to teachers' institutes, conferences, workshops or meetings of a professional nature that are designed to promote professional growth of teachers. All funds generated remain restricted until expended only on the aforementioned activities.

General Educational Development (GED) Fund – The GED Fund is used to account for the administration of the General Educational Development Testing Program. Revenues are received from testing and diploma fees.

Fingerprinting Fund – The Fingerprinting Fund is used to account for the administration of the Fingerprinting Program. Revenues are received from member school districts and private entities.

Non-Major Special Revenue Funds – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are restricted to expenditures for specified purposes. The ROE reports the following nonmajor special revenue funds:

Transportation – The Transportation Fund is used to account for the administration of the Bus Driver Training Program.

Supervisory Expense – The Supervisory Expense Fund is used to account for monies to be used for travel and other expenditures necessary to perform the duty of supervising the school districts under the ROE.

Fiduciary Funds

Agency Funds – Agency Funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. These include agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The ROE reports the following agency funds:

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Distributive – The Distributive Fund is used to account for assets held as an agent for the Illinois State Board of Education.

Board of School Trustees – The Board of School Trustees Fund is used to account for the marketing and disposal of school properties belonging to local education agencies and for clearing of monies used for expenses related to detachment petitions.

McHenry County Film Library – The McHenry County Film Library Cooperative is composed of public school districts for the purpose of acquiring and maintaining a visual aids library. The cooperative is governed by a Board of Directors composed of school administrators. The Regional Superintendent is the Secretary-Treasurer and administrative agent of the McHenry County Film Library Cooperative.

Cooperative for Employment Education – The Cooperative for Employment Education Fund is used to account for assets held by the Regional Superintendent, in an agency capacity, for a vocational program which provides instruction for individuals in need of special training.

D. Budgetary System and Accounts

The ROE did not adopt a formal budget nor is it legally required to do so for the year ended June 30, 2013; subsequently, the accompanying financial statements are not presented on a budgetary basis whereby budget and actual revenues and expenditures are compared; however, Illinois State Board of Education, a granting agent, requires budgets for certain program money. Budgetary comparison schedules are presented for the Regional Safe Schools Program (RSSP), ROE/ISC Operations, Title II – Teacher Quality-Leadership and Reorganization Incentive Feasibility Study for the year ended June 30, 2013.

E. Deposits

The carrying amount of deposits is displayed on the balance sheet simply as cash and cash equivalents and represents cash per bank adjusted for outstanding deposits and disbursements.

F. Salaries and Expenses

The salaries of the McHenry County Regional Superintendent of Schools and the Assistant Regional Superintendent are paid by the State of Illinois. All other employees are paid by the County of McHenry. All certified personnel participate in the Teachers' Retirement System of the State of Illinois and all other personnel participate in the Illinois Municipal Retirement Fund. All contributions to these retirement funds and all expenses of the office are also paid by the County of McHenry. Information about these retirement plans can be found in the financial statements of McHenry County.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Intergovernmental Agreement

On August 7, 1995, McHenry County Regional Office of Education No. 44 entered into an Intergovernmental Agreement executed pursuant to the provisions of the Intergovernmental Cooperation Clause of the Illinois Constitution as well as the provisions of the Intergovernmental Cooperation Act of 1973 and the Illinois Admin. Code Title 23 Section 525.110.

The name of the Educational Service delivery system formed is known as the Kishwaukee Intermediate Delivery System, (KIDS). Membership in KIDS is made up of the following Regional Offices of Education: Boone-Winnebago, DeKalb, and McHenry. The Boone-Winnebago Regional Office of Education has been designated as Administrative Agent.

NOTE 2 – DEPOSITS

A. Deposits

At June 30, 2013, the carrying amount of the Regional Office of Education No. 44's Government-Wide cash deposits was \$483,513 and the Government-Wide bank balance was \$503,633. At June 30, 2013, the carrying amount of the Agency Funds cash deposits was \$64,771 and the carrying amount of the Agency Funds bank deposits was \$64,771. Of the total bank balances, \$250,000 was secured by federal depository insurance. The remaining balance was covered by collateral pledged by the bank and held in the ROE's name. The ROE does not have a policy regarding custodial credit risk for deposits.

NOTE 3 – PENSIONS

All employees are paid by McHenry County or the State of Illinois, therefore, no provision or funding for pension costs is required.

NOTE 4 – CAPITAL ASSETS

All capital assets are purchased by McHenry County; therefore there are no capital assets to report.

NOTE 5 – DISTRIBUTIVE FUND INTEREST DISPOSITION

Any interest earned on distributive fund earnings is appropriately allocated to member districts per McHenry County Regional Office of Education No. 44 agreements with these member districts.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE 6 – ON-BEHALF PAYMENTS

Total on-behalf payments of \$531,379 are reported as revenues and expenditures of the general fund.

Salary and benefit data for the Regional Superintendent and the Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education. A breakdown of the on-behalf payments for the Regional Superintendent and Assistant Regional Superintendent is as follows:

Regional Superintendent – salary	\$ 107,664
Regional Superintendent – TRS	30,200
Regional Superintendent – benefits	
(Includes State paid insurance)	34,964
Assistant Regional Superintendent – salary	92,851
Assistant Regional Superintendent – TRS	26,045
Assistant Regional Superintendent – benefits	
(Includes State paid insurance)	1,346
State of Illinois on-behalf payments	<u>\$ 293,070</u>

McHenry County provides the Regional Office of Education No. 44 with staff and pays certain expenditures on-behalf of the Regional Office of Education No. 44.

Direct expenditures (includes salaries)	\$ 168,283
Benefits	<u>70,026</u>
McHenry County on-behalf payments	238,309
State of Illinois on-behalf payments	<u>293,070</u>
Total on-behalf payments	<u>\$ 531,379</u>

NOTE 7 – DUE FROM/TO OTHER GOVERNMENTS

At June 30, 2013, the Regional Office of Education No. 44 had amounts due to/from other governments as follows:

Due from Other Governments:	
Education	
Regional Safe Schools	
Illinois State Board of Education	<u>\$ 30,894</u>
Agency Fund	
Distributive Fund	
Illinois State Board of Education	<u>\$ 30,894</u>

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE 7 – DUE FROM/TO OTHER GOVERNMENTS (Continued)

Due to Other Governments:

Education

Other entities and local school districts \$ 17,609

Agency Fund

Distributive Fund

Other entities and local school districts \$ 33,624

Board of School Trustees

Other entities and local school districts 144

McHenry County Film Library

Other entities and local school districts 58,459

Cooperative for Employment Education

Other entities and local school districts 3,438

\$ 95,665

NOTE 8 - GOVERNMENTAL FUND BALANCES

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

Nonspendable Fund Balance – the portion of a Governmental Fund's net position that are not available to be spent, either short term or long term, in either form or through legal restrictions. There are no accounts presenting a nonspendable fund balance.

Restricted Fund Balance – the portion of a Governmental Fund's net position that are subject to external enforceable legal restrictions. The following funds are restricted by Illinois Statute: Institute, General Educational Development, Transportation, and Supervisory.

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 Fingerprinting fund is the only assigned fund balance.

Unassigned Fund Balance – available expendable financial resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of General Operations.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE 8 – GOVERNMENTAL FUND BALANCES (Continued)

Regional Office of Education No. 44's
Fund Balances:

	General Fund	Education Institute	General Education Development	Finger- Printing	Other Non- major Funds	
Restricted for:						
Educational purposes	\$ -0-	\$ -0-	\$ 343,257	\$ 39,811	\$ -0-	\$ 14,950
Assigned:	-0-	-0-	-0-	-0-	56,795	-0-
Unassigned:	8,031	-0-	-0-	-0-	-0-	-0-
Total fund balances	\$ 8,031	\$ -0-	\$343,257	\$ 39,811	\$56,795	\$ 14,950

NOTE 9 – INTERFUND RECEIVABLES AND PAYABLES

Fund	Due From	Due To
Education Fund:		
Title II – Teacher Quality –Leadership Grant	\$ 12,700	\$ -0-
Institute:		
Institute	-0-	12,700
	\$ 12,700	\$ 12,700

A short-term interfund receivable to the Institute Fund from the Education Fund existed at June 30, 2013 to cover teacher training expenses before grant proceeds were received.

NOTE 10 – NEW ACCOUNTING PRONOUNCEMENTS

In 2013, the Regional Office of Education #44 implemented Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; GASB Statement No. 61, *The Financial Reporting Entity: Omnibus— an amendment of GASB Statements No. 14 and No. 34*; and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The Regional Office of Education #44 implemented these standards during the current year; however, GASB Statement No. 60, and GASB Statement No. 61, had no impact on the financial statements. The implementation of GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflow of resources.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2013

	<u>General Operations</u>	<u>Regional Safe Schools Program - General State Aid (RSSP-GSA)</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 9,434	\$ -0-	\$ 9,434
Due from other governments	-0-	-0-	-0-
Total assets	<u>\$ 9,434</u>	<u>\$ -0-</u>	<u>\$ 9,434</u>
LIABILITIES			
Accounts payable	\$ 1,403	\$ -0-	\$ 1,403
Due to other governments	-0-	-0-	-0-
Total liabilities	<u>1,403</u>	<u>-0-</u>	<u>1,403</u>
FUND BALANCE			
Fund balance: restricted	\$ -0-	\$ -0-	\$ -0-
unassigned	8,031	-0-	8,031
Total fund balance	<u>8,031</u>	<u>-0-</u>	<u>8,031</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 9,434</u>	 <u>\$ -0-</u>	 <u>\$ 9,434</u>

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
Year Ended June 30, 2013

	<u>General Operations</u>	<u>Regional Safe Schools Program - General State Aid (RSSP - GSA)</u>	<u>Total</u>
REVENUES			
Local sources			
Interest income	\$ 12	\$ -0-	\$ 12
Other	884	-0-	884
State sources	-0-	167,727	167,727
Federal sources	-0-	-0-	-0-
On-behalf payments	531,379	-0-	531,379
Total revenues	<u>532,275</u>	<u>167,727</u>	<u>700,002</u>
EXPENDITURES			
Purchased services	5,096	-0-	5,096
Supplies and materials	2,268	-0-	2,268
Payments to other governments	-0-	167,727	167,727
On-behalf payments	531,379	-0-	531,379
Total expenditures	<u>538,743</u>	<u>167,727</u>	<u>706,470</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,468)	-0-	(6,468)
FUND BALANCE, BEGINNING OF YEAR	<u>14,499</u>	<u>-0-</u>	<u>14,499</u>
FUND BALANCE, END OF YEAR	<u>\$ 8,031</u>	<u>\$ -0-</u>	<u>\$ 8,031</u>

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
 June 30, 2013

	Regional Safe Schools Program (RSSP)	ROE/ISC Operations	Title II - Teacher Quality- Leadership Grant	Reorganization Incentive Feasibility Study	Total
ASSETS					
Cash and cash equivalents	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Due from other governments	13,430	4,179	13,285	-0-	30,894
Total assets	<u>\$ 13,430</u>	<u>\$ 4,179</u>	<u>\$ 13,285</u>	<u>\$ -0-</u>	<u>\$ 30,894</u>
LIABILITIES					
Accounts payable	\$ -0-	\$ -0-	585	\$ -0-	\$ 585
Due to other funds	-0-	-0-	12,700	-0-	12,700
Due to other governments	13,430	4,179	-0-	-0-	17,609
Total liabilities	<u>13,430</u>	<u>4,179</u>	<u>13,285</u>	<u>-0-</u>	<u>30,894</u>
FUND BALANCE					
Fund balance, restricted	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 13,430</u>	<u>\$ 4,179</u>	<u>\$ 13,285</u>	<u>\$ -0-</u>	<u>\$ 30,894</u>

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2013

	<u>Regional Safe Schools Program (RSSP)</u>	<u>ROE/ISC Operations</u>	<u>Title II - Teacher Quality Leadership Grant</u>	<u>Reorganization Incentive - Feasibility Study</u>	<u>Total</u>
REVENUES					
Local sources					
Donations	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Interest income	-0-	-0-	-0-	-0-	-0-
State sources	161,168	50,027	-0-	6,500	217,695
Federal sources	-0-	-0-	13,285	-0-	13,285
Total revenues	<u>161,168</u>	<u>50,027</u>	<u>13,285</u>	<u>6,500</u>	<u>230,980</u>
EXPENDITURES					
Salaries and benefits	-0-	-0-	585	-0-	585
Purchased services	-0-	-0-	12,700	-0-	12,700
Supplies and materials	-0-	-0-	-0-	-0-	-0-
Payments to other governments	161,168	50,027	-0-	6,500	217,695
Total expenditures	<u>161,168</u>	<u>50,027</u>	<u>13,285</u>	<u>6,500</u>	<u>230,980</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-0-	-0-	-0-	-0-	-0-
FUND BALANCE, BEGINNING OF YEAR	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
FUND BALANCE, END OF YEAR	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2013

2013 Regional Safe Schools Program (RSSP)			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ -0-	\$ -0-	\$ -0-
State sources	161,168	161,168	-0-
Federal sources	-0-	-0-	-0-
	161,168	161,168	-0-
Total revenues	161,168	161,168	-0-
EXPENDITURES			
Purchased services	-0-	-0-	-0-
Supplies and materials	-0-	-0-	-0-
Payments to other governments	161,168	161,168	-0-
	161,168	161,168	-0-
Total expenditures	161,168	161,168	-0-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ -0-	-0-	\$ -0-
FUND BALANCE, BEGINNING OF YEAR		-0-	
FUND BALANCE, END OF YEAR		\$ -0-	

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2013

	2013 ROE/ISC Operations		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ -0-	\$ -0-	\$ -0-
State sources	50,027	50,027	-0-
Federal sources	-0-	-0-	-0-
	50,027	50,027	-0-
Total revenues	50,027	50,027	-0-
EXPENDITURES			
Purchased services	-0-	-0-	-0-
Supplies and materials	-0-	-0-	-0-
Payments to other governments	50,027	50,027	-0-
	50,027	50,027	-0-
Total expenditures	50,027	50,027	-0-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ -0-	-0-	\$ -0-
FUND BALANCE, BEGINNING OF YEAR		-0-	
FUND BALANCE, END OF YEAR		\$ -0-	

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2013

2013 Title II - Teacher Quality Leadership Grant			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ -0-	\$ -0-	\$ -0-
State sources	-0-	-0-	-0-
Federal sources	17,100	\$ 13,285	(3,815)
Total revenues	17,100	13,285	(3,815)
EXPENDITURES			
Salaries and benefits	\$ 700	\$ 585	\$ 115
Purchased services	16,400	12,700	3,700
Supplies and materials	-0-	-0-	-0-
Payments to other governments	-0-	-0-	-0-
Total expenditures	17,100	13,285	\$ 3,815
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ -0-	-0-	\$ -0-
FUND BALANCE, BEGINNING OF YEAR		-0-	
FUND BALANCE, END OF YEAR		\$ -0-	

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2013

	2013 Reorganization Incentive Feasibility Study		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Local sources	\$ -0-	\$ -0-	\$ -0-
State sources	6,500	6,500	-0-
Federal sources	-0-	-0-	-0-
	<hr/>	<hr/>	<hr/>
Total revenues	6,500	6,500	-0-
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Purchased services	-0-	-0-	-0-
Supplies and materials	-0-	-0-	-0-
Payments to other governments	6,500	6,500	-0-
	<hr/>	<hr/>	<hr/>
Total expenditures	6,500	6,500	-0-
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -0-</u>	-0-	<u>\$ -0-</u>
FUND BALANCE, BEGINNING OF YEAR		<hr/> -0-	
FUND BALANCE, END OF YEAR		<u>\$ -0-</u>	

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2013

	<u>Transportation</u>	<u>Supervisory Expense</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	<u>\$ 14,947</u>	<u>\$ 3</u>	<u>\$ 14,950</u>
 <u>FUND BALANCE</u>			
Fund balance, restricted	<u>\$ 14,947</u>	<u>\$ 3</u>	<u>\$ 14,950</u>

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2013

	<u>Transportation</u>	<u>Supervisory Expense</u>	<u>Total</u>
REVENUES			
Local sources			
School bus permit and class fees	\$ 8,992	\$ -0-	\$ 8,992
Interest Income	12	-0-	12
State sources	1,707	-0-	1,707
Total revenues	<u>10,711</u>	<u>-0-</u>	<u>10,711</u>
EXPENDITURES			
Purchased services	7,332	-0-	7,332
Supplies and materials	78	-0-	78
Payments to other governments	-0-	-0-	-0-
Total expenditures	<u>7,410</u>	<u>-0-</u>	<u>7,410</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,301	-0-	3,301
FUND BALANCE, BEGINNING OF YEAR	<u>11,646</u>	<u>3</u>	<u>11,649</u>
FUND BALANCE, END OF YEAR	<u>\$ 14,947</u>	<u>\$ 3</u>	<u>\$ 14,950</u>

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
 June 30, 2013

	<u>Distributive Fund</u>	<u>Board of School Trustees</u>	<u>McHenry County Film Library</u>	<u>Cooperative for Employment Education</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 2,730	\$ 144	\$ 58,459	\$ 3,438	\$ 64,771
Due from other governments	30,894	-0-	-0-	-0-	30,894
Total assets	<u>\$ 33,624</u>	<u>\$ 144</u>	<u>\$ 58,459</u>	<u>\$ 3,438</u>	<u>\$ 95,665</u>
LIABILITIES					
Due to other governments	<u>\$ 33,624</u>	<u>\$ 144</u>	<u>\$ 58,459</u>	<u>\$ 3,438</u>	<u>\$ 95,665</u>

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2013

	<u>Balance 6/30/2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2013</u>
<u>DISTRIBUTIVE</u>				
Assets				
Cash and cash equivalents	\$ 2,720	\$ 428,054	\$ 428,044	\$ 2,730
Due from other governments	58,524	30,894	58,524	30,894
Total assets	<u>\$ 61,244</u>	<u>\$ 458,948</u>	<u>\$ 486,568</u>	<u>\$ 33,624</u>
Liabilities				
Due to other governments	<u>\$ 61,244</u>	<u>\$ 458,948</u>	<u>\$ 486,568</u>	<u>\$ 33,624</u>
<u>BOARD OF SCHOOL TRUSTEES</u>				
Assets				
Cash	<u>\$ 144</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 144</u>
Liabilities				
Due to other governments	<u>\$ 144</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 144</u>
<u>McHENRY COUNTY FILM LIBRARY</u>				
Assets				
Cash	<u>\$ 62,061</u>	<u>\$ 60</u>	<u>\$ 3,662</u>	<u>\$ 58,459</u>
Liabilities				
Due to other governments	<u>\$ 62,061</u>	<u>\$ 60</u>	<u>\$ 3,662</u>	<u>\$ 58,459</u>
<u>COOPERATIVE FOR EMPLOYMENT EDUCATION</u>				
Assets				
Cash	<u>\$ 3,435</u>	<u>\$ 3</u>	<u>\$ -0-</u>	<u>\$ 3,438</u>
Liabilities				
Due to other governments	<u>\$ 3,435</u>	<u>\$ 3</u>	<u>\$ -0-</u>	<u>\$ 3,438</u>
<u>TOTALS ALL AGENCY FUNDS</u>				
Assets				
Cash and cash equivalents	\$ 68,360	\$ 428,117	\$ 431,706	\$ 64,771
Due from other governments	58,524	30,894	58,524	30,894
Total assets	<u>\$ 126,884</u>	<u>\$ 459,011</u>	<u>\$ 490,230</u>	<u>\$ 95,665</u>
Liabilities				
Due to other governments	<u>\$ 126,884</u>	<u>\$ 459,011</u>	<u>\$ 490,230</u>	<u>\$ 95,665</u>

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
SCHEDULE OF DISBURSEMENTS TO SCHOOL
DISTRICT TREASURERS AND OTHER ENTITIES
DISTRIBUTIVE FUNDS
Year Ended June 30, 2013

<u>Program</u>	<u>Fox River Grove Consolidated District No. 3</u>	<u>Cary Community Consolidated District No. 26</u>	<u>Special Education District of McHenry (SEDOM)</u>	<u>Regional Office of Education No. 44</u>	<u>Kishwaukee Intermediate Delivery System</u>	<u>Totals</u>
RSSP - General State Aid	\$ -0-	\$ -0-	\$ 167,727	\$ -0-	\$ -0-	\$ 167,727
Regional Safe Schools Reorganization Incentive-	-0-	-0-	206,262	-0-	-0-	206,262
Feasibility Study	1170	5,330	-0-	-0-	-0-	6,500
Transportation	-0-	-0-	-0-	1,707	-0-	1,707
ROE/ISC Operations	-0-	-0-	-0-	-0-	45,848	45,848
Totals	<u>\$ 1,170</u>	<u>\$ 5,330</u>	<u>\$ 373,989</u>	<u>\$ 1,707</u>	<u>\$ 45,848</u>	<u>\$ 428,044</u>