

**STATE OF ILLINOIS
McHENRY COUNTY
REGIONAL OFFICE OF EDUCATION NO. 44
FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2011**

**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 (May 1, 2012- through current)	Ms. Leslie A. Schermerhorn
Regional Superintendent (during audit period- June 1, 2011 through June 30, 2011 and through April 30, 2012)	No Regional Superintendent
Regional Superintendent (during audit period- through May 31, 2011)	Mr. Eugene T. Goeglein
Assistant Regional Superintendent (during audit period- June 1, 2011 through June 30, 2011 and current)	No current Assistant Regional Superintendent
Assistant Regional Superintendent (during audit period- through May 31, 2011)	Mr. Joseph R. Williams, Sr.
McHenry County Administrator	Mr. Peter Austin
Office Manager	Ms. Barbara Murray

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 October 26, 2011. Attending were 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 unqualified opinion on the Agency's basic financial statements.

INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, 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, 2011, which collectively comprise the McHenry County Regional Office of Education No. 44's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the McHenry County Regional Office of Education No. 44's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the McHenry County Regional Office of Education No. 44, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Regional Office of Education No. 44 adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended June 30, 2011. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on any of the Regional Office of Education No. 44's governmental funds' assets or liabilities nor was there any effect to the total amount of any of the Regional Office of Education No. 44's governmental fund balances as of and for the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 23, 2012 on our consideration of the 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The *Management's Discussion and Analysis* on pages 12 through 16 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wipfli LLP

Dixon, Illinois
May 23, 2012

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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, 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, 2011, which collectively comprise the McHenry County Regional Office of Education No. 44's basic financial statements and have issued our report thereon dated May 23, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the McHenry County Regional Office of Education No. 44 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the McHenry County Regional Office of Education No. 44's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the McHenry County Regional Office of Education No. 44's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the McHenry County Regional Office of Education No. 44's internal control over financial reporting.

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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

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

Wipfli LLP

Dixon, Illinois
May 23, 2012

MCHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2011

Section I: Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness (es) identified? yes 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, 2011

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, 2011

Corrective Action Plan:

-N/A-

MCHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2011

<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, 2011

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, 2011 as compared to the year ended June 30, 2010.

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, 2011 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 Assets 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 assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. The financial statements are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when earned and expenditures and liabilities are recognized when the service or goods are received.

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

June 30, 2011

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 specific segregations of cash and 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 School Program, the Career & Technical Ed Improvement program, CTE Perkins program, ARRA Title I School Improvement program, ARRA Education Jobs Fund program, and Agriculture Education program (2011 - part of the major education fund), which is 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 separate Combining Statement of Changes in Assets and Liabilities – Agency Funds and a Combining Statement of Fiduciary Net Assets – 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, 2011

Net assets are summarized in the table below:

Condensed Statement of Net Assets		
	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Assets:		
Current Assets	\$798,567	\$946,198
Capital Assets	-0-	-0-
Total Assets	<u>798,567</u>	<u>946,198</u>
Liabilities:		
Current Liabilities	438,232	623,484
Non-current Liabilities	-0-	-0-
Total Liabilities	<u>438,232</u>	<u>623,484</u>
Net Assets:		
Unrestricted	58,653	93,520
Restricted for educational purposes	<u>301,682</u>	<u>229,194</u>
Total Net Assets	<u>\$360,335</u>	<u>\$322,714</u>

Current assets consist of cash and cash equivalents of \$400,547 and due from other governments of \$398,020.

As of June 30, 2011, McHenry County Regional Office of Education No. 44 had no outstanding long-term debt.

During fiscal year 2011, the Regional Office of Education No. 44 implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which required certain programs and funds to be reclassified as detailed in Note 8 to the financial statements. Because of these reclassifications, the fund analysis is not comparable between fiscal year 2010 and fiscal year 2011.

Net assets 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, 2011

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

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

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Revenues received:		
Program:		
Operating grants and contributions	\$ 1,699,350	\$ 1,583,083
General:		
Local sources	159,625	180,875
On-behalf payments	487,060	514,341
Interest	360	341
Miscellaneous	<u>2,523</u>	<u>50,568</u>
Total revenue received	<u>2,348,918</u>	<u>2,329,208</u>
Expenditures disbursed:		
Instructional services:		
Purchased services	239,830	198,497
Supplies and materials	45,094	12,302
Payments to other governments	1,539,313	1,598,110
Administrative services:		
On-behalf payments	<u>487,060</u>	<u>514,341</u>
Total expenditures disbursed	<u>2,311,297</u>	<u>2,323,250</u>
Change in net assets	37,621	5,958
Net assets – beginning	<u>322,714</u>	<u>316,756</u>
Net assets – ending	<u>\$ 360,335</u>	<u>\$ 322,714</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, 2011, 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, 2011

The McHenry County Regional Office of Education did see an increase of \$37,621 in net assets from July 1, 2010 through June 30, 2011. The increase is due to changes in the net assets in the following six funds:

General Fund – change in net assets was (\$1,790)

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

Institute Fund – change in net assets was \$24,529

Fingerprinting – change in net assets was \$10,684

General Educational Development – change in net assets was \$1,039

Non major funds – change in net assets was \$3,159

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

The increase in revenues in the Education fund was a result of additional federal grant revenue during fiscal year 2011. This resulted in increased payments to other governments. There were no other significant changes to expenditures.

Revenue decreased in the Fingerprinting Fund due to fewer requests for Fingerprinting services. Correspondingly, the costs of performing such services also dropped 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.

The number of applications for administrative/teaching certificates and renewals dropped slightly during the current year, as we have moved from a three year renewal cycle to a five (5) year cycle, with the first year which began July 1, 2010.

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 to 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.

BASIC FINANCIAL STATEMENTS

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
STATEMENT OF NET ASSETS
 June 30, 2011

	<u>Primary Government Governmental Activities</u>
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 400,547
Due from other governments	398,020
Total Current Assets	798,567
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable	90,084
Deferred revenue	13,917
Due to other governments	334,231
Total Current Liabilities	438,232
<u>NET ASSETS</u>	
Unrestricted	58,653
Restricted for educational purposes	301,682
Total Net Assets	\$ 360,335

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, 2011

	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets Primary Government Governmental Activities</u>
FUNCTIONS/PROGRAMS			
Primary Government:			
Governmental activities:			
Instructional Services:			
Purchased services	\$ 239,830	\$ 123,958	\$ (115,872)
Supplies and materials	45,094	36,079	(9,015)
Payments to other governments	1,539,313	1,539,313	-0-
Administrative:			
On-behalf payments	487,060	-0-	(487,060)
Total Governmental Activities	<u>\$ 2,311,297</u>	<u>\$ 1,699,350</u>	<u>(611,947)</u>
General Revenues:			
Local sources			159,625
On-behalf payments			487,060
Interest			360
Miscellaneous			2,523
Total general revenues, special and extraordinary items, and transfers			<u>649,568</u>
Change in net assets			37,621
Net Assets - Beginning			<u>322,714</u>
Net Assets - Ending			<u>\$ 360,335</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, 2011

	<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	\$ 16,099	\$ -0-	\$ 267,560	\$ 39,654	\$ 68,194	\$ 9,040	\$ 400,547
Due from other governments	-0-	66,135	-0-	-0-	-0-	-0-	66,135
Total assets	<u>\$ 16,099</u>	<u>\$ 66,135</u>	<u>\$ 267,560</u>	<u>\$ 39,654</u>	<u>\$ 68,194</u>	<u>\$ 9,040</u>	<u>\$ 466,682</u>
<u>LIABILITIES</u>							
Accounts payable	\$ -0-	\$ 63,789	\$ 13,837	\$ 735	\$ 11,723	\$ -0-	\$ 90,084
Deferred revenue	-0-	-0-	-0-	-0-	13,917	-0-	13,917
Due to other governments	-0-	2,346	-0-	-0-	-0-	-0-	2,346
Total liabilities	<u>-0-</u>	<u>66,135</u>	<u>13,837</u>	<u>735</u>	<u>25,640</u>	<u>-0-</u>	<u>106,347</u>
<u>FUND BALANCES</u>							
Nonspendable	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Restricted	-0-	-0-	253,723	38,919	-0-	9,040	301,682
Committed	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Assigned	-0-	-0-	-0-	-0-	42,554	-0-	42,554
Unassigned	16,099	-0-	-0-	-0-	-0-	-0-	16,099
Total fund balances	<u>16,099</u>	<u>-0-</u>	<u>253,723</u>	<u>38,919</u>	<u>42,554</u>	<u>9,040</u>	<u>360,335</u>
Total liabilities and fund balances	<u>\$ 16,099</u>	<u>\$ 66,135</u>	<u>\$ 267,560</u>	<u>\$ 39,654</u>	<u>\$ 68,194</u>	<u>\$ 9,040</u>	<u>\$ 466,682</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 GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

June 30, 2011

Total fund balances - governmental funds	\$	360,335
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Because some revenues will not be collected for several months after the Regional Office fiscal year ends, they are not considered "available" revenues in the governmental funds.	331,885
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Because some revenues will not be collected for several months after the Regional Office fiscal year ends, corresponding expenses associated with those revenues are not recognized in the governmental funds.	<u>(331,885)</u>
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Net assets of governmental activities	<u>\$</u>	<u>360,335</u>
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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, 2011

	General Fund	Education	Institute	General Educational Development	Finger- Printing	Other Non-Major Funds	Total
REVENUES							
Local sources							
Teacher certificate fees	\$ -0-	\$ -0-	\$ 49,574	\$ -0-	\$ -0-	\$ -0-	\$ 49,574
GED application fees	-0-	-0-	-0-	23,180	-0-	-0-	23,180
School bus permit and class fees	-0-	-0-	-0-	-0-	-0-	6,521	6,521
Fingerprinting fees	-0-	-0-	-0-	-0-	80,350	-0-	80,350
Interest income	17	-0-	238	39	59	7	360
Other	2,523	-0-	-0-	-0-	-0-	-0-	2,523
Total local sources	2,540	-0-	49,812	23,219	80,409	6,528	162,508
State sources	212,746	754,180	-0-	-0-	-0-	1,707	968,633
Federal sources	-0-	218,786	-0-	-0-	-0-	-0-	218,786
Federal sources - ARRA funds	-0-	180,046	-0-	-0-	-0-	-0-	180,046
On-behalf payments	487,060	-0-	-0-	-0-	-0-	-0-	487,060
Total revenues	702,346	1,153,012	49,812	23,219	80,409	8,235	2,017,033
EXPENDITURES							
Purchased services	-0-	122,251	25,093	17,825	69,725	4,936	239,830
Supplies and materials	4,330	36,079	190	4,355	-0-	140	45,094
Payments to other governments	212,746	994,682	-0-	-0-	-0-	-0-	1,207,428
On-behalf payments	487,060	-0-	-0-	-0-	-0-	-0-	487,060
Total expenditures	704,136	1,153,012	25,283	22,180	69,725	5,076	1,979,412
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,790)	-0-	24,529	1,039	10,684	3,159	37,621
FUND BALANCE, BEGINNING OF YEAR	17,889	-0-	229,194	37,880	31,870	5,881	322,714
FUND BALANCE, END OF YEAR	\$ 16,099	\$ -0-	\$ 253,723	\$ 38,919	\$ 42,554	\$ 9,040	\$ 360,335

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
June 30, 2011

Net change in fund balances - governmental funds	\$	37,621
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		331,885
Expenses in the Statement of Activities that are incurred as a result of noncurrent financial resources are not reported as expenses in the funds		<u>(331,885)</u>
Change in net assets of governmental activities	\$	<u>37,621</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 FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
June 30, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 116,331
Due from other governments	331,885
Total assets	<u>\$ 448,216</u>
<u>LIABILITIES</u>	
Due to other governments	<u>\$ 448,216</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, 2011

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 internal service 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 cost-reimbursement grant resources to such programs, and then general revenues.

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 his 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, 2011

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 Assets 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 Assets 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 assets. Net assets of the ROE are classified as Unrestricted and Restricted for educational purposes. Unrestricted Net Assets represent 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 Assets Restricted for educational purposes relate to the Institute, GED, Fingerprinting, and other non-major funds. When both restricted and unrestricted resources are available for use, it is the ROE's policy to use restricted resources first, then unrestricted resources as they are needed. For unrestricted fund balances, assigned funds are used first, then unassigned if any.

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, 2011

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 ROE receives cost reimbursements from Cooperative for Employment Education and from member districts. 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) and Federal Funds received from the American Recovery and Reinvestment Act (ARRA) for, and payment of, expenses of general operations.

In the prior year, this grant was reported in the Education Fund. Due to the general nature of this grant, the revenues and expenditures have been reported in the General Fund for the year ended June 30, 2011.

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 purpose 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, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Career & Technical Ed Improvement – The Career & Technical Ed Improvement program consists of State funds received for the administration of the Career & Technical Ed Improvement program.

CTE Perkins – The CTE Perkins program consists of Federal funds received for the administration of the CTE Perkins program.

ARRA Title I – School Improvement – Consists of federal funds received for the administration of the ARRA Title I – School Improvement program.

ARRA Education Jobs Fund – Consists of federal funds received for the administration of the ARRA Education Jobs Fund program.

Agriculture Education – The Agriculture Education program consists of State funds received for the administration of the Agriculture Education 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 the proceeds of specific revenue sources that are restricted by law or regulation as to their use. 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, 2011

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, 2011; 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), Career & Technical Ed Improvement, CTE Perkins, ARRA Title I-School Improvement, ARRA Education Jobs Fund, and Agriculture Education for the year ended June 30, 2011.

E. Deposits

Deposits are carried at cost plus accrued interest. 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, 2011

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, 2011, the carrying amount of the Regional Office of Education No. 44's cash deposits was \$516,878 and the bank balance was \$545,245. Of the total bank balance, \$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.

NOTE 6 – ON-BEHALF PAYMENTS

Total on-behalf payments of \$487,060 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:

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

June 30, 2011

NOTE 6 – ON-BEHALF PAYMENTS (Continued)

Regional Superintendent – salary	\$ 92,365
Regional Superintendent – TRS	21,336
Regional Superintendent – benefits	
(Includes State paid insurance)	13,546
Assistant Regional Superintendent – salary	83,129
Assistant Regional Superintendent – TRS	19,203
Assistant Regional Superintendent – benefits	
(Includes State paid insurance)	13,002
State of Illinois on-behalf payments	<u>\$ 242,581</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)	\$ 169,990
Benefits	74,489
McHenry County on-behalf payments	244,479
State of Illinois on-behalf payments	242,581
Total on-behalf payments	<u>\$ 487,060</u>

NOTE 7 – DUE FROM/TO OTHER GOVERNMENTS

At June 30, 2011, 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	\$ 136,556
Career & Technical	
Ed Improvement	
Illinois State Board of Education	191,481
Agriculture Education	
Illinois State Board of Education	3,848
ARRA – Education Jobs fund	
Illinois State Board of Education	834
ARRA – Title I – School Improvement	
Illinois State Board of Education	65,301
	<u>\$ 398,020</u>
Agency Fund	
Distributive Fund	
Regional Safe Schools	
Illinois State Board of Education	\$ 136,556
Career & Technical	
Ed Improvement	
Illinois State Board of Education	191,481
Agriculture Education	
Illinois State Board of Education	3,848
	<u>\$ 331,885</u>

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

June 30, 2011

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

Due to Other Governments:

Education	
Other entities and local school districts	<u>\$ 334,231</u>
Agency Fund	
Distributive Fund	
Other entities and local school districts	\$ 334,590
Board of School Trustees	
Other entities and local school districts	144
McHenry County Film Library	
Other entities and local school districts	61,999
Cooperative for Employment Education	
Other entities and local school districts	51,483
	<u>\$ 448,216</u>

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:

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

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

Assigned Fund Balance – the portion of a Governmental Fund's net assets 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 the General Fund.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

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-	\$253,723	\$ 38,919	\$ -0-	\$ 9,040
Assigned:	-0-	-0-	-0-	-0-	42,554	-0-
Unassigned:	16,099	-0-	-0-	-0-	-0-	-0-
Total fund balances	\$16,099	\$ -0-	\$253,723	\$ 38,919	\$42,554	\$ 9,040

NOTE 9 – NEW PRONOUNCEMENTS

In 2011, McHenry County Regional Office of Education #44 adopted *Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, GASB Statement No. 59, Financial Instruments Omnibus, and GASB No. 62, Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 GASB and AICPA Pronouncements*. The Regional Office of Education implemented these standards during the current year; however, GASB Statements No. 59 and 62 had no impact on the financial statements. The implementation of GASB Statement No. 54 changed fund balance reporting for governmental funds by adding some additional fund balance classifications, clarifying governmental fund type definitions, and providing additional disclosures on how fund balance constraints are imposed and may be modified or eliminated.

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2011

	General	Regional Safe Schools Program - General State Aid (RSSP-GSA)	Total
ASSETS			
Cash and cash equivalents	\$ 16,099	\$ -0-	\$ 16,099
Due from other governments	-0-	-0-	-0-
Total assets	\$ 16,099	\$ -0-	\$ 16,099
LIABILITIES			
Accounts payable	\$ -0-	\$ -0-	\$ -0-
Due to other governments	-0-	-0-	-0-
Total liabilities	-0-	-0-	-0-
FUND BALANCE			
Fund balance: restricted	\$ -0-	\$ -0-	\$ -0-
unassigned	16,099	-0-	16,099
Total fund balance	16,099	-0-	16,099
TOTAL LIABILITIES AND FUND BALANCE	\$ 16,099	\$ -0-	\$ 16,099

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, 2011

	<u>General</u>	<u>Regional Safe Schools Program - General State Aid (RSSP - GSA)</u>	<u>Total</u>
REVENUES			
Local sources			
Interest income	\$ 17	\$ -0-	\$ 17
Other	2,523	-0-	2,523
State sources	-0-	212,746	212,746
Federal sources	-0-	-0-	-0-
Federal sources - ARRA Funds	-0-	-0-	-0-
On-behalf payments	487,060	-0-	487,060
Total revenues	<u>489,600</u>	<u>212,746</u>	<u>702,346</u>
EXPENDITURES			
Purchased services	-0-	-0-	-0-
Supplies and materials	4,330	-0-	4,330
Payments to other governments	-0-	212,746	212,746
On-behalf payments	487,060	-0-	487,060
Total expenditures	<u>491,390</u>	<u>212,746</u>	<u>704,136</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,790)	-0-	(1,790)
FUND BALANCE, BEGINNING OF YEAR	<u>17,889</u>	<u>-0-</u>	<u>17,889</u>
FUND BALANCE, END OF YEAR	<u>\$ 16,099</u>	<u>\$ -0-</u>	<u>\$ 16,099</u>

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2011

	Regional Safe Schools Program (RSSP)	Career & Technical Ed Improvement	CTE Perkins	ARRA-Title I- School Improvement	ARRA- Education Jobs Fund	Agriculture Education	Total
ASSETS							
Cash and cash equivalents	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Due from other governments	-0-	-0-	-0-	65,301	834	-0-	66,135
Total assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 65,301</u>	<u>\$ 834</u>	<u>\$ -0-</u>	<u>\$ 66,135</u>
LIABILITIES							
Accounts payable	\$ -0-	\$ -0-	\$ -0-	\$ 62,955	\$ 834	\$ -0-	\$ 63,789
Due to other governments	-0-	-0-	-0-	2,346	-0-	-0-	2,346
Total liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>65,301</u>	<u>834</u>	<u>-0-</u>	<u>66,135</u>
FUND BALANCE							
Fund balance, restricted	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 65,301</u>	<u>\$ 834</u>	<u>\$ -0-</u>	<u>\$ 66,135</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, 2011

	Regional Safe Schools Program (RSSP)	Career & Technical Ed Improvement	CTE Perkins	ARRA Title I- School Improvement	ARRA- Education Jobs Fund	Agriculture Education	Total
REVENUES							
Local sources							
Donations	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Interest income	-0-	-0-	-0-	-0-	-0-	-0-	-0-
State sources	238,680	515,500	-0-	-0-	-0-	-0-	754,180
Federal sources	-0-	-0-	218,786	-0-	-0-	-0-	218,786
Federal sources - ARRA Funds	-0-	-0-	-0-	160,676	19,370	-0-	180,046
Total revenues	<u>238,680</u>	<u>515,500</u>	<u>218,786</u>	<u>160,676</u>	<u>19,370</u>	<u>-0-</u>	<u>1,153,012</u>
EXPENDITURES							
Purchased services	-0-	-0-	-0-	122,251	-0-	-0-	122,251
Supplies and materials	-0-	-0-	-0-	36,079	-0-	-0-	36,079
Payments to other governments	238,680	515,500	218,786	2,346	19,370	-0-	994,682
Total expenditures	<u>238,680</u>	<u>515,500</u>	<u>218,786</u>	<u>160,676</u>	<u>19,370</u>	<u>-0-</u>	<u>1,153,012</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-0-	-0-	-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>	<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>	<u>\$ -0-</u>	<u>\$ -0-</u>

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2011

2011 Regional Safe Schools Program (RSSP)			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ -0-	\$ -0-	\$ -0-
State sources	234,100	97,544	(136,556)
Federal sources	-0-	-0-	-0-
Total revenues	234,100	97,544	(136,556)
EXPENDITURES			
Salaries	-0-	-0-	-0-
Benefits	-0-	-0-	-0-
Purchased services	-0-	-0-	-0-
Supplies and materials	-0-	-0-	-0-
Payments to other governments	234,100	97,544	136,556
Total expenditures	234,100	97,544	136,556
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, 2011

	2010 Regional Safe Schools Program (RSSP)		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ -0-	\$ -0-	\$ -0-
State sources	423,392	141,136	(282,256)
Federal sources	-0-	-0-	-0-
Total revenues	423,392	141,136	(282,256)
EXPENDITURES			
Salaries	-0-	-0-	-0-
Benefits	-0-	-0-	-0-
Purchased services	-0-	-0-	-0-
Supplies and materials	-0-	-0-	-0-
Payments to other governments	423,392	141,136	282,256
Total expenditures	423,392	141,136	282,256
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, 2011

2011 Career & Technical Ed Improvement			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ -0-	\$ -0-	\$ -0-
State sources	502,481	311,000	(191,481)
Federal sources	-0-	-0-	-0-
Total revenues	502,481	311,000	(191,481)
EXPENDITURES			
Salaries	-0-	-0-	-0-
Benefits	-0-	-0-	-0-
Purchased services	-0-	-0-	-0-
Supplies and materials	-0-	-0-	-0-
Payments to other governments	502,481	311,000	191,481
Total expenditures	502,481	311,000	191,481
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, 2011

2010 Career & Technical Ed Improvement			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ -0-	\$ -0-	\$ -0-
State sources	611,537	204,500	(407,037)
Federal sources	-0-	-0-	-0-
Total revenues	611,537	204,500	(407,037)
EXPENDITURES			
Salaries	-0-	-0-	-0-
Benefits	-0-	-0-	-0-
Purchased services	-0-	-0-	-0-
Supplies and materials	-0-	-0-	-0-
Payments to other governments	611,537	204,500	407,037
Total expenditures	611,537	204,500	407,037
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, 2011

	2011 CTE Perkins		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ -0-	\$ -0-	\$ -0-
State sources	-0-	-0-	-0-
Federal sources	218,786	218,786	-0-
Total revenues	<u>218,786</u>	<u>218,786</u>	<u>-0-</u>
EXPENDITURES			
Salaries	-0-	-0-	-0-
Benefits	-0-	-0-	-0-
Purchased services	-0-	-0-	-0-
Supplies and materials	-0-	-0-	-0-
Payments to other governments	218,786	218,786	-0-
Total expenditures	<u>218,786</u>	<u>218,786</u>	<u>-0-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -0-</u>	<u>-0-</u>	<u>\$ -0-</u>
FUND BALANCE, BEGINNING OF YEAR		<u>-0-</u>	
FUND BALANCE, END OF YEAR		<u>\$ -0-</u>	

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
Year Ended June 30, 2011

	2011 ARRA Title I- School Improvement		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ -0-	\$ -0-	\$ -0-
State sources	-0-	-0-	-0-
Federal sources	-0-	-0-	-0-
Federal sources-ARRA Funds	200,000	160,676	(39,324)
Total revenues	200,000	160,676	(39,324)
EXPENDITURES			
Salaries	60,000	-0-	60,000
Benefits	-0-	-0-	-0-
Purchased services	110,125	122,251	(12,126)
Supplies and materials	27,375	36,079	(8,704)
Capital Outlay	2,500	-0-	2,500
Payments to other governments	-0-	2,346	(2,346)
Total expenditures	200,000	160,676	39,324
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, 2011

	2011 ARRA Education Jobs Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ -0-	\$ -0-	\$ -0-
State sources	-0-	-0-	-0-
Federal sources	-0-	-0-	-0-
Federal sources-ARRA Funds	19,370	19,370	-0-
	19,370	19,370	-0-
Total revenues	19,370	19,370	-0-
EXPENDITURES			
Salaries	-0-	-0-	-0-
Benefits	-0-	-0-	-0-
Purchased services	-0-	-0-	-0-
Supplies and materials	-0-	-0-	-0-
Payments to other governments	19,370	19,370	-0-
	19,370	19,370	-0-
Total expenditures	19,370	19,370	-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, 2011

	2011 Agriculture Education		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ -0-	\$ -0-	\$ -0-
State sources	3,848	-0-	(3,848)
Federal sources	-0-	-0-	-0-
Total revenues	3,848	-0-	(3,848)
EXPENDITURES			
Salaries	-0-	-0-	-0-
Benefits	-0-	-0-	-0-
Purchased services	-0-	-0-	-0-
Supplies and materials	-0-	-0-	-0-
Payments to other governments	3,848	-0-	3,848
Total expenditures	3,848	-0-	3,848
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
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2011

	<u>Transportation</u>	<u>Supervisory Expense</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 9,037	\$ 3	\$ 9,040
<u>FUND BALANCE</u>			
Fund balance, restricted	\$ 9,037	\$ 3	\$ 9,040

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, 2011

	<u>Transportation</u>	<u>Supervisory Expense</u>	<u>Total</u>
REVENUES			
Local sources			
School bus permit and class fees	\$ 6,521	\$ -0-	\$ 6,521
Interest Income	7	-0-	7
State sources	1,707	-0-	1,707
Total revenues	<u>8,235</u>	<u>-0-</u>	<u>8,235</u>
EXPENDITURES			
Purchased services	4,936	-0-	4,936
Supplies and materials	140	-0-	140
Payments to other governments	-0-	-0-	-0-
Total expenditures	<u>5,076</u>	<u>-0-</u>	<u>5,076</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,159	-0-	3,159
FUND BALANCE, BEGINNING OF YEAR	<u>5,878</u>	<u>3</u>	<u>5,881</u>
FUND BALANCE, END OF YEAR	<u>\$ 9,037</u>	<u>\$ 3</u>	<u>\$ 9,040</u>

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
 June 30, 2011

	Distributive Fund	Board of School Trustees	McHenry County Film Library	Cooperative for Employment Education	Total
ASSETS					
Cash and cash equivalents	\$ 2,705	\$ 144	\$ 61,999	\$ 51,483	\$ 116,331
Due from other governments	331,885	-0-	-0-	-0-	331,885
Total assets	<u>\$ 334,590</u>	<u>\$ 144</u>	<u>\$ 61,999</u>	<u>\$ 51,483</u>	<u>\$ 448,216</u>
LIABILITIES					
Due to other governments	<u>\$ 334,590</u>	<u>\$ 144</u>	<u>\$ 61,999</u>	<u>\$ 51,483</u>	<u>\$ 448,216</u>

McHENRY COUNTY REGIONAL OFFICE OF EDUCATION NO. 44
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2011

	<u>Balance 6/30/2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2011</u>
<u>DISTRIBUTIVE</u>				
Assets				
Cash and cash equivalents	\$ 2,679	\$ 1,524,957	\$ 1,524,931	\$ 2,705
Due from other governments	569,237	331,885	569,237	331,885
Total assets	<u>\$ 571,916</u>	<u>\$ 1,856,842</u>	<u>\$ 2,094,168</u>	<u>\$ 334,590</u>
Liabilities				
Due to other governments	<u>\$ 571,916</u>	<u>\$ 334,590</u>	<u>\$ 571,916</u>	<u>\$ 334,590</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>\$ 62,271</u>	<u>\$ 63</u>	<u>\$ 335</u>	<u>\$ 61,999</u>
Liabilities				
Due to other governments	<u>\$ 62,271</u>	<u>\$ 63</u>	<u>\$ 335</u>	<u>\$ 61,999</u>
<u>COOPERATIVE FOR EMPLOYMENT EDUCATION</u>				
Assets				
Cash	<u>\$ 145,191</u>	<u>\$ 975,785</u>	<u>\$ 1,069,493</u>	<u>\$ 51,483</u>
Liabilities				
Due to other governments	<u>\$ 145,191</u>	<u>\$ 975,785</u>	<u>\$ 1,069,493</u>	<u>\$ 51,483</u>
<u>TOTALS ALL AGENCY FUNDS</u>				
Assets				
Cash and cash equivalents	\$ 210,285	\$ 2,500,805	\$ 2,594,759	\$ 116,331
Due from other governments	569,237	331,885	569,237	331,885
Total assets	<u>\$ 779,522</u>	<u>\$ 2,832,690</u>	<u>\$ 3,163,996</u>	<u>\$ 448,216</u>
Liabilities				
Due to other governments	<u>\$ 779,522</u>	<u>\$ 1,310,438</u>	<u>\$ 1,641,744</u>	<u>\$ 448,216</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, 2011

<u>Program</u>	<u>McHenry County Co-op</u>	<u>Special Education District of McHenry (SEDOM)</u>	<u>Regional Office of Education No. 44</u>	<u>Totals</u>
RSSP - General State Aid	\$ -0-	\$ 212,746	\$ -0-	\$ 212,746
Career & Technical Ed Improvement	668,537	-0-	-0-	668,537
CTE - Perkins	218,786	-0-	-0-	218,786
Regional Safe Schools	-0-	309,244	-0-	309,244
ARRA - Title I - School Improvement & Accountability	-0-	0	95,375	95,375
ARRA - Education Jobs Fund	-0-	18,536	-0-	18,536
Agriculture Education	0	-0-	-0-	0
Supervisory Expense	-0-	-0-	-0-	0
Transportation	-0-	-0-	1,707	1,707
Totals	\$ 887,323	\$ 540,526	\$ 97,082	\$ 1,524,931