

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

**FINANCIAL AUDIT**  
For the Year Ended June 30, 2014

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

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

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

**OFFICIALS**

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Regional Superintendent

Dr. Darlene Ruscitti  
(Current and during audit period)

Assistant Regional Superintendent

Dr. Joseph Gust  
(Current and during audit period)

Office is located at:

421 North County Farm Road  
Wheaton, Illinois 60187-3999

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

**FINANCIAL REPORT SUMMARY**

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

**AUDITORS' REPORTS**

The auditors' reports do not contain scope limitations, disclaimers, or other significant nonstandard language.

**SUMMARY OF AUDIT FINDINGS**

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

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

**SUMMARY OF FINDINGS AND RESPONSES**

**FINDINGS (*GOVERNMENT AUDITING STANDARDS*)**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
2014-001	11	Controls over financial statement preparation	Material Weakness
2014-002	13	Inadequate internal control procedures	Material Weakness

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

<u>Item No.</u>	<u>Description</u>	<u>Finding Type</u>
2013-003	Expenditure reports do not agree to general ledger	Material Weakness and noncompliance
2013-004	Inadequate documentation of payroll expenditures	Material Weakness and noncompliance

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

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EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Regional Office personnel at a formal exit teleconference on October 6, 2015. Attending were Jeremy Dotson, Finance Director, Chad A. Lucas, Partner and Danielle Caldwell, Senior from Sikich LLP, and Kelly Mittelstaedt, from the Office of the Auditor General. Responses to the recommendations were provided by the Regional Office of Education on September 9, 2015.

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

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

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

## **INDEPENDENT AUDITORS' REPORT**

Honorable William G. Holland  
Auditor General  
State of Illinois

### **Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the DuPage County Regional Office of Education No. 19, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the DuPage County Regional Office of Education No. 19's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the DuPage County Regional Office of Education No. 19, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

The DuPage County Regional Office of Education No. 19 adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* during the year ended June 30, 2014. Statement No. 65 clarified GASB Statement No. 63's presentation of deferred inflows and outflows of resources. The adoption of this statement had no effect on any of the DuPage County Regional Office of Education No. 19's net positions or fund balances as of and for the year ended June 30, 2014. Our opinions are not modified with respect to this matter.

## **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 19 through 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the DuPage County Regional Office of Education No. 19's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of accounts, the budgetary comparison schedules, and the combining fund financial statements are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated October 6, 2015 on our consideration of the DuPage County Regional Office of Education No. 19's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the DuPage County Regional Office of Education No. 19's internal control over financial reporting and compliance.



Springfield, Illinois  
October 6, 2015

**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, the business-type activities, each major fund, and the aggregate remaining fund information of the DuPage County Regional Office of Education No. 19, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the DuPage County Regional Office of Education No. 19's basic financial statements and have issued our report thereon dated October 6, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the DuPage County Regional Office of Education No. 19's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the DuPage County Regional Office of Education No. 19's internal control. Accordingly, we do not express an opinion on the effectiveness of the DuPage County Regional Office of Education No. 19's internal control.

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the DuPage County Regional Office of Education No. 19's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in finding 2014-001 and 2014-002 in the accompanying Schedule of Findings and Responses to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the DuPage County Regional Office of Education No. 19's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **DuPage County Regional Office of Education No. 19's Responses to Findings**

The DuPage County Regional Office of Education No. 19's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The DuPage County Regional Office of Education No. 19's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the DuPage County Regional Office of Education No. 19's internal control or on the compliance. This report is an integral part of the audit performed in accordance with Government Auditing Standards in considering the DuPage County Regional Office of Education No. 19's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Springfield, Illinois  
October 6, 2015

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

**SCHEDULE OF FINDINGS AND RESPONSES  
SECTION I – SUMMARY OF AUDITORS’ RESULTS**

For the Year Ended June 30, 2014

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**Financial Statements**

Type of auditors’ 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

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

**SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS**

For the Year Ended June 30, 2014

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**FINDING 2014-001** – Controls over financial statement preparation (Repeat of prior year finding 13-001, 12-01, and 11-01)

**CRITERIA/SPECIFIC REQUIREMENT:**

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

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

**CONDITION:**

The Regional Office does not have sufficient internal controls over the financial reporting process. The Regional Office maintains its accounting records on the cash basis of accounting during the fiscal year and posts year end accrual entries for audit purposes. The Regional Office does not have sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, review of the Regional Office's accounting records noted the following:

- The Regional Office did not maintain adequate internal controls over the processing of all financial transactions and adjustments were required to present financial statements in accordance with generally accepted accounting principles.

**EFFECT:**

Management or employees in the normal course of performing their assigned functions may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS**

For the Year Ended June 30, 2014

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**FINDING 2014-001** – Controls over financial statement preparation (Repeat of prior year finding 13-001, 12-01 and 11-01) – **Continued**

**CAUSE:**

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

**RECOMMENDATION:**

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

**MANAGEMENT’S RESPONSE:**

The Regional Office will continue its relationship with a private Certified Public Accounting company to prepare (GAAP based) financial statements that include all disclosures required by the Governmental Accounting Standards Board. The Project Managers will play a key role because they will be responsible along with the Finance Office in the review of their respective financial documents. These reviews will be completed at the end of each quarter. In addition, the Regional Office’s accounting personnel will receive training in detecting disclosure omissions and misstatements in a timely manner with the final review completed by the Business Manager. As of the spring 2015, all of the audit adjustments for Fiscal Years 2011, 2012, 2013, and 2014 have been entered in the financial system. In addition, a review process for all payables and receivables within the financial system has been established. Furthermore, grants are reviewed on a quarterly basis with the project leaders and the Business Manager prior to any grant report being sent to ISBE. During Fiscal Year 2016, the Business Office is developing GASB reports which can be completed within the financial system.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS**

For the Year Ended June 30, 2014

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**FINDING 2014-002** – Inadequate internal control procedures (Repeat of prior year finding 13-002, 12-02 and 11-02)

**CRITERIA/SPECIFIC REQUIREMENT:**

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

**CONDITION:**

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

- The Regional Office did not adhere to its policy of requiring the Regional Superintendent's approval of purchases. In 3 of 40 (7.5%) instances, purchase orders were not completed or signed by the Regional Superintendent.
- In 1 of 40 (2.5%) expenditures examined, the Regional Office failed to provide adequate supporting documentation.

**EFFECT:**

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

**CAUSE:**

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

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

**SCHEDULE OF FINDINGS AND RESPONSES  
SECTION II – FINANCIAL STATEMENT FINDINGS**

For the Year Ended June 30, 2014

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**FINDING 2014-002** – Inadequate internal control procedures (Repeat of prior year finding 13-002, 12-02 and 11-02) – **Continued**

**RECOMMENDATION:**

The Regional Office should implement a system of internal controls that ensures expenditures are properly approved and supported before disbursements are made.

**MANAGEMENT’S RESPONSE:**

The Regional Office has completed a thorough review to accomplish the maximum segregation of duties possible with the two full time and two part time members in the Finance Office. Segregation of duties concerning cash receipts and accounting process occurred immediately after the FY11 audit became available to the Regional Office. Policy 4:50 concerning Purchase Orders, Process Steps, and Payment Procedures was written in June 2013 with implementation beginning July 2013. Beginning in the Spring of 2014, the support staff of the financial systems for the general ledger program was provided the appropriate financial training in the on-line purchase order process so that purchase order approvals and processing can be done electronically. The on line purchase order system with electronic signature approval at each level was fully operational by November 2014 thus eliminating the previous process for Purchase Orders. Once the system is fully operational, an updated policy will be written the fall of 2015.

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS**

For the Year Ended June 30, 2014

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**Corrective Action Plan**

**FINDING 2014-001** – Controls over financial statement preparation (Repeat of prior year finding 13-01, 12-01 and 11-01)

**CONDITION:**

The Regional Office does not have sufficient internal controls over the financial reporting process. The Regional Office maintains its accounting records on the cash basis of accounting during the fiscal year and posts year end accrual entries for audit purposes. The Regional Office does not have sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, review of the Regional Office's accounting records noted the following:

- The Regional Office did not maintain adequate internal controls over the processing of all financial transactions and adjustments were required to present financial statements in accordance with generally accepted accounting principles.

**PLAN:**

The Regional Office will continue their relationship with a private Certified Public Accountant to prepare (GAAP based) financial statements that include all disclosures required by the Governmental Accounting Standards Board. The Project Managers will play a key role as they will be responsible along with the Finance Office in the review of their respective financial documents. These reviews will be done every quarter. In addition, the Regional Office's accounting personnel will receive training in detecting misstatements and disclosure omissions in a timely manner, with the final review completed by the Business Manager. As of the spring 2015, all of the audit adjustments for Fiscal Years 2011, 2012, 2013, and 2014 have been entered in the financial system. In addition, a review process for all payables and receivables within the financial system has been established. Furthermore, grants are reviewed on a quarterly basis with the project leaders and the Business Manager prior to any grant report sent to ISBE. During Fiscal Year 2016, the Business Office is developing GASB reports which can be completed within the financial system.

**ANTICIPATED DATE OF COMPLETION:**

December 31, 2015

**CONTACT PERSON:**

Dr. Darlene Ruscitti, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS**

For the Year Ended June 30, 2014

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**Corrective Action Plan**

**FINDING 2014-002** – Inadequate internal control procedures (Repeat of prior year finding 13-002, 12-02 and 11-02)

**CONDITION:**

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

- The Regional Office did not adhere to its policy of requiring the Regional Superintendent's approval of purchases. In 3 of 40 (7.5%) instances, purchase orders were not completed or signed by the Regional Superintendent.
- In 1 of 40 (2.5%) expenditures examined, the Regional Office failed to provide adequate supporting documentation.

**PLAN:**

The Regional Office has completed a thorough review to accomplish the maximum segregation of duties possible with the two full time and two part time members of the Finance Office. Segregation of duties concerning cash receipts and accounting process occurred immediately after the FY11 audit became available to the Regional Office. Policy 4:50 concerning Purchase Orders, Process Steps, and Payment Procedures was written in June 2013 with implementation beginning July 2013. Beginning in the Fall of 2014, the support staff of the financial systems for the general ledger program provided the appropriate personnel the training necessary in the on-line purchase order process so that purchase order approvals and processing can be completed and approved electronically by the Regional Superintendent, the Assistant Regional Superintendent, the Business Manager, and the Director of Administrative Services. All disbursements and checks are approved electronically by the Business Manager. In order to streamline the procedure, the previous process for Purchase Orders is no longer used effective November 2014. Once the system is fully operational, an updated policy will be written in the fall of 2015.

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS**

For the Year Ended June 30, 2014

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**Corrective Action Plan**

**FINDING 2014-002** – Inadequate internal control procedures (Repeat of prior year finding 13-002, 12-02 and 11-02) – **continued**

**ANTICIPATED DATE OF COMPLETION:**

December 31, 2015

**CONTACT PERSON:**

Dr. Darlene Ruscitti, Regional Superintendent

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

For the Year Ended June 30, 2014

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<b><u>Finding No.</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
2013-001	Controls over financial statement preparation	Repeated
2013-002	Inadequate internal control procedures	Repeated
2013-003	Expenditure reports do not agree to general ledger	Not Repeated
2013-004	Inadequate documentation of payroll expenditures	Not Repeated

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2014

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DuPage County Regional Office of Education No. 19 (Regional Office) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the Regional Office's financial statements, which follow.

This report will include past year financial activity, along with fiscal year 2014 activity, making comparisons of the financial position and results of operations more meaningful.

**2014 FINANCIAL HIGHLIGHTS**

General Fund balance decreased from \$(423,716) in fiscal year 2013 to \$(1,120,833) in fiscal year 2014. General Fund revenues decreased from \$4,588,222 in fiscal year 2013 to \$4,374,095 in fiscal year 2014, which is mostly attributable in the decrease of General State Aid and Regional Safe Schools grant funding as well as the loss of Technology for Success Grant. General Fund expenditures decreased from \$5,129,682 in fiscal year 2013 to \$5,067,990 in fiscal year 2014 due to a decrease in revenues received.

Education Fund balance increased from \$681,795 in fiscal year 2013 to \$956,495 in fiscal year 2014. Education Fund revenues decreased from \$2,527,464 in fiscal year 2013 to \$1,748,917 in fiscal year 2014. Education Fund expenditures decreased from \$2,453,735 in fiscal year 2013 to \$1,477,703 in fiscal year 2014. The main reason for the decrease is attributable to loss of grant funding. Additionally, the Education Fund is primarily made up of grants the Regional Office receives which can vary greatly from year to year as some programs are discontinued while others see a funding increase.

**USING THIS ANNUAL REPORT**

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2014

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- Supplementary Information further explains and supports the financial statements with a comparison of the Regional Office's detailed information for each category of funds and also provides detailed information about the non-major funds.

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

The Statement of Net Position and the Statement of Activities

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

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

- Over time, increases or decreases in the net position can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office's overall health, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the State level need to be considered.

**Fund Financial Statements**

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

The Office has three kinds of fund classifications:

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2014

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

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

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

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

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

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

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of financial position. The Regional Office's net position at the end of fiscal year 2013 totaled \$3,707,765. At the end of fiscal year 2014, the net position totaled \$3,610,366. The analysis that follows provides a summary of the Regional Office's net position at June 30, 2014 and 2013.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>ASSETS</b>						
Current assets	\$ 1,858,440	\$ 2,148,926	\$ 2,025,387	\$ 1,754,729	\$ 3,883,827	\$ 3,903,655
Capital assets, net of depreciation	230,595	294,292	353	471	230,948	294,763
<b>TOTAL ASSETS</b>	<b>2,089,035</b>	<b>2,443,218</b>	<b>2,025,740</b>	<b>1,755,200</b>	<b>4,114,775</b>	<b>4,198,418</b>
<b>LIABILITIES</b>						
Current liabilities	204,444	289,618	275,555	167,722	479,999	457,340
Noncurrent liabilities	24,410	33,313	-	-	24,410	33,313
<b>TOTAL LIABILITIES</b>	<b>228,854</b>	<b>322,931</b>	<b>275,555</b>	<b>167,722</b>	<b>504,409</b>	<b>490,653</b>
<b>NET POSITION</b>						
Net investment in capital assets	197,282	245,284	353	471	197,635	245,755
Restricted for educational purposes	2,783,732	2,298,719	-	-	2,783,732	2,298,719
Unrestricted	(1,120,833)	(423,716)	1,749,832	1,587,007	628,999	1,163,291
<b>TOTAL NET POSITION</b>	<b>\$ 1,860,181</b>	<b>\$ 2,120,287</b>	<b>\$ 1,750,185</b>	<b>\$ 1,587,478</b>	<b>\$ 3,610,366</b>	<b>\$ 3,707,765</b>

The Regional Office's net position decreased by \$97,399 from Fiscal Year 2013 to Fiscal Year 2014. This decrease was primarily due to a decrease in State General State Aid funding.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2014

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

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for services	\$ 413,162	\$ 503,836	\$ 1,556,114	\$ 1,133,618	\$ 1,969,276	\$ 1,637,454
Operating grants & contributions	<u>3,518,635</u>	<u>4,319,733</u>	<u>-</u>	<u>-</u>	<u>3,518,635</u>	<u>4,319,733</u>
Total Program revenues	<u>3,931,797</u>	<u>4,823,569</u>	<u>1,556,114</u>	<u>1,133,618</u>	<u>5,487,911</u>	<u>5,957,187</u>
General revenues:						
State Sources	2,478,308	2,612,006	-	-	2,478,308	2,612,006
Investment income	<u>1,832</u>	<u>1,555</u>	<u>4,762</u>	<u>4,790</u>	<u>6,594</u>	<u>6,345</u>
Total General revenues	<u>2,480,140</u>	<u>2,613,561</u>	<u>4,762</u>	<u>4,790</u>	<u>2,484,902</u>	<u>2,618,351</u>
Total Revenues	<u>6,411,937</u>	<u>7,437,130</u>	<u>1,560,876</u>	<u>1,138,408</u>	<u>7,972,813</u>	<u>8,575,538</u>
Expenses:						
Salaries	901,664	1,245,932	982	115,800	902,646	1,361,732
Benefits	258,643	291,840	118	17,089	258,761	308,929
Purchased services	1,078,191	1,162,845	872,296	604,586	1,950,487	1,767,431
Supplies and materials	92,317	86,426	14,852	8,285	107,169	94,711
Capital expenditures	8,491	1,368	-	-	8,491	1,368
Depreciation	72,496	92,348	118	118	72,614	92,466
Transfers-payments to other governmental units	2,496,954	2,991,898	508,274	370,608	3,005,228	3,362,506
Other objects	3,429	17,023	1,221	1,621	4,650	18,644
On-behalf payments	<u>1,760,166</u>	<u>1,809,819</u>	<u>-</u>	<u>-</u>	<u>1,760,166</u>	<u>1,809,819</u>
Total expenses	<u>6,672,351</u>	<u>7,699,499</u>	<u>1,397,861</u>	<u>1,118,107</u>	<u>8,070,212</u>	<u>8,817,606</u>
Revenue over (under) expenditures	(260,414)	(262,369)	163,015	20,301	(97,399)	(242,068)
Other financing sources (uses)						
Transfers	<u>308</u>	<u>-</u>	<u>(308)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(260,106)	(262,369)	162,707	20,301	(97,399)	(242,068)
Net Position – beginning	<u>2,120,287</u>	<u>2,382,656</u>	<u>1,587,478</u>	<u>1,567,177</u>	<u>3,707,765</u>	<u>3,949,833</u>
Net Position – ending	<u>\$ 1,860,181</u>	<u>\$ 2,120,287</u>	<u>\$ 1,750,185</u>	<u>\$ 1,587,478</u>	<u>\$ 3,610,366</u>	<u>\$ 3,707,765</u>

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

JUNE 30, 2014

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**Governmental Activities**

Revenues for governmental activities were \$6,411,937 and expenses were \$6,672,351. The net decrease of \$260,106 was primarily due to the decrease in General State Aid.

**Business-Type Activities**

Revenues and expenses for the Regional Office's business-type activities increased from the prior fiscal year due to fluctuations in workshops and fingerprint activities.

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

As previously noted, the Regional Office uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office's governmental funds reported combined fund balances of \$1,602,105 compared to last year's ending fund balance of \$1,819,982. The primary reason for the decrease in combined fund balances in fiscal year 2014 was due the decrease in General State Aid and the loss of Technology for Success grant funding.

**Governmental Fund Highlights**

- The Regional Office had a decrease in grant funds received from the Illinois State Board of Education at the end of Fiscal Year 2014.

**Budgetary Highlights**

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

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

JUNE 30, 2014

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**Capital Assets and Long-term Debt**

Capital Assets of the Regional Office include office equipment, computers, audio-visual equipment, and office furniture. The Regional Office maintains an inventory of capital assets which have been accumulated over time. The Regional Office's capital asset balance for fiscal year 2014 is \$230,948, which is the total original cost of the capital assets less accumulated depreciation. More detailed information about capital assets is available in the notes to the financial statements.

The ROE has entered into lease agreements as lessee for financing the acquisition of its copiers. The present value of minimum lease payments at June 30, 2013 was \$49,008, which was decreased during fiscal year 2014 by \$15,695, resulting in a balance of \$33,313 at June 30, 2014. Additional information on the Regional Office's capital leases can be found in Note 4 on page 51 of this report.

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

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

- The State of Illinois Foundation level is expected to remain the same as the previous year; however, the distribution proration will decrease to 87.1%.
- The interest rate on investments remains low.
- Several grants have had their funding levels increased for the upcoming year.
- The number of students served by the Regional Office is expected to remain at a constant level.

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

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

## **BASIC FINANCIAL STATEMENTS**

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**STATEMENT OF NET POSITION**  
**June 30, 2014**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 3,012,054	\$ 586,867	\$ 3,598,921
Accounts receivable	4,414	3,499	7,913
Due from other governments	247,598	22,117	269,715
Due from (to) other funds	(1,412,149)	1,412,149	-
Prepaid expenses	6,523	755	7,278
Total current assets	<u>1,858,440</u>	<u>2,025,387</u>	<u>3,883,827</u>
Non-current assets:			
Capital assets, net of depreciation	<u>230,595</u>	<u>353</u>	<u>230,948</u>
Total assets	<u>2,089,035</u>	<u>2,025,740</u>	<u>4,114,775</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
None	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	34,308	56,986	91,294
Accrued expenses	85,244	-	85,244
Due to other governments	71,977	120,714	192,691
Unearned revenue	4,012	97,855	101,867
Lease payable, current portion	8,903	-	8,903
Total current liabilities	<u>204,444</u>	<u>275,555</u>	<u>479,999</u>
Non-current liabilities:			
Lease payable, non-current portion	<u>24,410</u>	<u>-</u>	<u>24,410</u>
Total liabilities	<u>228,854</u>	<u>275,555</u>	<u>504,409</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
None	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Net investment in capital assets	197,282	353	197,635
Restricted for educational purposes	2,783,732	-	2,783,732
Unrestricted	<u>(1,120,833)</u>	<u>1,749,832</u>	<u>628,999</u>
<b>Total net position</b>	<u>\$ 1,860,181</u>	<u>\$ 1,750,185</u>	<u>\$ 3,610,366</u>

The accompanying notes are an integral part of the financial statements.

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2014

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Operating			Primary Government		
	Expenses	Charges for Services	Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:						
Governmental activities:						
Education:						
Salaries	\$ 901,664	\$ 5,551	\$ 334,109	\$ (562,004)	\$ -	\$ (562,004)
Benefits	258,643	-	105,508	(153,135)	-	(153,135)
Purchased services	1,078,191	227,210	386,864	(464,117)	-	(464,117)
Supplies and materials	92,317	2,775	35,169	(54,373)	-	(54,373)
Payments to other governments	2,496,954	177,626	896,819	(1,422,509)	-	(1,422,509)
Other objects	3,429	-	-	(3,429)	-	(3,429)
Capital outlay	8,491	-	-	(8,491)	-	(8,491)
Depreciation	72,496	-	-	(72,496)	-	(72,496)
Administrative:				-	-	-
On-behalf payments	1,760,166	-	1,760,166	-	-	-
Total governmental activities	6,672,351	413,162	3,518,635	(2,740,554)	-	(2,740,554)
Business-type activities:						
Professional development	1,397,861	1,556,114	-	-	158,253	158,253
<b>Total primary government</b>	<b>\$ 8,070,212</b>	<b>\$ 1,969,276</b>	<b>\$ 3,518,635</b>	<b>(2,740,554)</b>	<b>158,253</b>	<b>(2,582,301)</b>
General revenues:						
State sources				2,478,308	-	2,478,308
Investment income				1,832	4,762	6,594
Transfers				308	(308)	-
Total general revenues and transfers				2,480,448	4,454	2,484,902
<b>CHANGE IN NET POSITION</b>				(260,106)	162,707	(97,399)
<b>NET POSITION, BEGINNING OF YEAR</b>				2,120,287	1,587,478	3,707,765
<b>NET POSITION, END OF YEAR</b>	<b>\$ 1,860,181</b>	<b>\$ -</b>	<b>\$ 1,750,185</b>	<b>\$ 1,860,181</b>	<b>\$ 1,750,185</b>	<b>\$ 3,610,366</b>

The accompanying notes are an integral part of the financial statements.

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2014**

	Special Revenue					<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Institute Fund</u>	<u>Education Fund</u>	<u>Nonmajor Funds</u>	<u>Governmental Funds</u>	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 156,106	\$ 1,557,997	\$ 1,084,693	\$ 213,258	\$ 3,012,054	
Accounts receivable	-	-	4,414	-	4,414	
Due from other governments	35,135	-	210,919	1,544	247,598	
Due from other funds	4,576	13,956	-	478	19,010	
Prepaid expenses	4,160	-	2,363	-	6,523	
Total assets	199,977	1,571,953	1,302,389	215,280	3,289,599	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
None	-	-	-	-	-	
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	199,977	1,571,953	1,302,389	215,280	3,289,599	
<b>LIABILITIES</b>						
Accounts payable	\$ 19,914	\$ -	\$ 13,994	\$ 400	\$ 34,308	
Accrued expenses	12,164	-	72,899	181	85,244	
Due to other governments	4,557	-	67,420	-	71,977	
Due to other funds	1,284,175	16,197	130,787	-	1,431,159	
Unearned revenue	-	-	-	4,012	4,012	
Total liabilities	1,320,810	16,197	285,100	4,593	1,626,700	
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	-	-	60,794	-	60,794	
<b>FUND BALANCE (DEFICIT)</b>						
Nonspendable	4,160	-	2,363	-	6,523	
Restricted	-	1,555,756	1,067,527	210,687	2,833,970	
Unassigned	(1,124,993)	-	(113,395)	-	(1,238,388)	
Total fund balance (deficit)	(1,120,833)	1,555,756	956,495	210,687	1,602,105	
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)</b>	199,977	1,571,953	1,302,389	215,280	3,289,599	

The accompanying notes are an integral part of the financial statements.

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2014**

<b>Total fund balance of governmental funds</b>	\$	1,602,105
<p style="margin-left: 40px;">Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p style="margin-left: 40px;">Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		230,595
<p style="margin-left: 40px;">Capital lease obligations are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.</p>		(33,313)
<p style="margin-left: 40px;">Receivables not collected within 60 days of year end are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable revenue in the funds.</p>		<u>60,794</u>
<b>Net position of governmental activities</b>	\$	<u><u>1,860,181</u></u>

The accompanying notes are an intergral part of the financial statements.

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2014

	<u>Special Revenue</u>				<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Institute Fund</u>	<u>Education Fund</u>	<u>Other Nonmajor Funds</u>	
<b>REVENUES:</b>					
Local sources	\$ 135,621	\$ 241,001	\$ 519,238	\$ 36,555	\$ 932,415
State sources	2,478,308	-	975,955	3,764	3,458,027
Federal sources	-	-	253,724	-	253,724
Interest income	-	1,832	-	-	1,832
On-behalf payments	1,760,166	-	-	-	1,760,166
Total revenues	<u>4,374,095</u>	<u>242,833</u>	<u>1,748,917</u>	<u>40,319</u>	<u>6,406,164</u>
<b>EXPENDITURES:</b>					
Education:					
Salaries	274,196	-	626,252	1,216	901,664
Benefits	65,711	-	192,839	93	258,643
Purchased services	524,928	13,015	527,097	13,151	1,078,191
Supplies and materials	10,241	69	81,643	364	92,317
Payments to other governments	2,420,138	50,748	26,068	-	2,496,954
Other objects	-	-	1,305	-	1,305
On-behalf payments	1,760,166	-	-	-	1,760,166
Capital outlay	2,170	-	15,120	-	17,290
Debt service:					
Repayment of long-term lease payable	8,449	-	7,246	-	15,695
Financing cost	1,991	-	133	-	2,124
Total expenditures	<u>5,067,990</u>	<u>63,832</u>	<u>1,477,703</u>	<u>14,824</u>	<u>6,624,349</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(693,895)</u>	<u>179,001</u>	<u>271,214</u>	<u>25,495</u>	<u>(218,185)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	132	-	3,486	44	3,662
Transfers out	(3,354)	-	-	-	(3,354)
Total other financing sources (uses)	<u>(3,222)</u>	<u>-</u>	<u>3,486</u>	<u>44</u>	<u>308</u>
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	<u>(697,117)</u>	<u>179,001</u>	<u>274,700</u>	<u>25,539</u>	<u>(217,877)</u>
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<u>(423,716)</u>	<u>1,376,755</u>	<u>681,795</u>	<u>185,148</u>	<u>1,819,982</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ (1,120,833)</u>	<u>\$ 1,555,756</u>	<u>\$ 956,495</u>	<u>\$ 210,687</u>	<u>\$ 1,602,105</u>

The accompanying notes are an integral part of the financial statements.

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2014**

**Net change in fund balance** \$ (217,877)

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

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

Capital outlay	\$	8,799	
Depreciation		<u>(72,496)</u>	(63,697)

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

Fiscal year 2013 unavailable revenue recognized in fiscal year 2014		(55,021)	
Fiscal year 2014 unavailable revenue		<u>60,794</u>	5,773

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

15,695

**Change in net position of governmental activities** **\$ (260,106)**

The accompanying notes are an intergral part of the financial statements.

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2014

**Business Type Activities - Enterprise Funds**

	<b><u>Major Funds</u></b>		<b><u>Nonmajor Fund</u></b>	<b><u>Total</u></b>
	<b><u>Teacher Inservice for DuPage Educators</u></b>	<b><u>Local Services</u></b>	<b><u>Criminal Background Investigation</u></b>	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 386,360	\$ 141,387	\$ 59,120	\$ 586,867
Accounts receivable	675	800	2,024	3,499
Due from other governments	-	11,425	10,692	22,117
Due from other funds	5,109	1,430,106	117	1,435,332
Prepaid expenses	-	-	755	755
Total current assets	<u>392,144</u>	<u>1,583,718</u>	<u>72,708</u>	<u>2,048,570</u>
Noncurrent assets:				
Capital assets, net of depreciation	-	353	-	353
Total assets	<u>392,144</u>	<u>1,584,071</u>	<u>72,708</u>	<u>2,048,923</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
None	-	-	-	-
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	2,676	54,310	-	56,986
Due to other governments	118,146	-	2,568	120,714
Due to other funds	5,080	5,498	12,605	23,183
Unearned revenue	97,855	-	-	97,855
Total liabilities	<u>223,757</u>	<u>59,808</u>	<u>15,173</u>	<u>298,738</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
None	-	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	-	353	-	353
Unrestricted	<u>168,387</u>	<u>1,523,910</u>	<u>57,535</u>	<u>1,749,832</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 168,387</u></b>	<b><u>\$ 1,524,263</u></b>	<b><u>\$ 57,535</u></b>	<b><u>\$ 1,750,185</u></b>

The accompanying notes are an integral part of the financial statements.

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2014**

	<u>Business Type Activities - Enterprise Funds</u>			
	<u>Major Funds</u>		<u>Nonmajor Fund</u>	
	<u>Teacher Inservice for DuPage Educators</u>	<u>Local Services</u>	<u>Criminal Background Investigation</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>				
Local sources	\$ 617,589	\$ 849,146	\$ 89,379	\$ 1,556,114
<b>OPERATING EXPENSES:</b>				
Salaries	-	982	-	982
Benefits	-	118	-	118
Purchased services	51,982	754,106	66,208	872,296
Supplies and materials	1,159	13,679	14	14,852
Payment to other governments	508,274	-	-	508,274
Other objects	-	1,221	-	1,221
Depreciation	-	118	-	118
Total operating expenses	<u>561,415</u>	<u>770,224</u>	<u>66,222</u>	<u>1,397,861</u>
<b>OPERATING INCOME</b>	56,174	78,922	23,157	158,253
<b>NONOPERATING REVENUES</b>				
Interest revenue	<u>428</u>	<u>4,334</u>	<u>-</u>	<u>4,762</u>
<b>CHANGE IN NET POSITION BEFORE TRANSFERS</b>	56,602	83,256	23,157	163,015
Transfers in	-	1,141	-	1,141
Transfers out	<u>(1,141)</u>	<u>-</u>	<u>(308)</u>	<u>(1,449)</u>
Total transfers	<u>(1,141)</u>	<u>1,141</u>	<u>(308)</u>	<u>(308)</u>
<b>CHANGE IN NET POSITION</b>	55,461	84,397	22,849	162,707
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>112,926</u>	<u>1,439,866</u>	<u>34,686</u>	<u>1,587,478</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 168,387</u>	<u>\$ 1,524,263</u>	<u>\$ 57,535</u>	<u>\$ 1,750,185</u>

The accompanying notes are an integral part of the financial statements.

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
Year Ended June 30, 2014

	<b>Business-Type Activities Enterprise Funds</b>			
	<b>Major Funds</b>		<b>Nonmajor Fund</b>	
	<b>Teacher Inservice for DuPage Educators</b>	<b>Local Services</b>	<b>Criminal Background Investigation</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts for workshops and services	\$ 616,114	\$ 864,859	\$ 88,312	\$ 1,569,285
Payments to suppliers and providers of goods and services	(496,651)	(722,870)	(66,205)	(1,285,726)
Payments to employees	-	(2,852)	-	(2,852)
Net cash from operating activities	<u>119,463</u>	<u>139,137</u>	<u>22,107</u>	<u>280,707</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Interfund loans	-	(494,056)	-	(494,056)
Transfers from (to) other funds	(1,141)	1,141	(308)	(308)
Net cash from noncapital financing activities	<u>(1,141)</u>	<u>(492,915)</u>	<u>(308)</u>	<u>(494,364)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest	<u>428</u>	<u>4,334</u>	<u>-</u>	<u>4,762</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	118,750	(349,444)	21,799	(208,895)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>267,610</u>	<u>490,831</u>	<u>37,321</u>	<u>795,762</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 386,360</u>	<u>\$ 141,387</u>	<u>\$ 59,120</u>	<u>\$ 586,867</u>
<b>Reconciliation of operating income to net cash from operating activities:</b>				
Operating income	\$ 56,174	\$ 78,922	\$ 23,157	\$ 158,253
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation	-	118	-	118
Effects of changes in assets and liabilities:				
Accounts receivable	(675)	(610)	(2,024)	(3,309)
Due from other governments	-	16,323	957	17,280
Prepaid expenses	-	532	-	532
Accounts payable	108	50,004	-	50,112
Accrued expenses	-	(1,752)	-	(1,752)
Due to other governments	64,656	(4,400)	17	60,273
Unearned revenue	(800)	-	-	(800)
<b>Net cash from operating activities</b>	<u>\$ 119,463</u>	<u>\$ 139,137</u>	<u>\$ 22,107</u>	<u>\$ 280,707</u>

The accompanying notes are an intergral part of the financial statements.

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2014**

	<b>Agency Funds</b>
<b>ASSETS</b>	
None	\$ <u>          -</u>
<b>LIABILITIES</b>	
None	\$ <u>          -</u>

The accompanying notes are an intergral part of the financial statements.

**DUPAGE COUNTY**  
**REGIONAL OFFICE OF EDUCATION NO. 19**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

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

**A. Reporting Entity**

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

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

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education No. 19 districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

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

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for districts in the region, or see that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

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

**A. Reporting Entity (Continued)**

For the period ended June 30, 2014, the ROE applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education No. 19.

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

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

These are the only activities considered to be part of (controlled by or dependent on) the ROE, as determined by the application of the criteria set forth in Governmental Accounting Standards Board. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Regional Office to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Regional Office.

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

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

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 primary government. The effect of interfund activity has been removed from these statements. Governmental activities are supported by intergovernmental revenues and are reported separate from business-type activities, which rely to a significant extent on fees and charges for support.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

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

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay current liabilities. The ROE considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues received more than 60 days after the end of the current period are deferred inflows of resources 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.

**DUPAGE COUNTY**  
**REGIONAL OFFICE OF EDUCATION NO. 19**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

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

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

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

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

Fiduciary fund types are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. Fiduciary funds are accounted for in essentially the same manner as the proprietary funds, except Agency Funds which have no measurement focus.

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

The ROE reports the following major governmental funds:

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

- Reading First - This program is designed to provide professional development for teachers in schools participating in the Reading First program.
- ROE Operations - Used to accumulate miscellaneous receipts used to support the day to day expenses of the ROE, including General State Aid.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

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

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

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

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

- Institute Fund - This fund accounts for fees collected for the registration and renewal of teaching certificates. These fees are used to defray administrative expenses incidental to teachers' institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers or for the purpose of defraying the expense of any general or special meeting of teachers or school personnel, which has been approved by the ROE. All funds generated remain restricted until expensed only on the aforementioned activities.
- Education Fund - This fund accounts for and reports proceeds from sources that are restricted by grant agreements or contracts to expenditures for specified purposes supporting education enhancement programs as follows:
  - Regional Safe Schools - These grant funds provide programs for disruptive students who are eligible for suspension or expulsion. The programs provide individually designed curriculum, social skills training, career exploration and work experience opportunities, and opportunities to work toward re-entry into the traditional programs, if appropriate.
  - Early Childhood Parenting Program - Accounts for monies received for, and payment of, expenditures for developing and operating programs for parents of young children.
  - Truants' Alternative Program - Accounts for grant monies received for, and payment of, expenditures of providing support services and evaluating compliance with recommendations to DuPage County Truants and their parents.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

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

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

- McKinney Education for Homeless Children - This grant provides funds for providing information to schools, community members and government entities about the educational rights of homeless students.
- Workforce Investment Act - These funds provide programs for the Workforce Investment Act.
- Title I - Grants to Local Educational Agencies - ROE #56 (System of Support (RESPRO)) - Grant monies in this fund are used to provide professional development activities to schools that are on Illinois' Academic Watch List. To be on the list, students in the buildings have not made Adequate Yearly Progress for at least two years. The funding sources for this grant are Title I, Title II, and State appropriated monies.
- Technology for Success - These funds provide a coordinated, statewide support infrastructure which assists school districts in planning for, implementing, assessing results and educating staff in the use of technology and telecommunications in curricular, instructional and administrative functions.
- National Board Professional Preparation and Teacher Support System - This program provides for the training and professional development for teachers to earn their national board certification.
- Social Emotional Learning Standards Professional Development Program (SEL-PDP) - This program provides training and technical assistance to incorporate social-emotional learning standards into daily instructions.
- Preschool for All - These funds are utilized for providing comprehensive monitoring and technical assistance services to Preschool for All programs.
- Reading Improvement - These funds are utilized to provide training for new Reading Recovery teachers and provide opportunities for ongoing professional development for both teachers and teach-leaders.
- Illinois New Principal Mentoring - These funds are intended to help support the State-wide program to ensure that every new principal in Illinois receives a high-quality mentoring experience that focuses on professional development experiences and enhances a new principal's leadership. In this program, new leaders receive mentoring from proven, trained mentors who are paired with new principals based on geography, grade level, and need.
- Teacher Mentoring Pilot Program - These funds are intended to help support the State-wide new teacher mentoring program that includes assigning a mentor teacher to each new teacher for a period of two years and providing professional development designed to ensure the growth of the new teachers' knowledge and skills.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

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

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

- Gifted Education - These funds provide for professional learning opportunities in the area of gifted children. A series of modules, each created for a specific purpose, was offered to assist educators in their efforts to support the social/emotional health and development of students of high potential, address their diverse needs, and facilitate at least a year's achievement of growth and development.
- Career & Technical Education Improvement - These funds assist to develop the academic and career and technical skills of secondary education students and postsecondary education students who elect to enroll in career and technical education programs.
- ROE/ISC Operations - Monies received from local and State sources to help support the day to day operating expenses of the ROE.
- School Improvement - Federal funds used to work with first and second year schools in improvement status, to assist in data analysis, and support the implementation interventions of effective practices to improve student achievement.
- Response to Intervention - These funds provide for redesigned and established teaching and learning environments that are effective, efficient, relevant, and durable for all students, families and educators.
- Illinois Partnership Advancing Rigorous Training - These funds are used to account for the educational training program contracted between the ROE and Illinois State University.
- Title II Teacher Quality Leadership - Federal funds used to provide professional development training to teachers for improvement of instruction in the classroom.

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

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

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

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

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

Proprietary Funds

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

The ROE reported the following proprietary funds as major funds:

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

The ROE reported the following proprietary fund as nonmajor:

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

Fiduciary Funds

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

The ROE utilizes the following agency fund:

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

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

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

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

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

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

**E. Cash and Cash Equivalents**

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

**F. Due From Other Governments**

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

**G. Capital Assets**

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

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

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

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

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

**G. Capital Assets (Continued)**

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

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

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

**H. Unearned Revenue**

Unearned revenue arises when proceeds have been received but will be spent in a succeeding fiscal year.

**I. Unavailable Revenue**

Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Unavailable revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Unavailable revenue consist of receivables not collected within 60 days after year end.

**J. Deferred Outflows of Resources/Deferred Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

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

**K. Net Position**

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

Net investment in capital assets - Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition of those assets.

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

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

**L. Fund Balance**

Fund Balance is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources in a Governmental Fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

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

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

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

**DUPAGE COUNTY**  
**REGIONAL OFFICE OF EDUCATION NO. 19**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

**L. Fund Balance (Continued)**

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

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

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

**M. Use of Estimates**

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

**N. Interfund Activity**

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

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

**O. Budgetary Data**

The ROE did not formally adopt a budget for the year ended June 30, 2014 and is not legally required to do so; subsequently, the accompanying financial statements are not presented on a budgetary basis whereby budget and actual revenues and expenditures are compared; however, the Illinois State Board of Education requires budgets for certain State and Federal programs. These budgets were used to prepare Budgetary Comparison Schedules for the following programs:

Special Revenue Funds:

- Education Fund:
  - Regional Safe Schools
  - Early Childhood Parenting Program
  - Career & Technical Education Improvement
  - ROE/ISC Operations
  - Title II Teacher Quality Leadership

**P. New Accounting Pronouncements**

In 2014, DuPage County Regional Office of Education No. 19 implemented Governmental Accounting Standards Board (GASB) Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*; GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*; and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. These statements had no impact on the financial statements for the DuPage County Regional Office of Education No. 19. The DuPage County Regional Office of Education No. 19 also implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This clarified GASB Statement No. 63's presentation of deferred inflows and outflows of resources.

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

**Q. Subsequent Events**

Management has evaluated subsequent events through October 6, 2015, which was the date that these financial statements were available for issuance, and determined that there were no significant non-recognized subsequent events through that date.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 2 - CASH AND CASH EQUIVALENTS**

The ROE has adopted an investment policy to invest in those instruments as defined: bonds, notes certificates of indebtedness, treasury bills and other securities now or hereafter issued by the United States of America, its agencies and allowable instrumentalities, interest bearing savings accounts, interest bearing certificates of deposit or interest bearing time deposits, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, certificates of deposit with federally insured institutions that are collateralized or insured at levels to the organization in excess of the \$250,000 provided by the Federal Deposit Insurance Corporation coverage limit, collateralized repurchase agreements; commercial paper meeting all requirements, the Illinois Public Treasurer's Investment pool, the Illinois School District Liquid Asset Fund, investments may be made only in those savings banks or savings and loan association which are insured by the FDIC, investments that are considered as derivatives are specifically excluded from the approved investments.

Bank Deposits

*Custodial Credit Risk* - Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the ROE's deposits may not be returned to it. The ROE's investment policy requires deposits in excess of FDIC limits to be secured by collateral or private insurance held in safekeeping at a third party institution and evidenced by a written agreement. At June 30, 2014, the bank balance of the ROE totaled \$4,058,288. All of the bank balances are covered by federal depository insurance or by collateral held by the ROE, or its agent, in the ROE's name.

Investments

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

*Interest Rate Risk* - The interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment; generally, the longer the maturity of the investment, the greater the sensitivity of its fair value to changes in market interest rates. The ROE currently does not have an Interest Rate Risk policy; however, it is the ROE's practice to reducing its exposure to the risk by structuring the ROE's portfolio so that securities mature to meet the ROE's cash requirements for ongoing operations. As of June 30, 2014, all of the ROE's investments have investment maturities of less than three months.

Another practice the ROE uses to reduce the Interest Rate Risk is to utilize the Illinois Funds Money Market Fund, which was created by the Illinois General Assembly, and enables custodians of public funds an investment option with competitive rate of return on fully collateralized investments and immediate access to the funds.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
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June 30, 2014**

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

*Credit Risk* - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The ROE does not have the credit risk policy; however, it is the ROE's practice to limit its exposure to credit risk by investing in money markets that invest in U.S. Treasury cash reserves.

*Concentration of Credit Risk* - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single user. The ROE does not have a policy that specifically addresses concentration of risk. As of June 30, 2014, the ROE had approximately 80% of its investment portfolio in repurchase agreements with a local bank that was fully collateralized by U.S. agency obligations. The investment in money market funds, which is 15% of total investments, consists only of short-term U.S. Treasury securities. The investment in the Illinois Funds investment pool is subject to the Illinois Fund's investment policy, which limits investment categories to not exceed 25% of the portfolio, with the exception of cash equivalents and U.S. Treasury securities.

**NOTE 3 - CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2014 is as follows:

	<u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u>
Governmental Funds:				
Furniture and equipment	\$ 784,231	\$ 8,799	\$ (18,342)	\$ 774,688
Building improvements	103,300	-	-	103,300
Total capital assets	<u>887,531</u>	<u>8,799</u>	<u>(18,342)</u>	<u>877,988</u>
Less: accumulated depreciation				
Furniture and equipment	526,589	67,331	(18,342)	575,578
Building improvements	66,650	5,165	-	71,815
Total accumulated depreciation	<u>593,239</u>	<u>72,496</u>	<u>(18,342)</u>	<u>647,393</u>
Capital assets, net	<u>\$ 294,292</u>	<u>\$ (63,697)</u>	<u>\$ -</u>	<u>\$ 230,595</u>
Proprietary Funds:				
Furniture and equipment	\$ 589	\$ -	\$ -	\$ 589
Less: accumulated depreciation				
Furniture and equipment	<u>118</u>	<u>118</u>	<u>-</u>	<u>236</u>
Capital assets, net	<u>\$ 471</u>	<u>\$ (118)</u>	<u>\$ -</u>	<u>\$ 353</u>
Depreciation expense was charged as follows:				
Governmental Funds:				
Depreciation expense				\$ 72,496
Proprietary Funds:				
Depreciation expense				<u>118</u>
Total depreciation expense				<u>\$ 72,614</u>

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 4 - LEASE COMMITMENTS**

The following is a summary of changes in lease commitments for the year ended June 30, 2014:

	<u>June 30,</u> <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30,</u> <u>2014</u>	<u>Due within</u> <u>one year</u>
Governmental Funds:					
Capital lease payable	\$ 49,008	\$ -	\$ 15,695	\$ 33,313	\$ 8,903

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

The present value of future minimum lease payments and total minimum annual lease payments for capital leases recorded in the government-wide statement of net position at June 30, 2014 were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 10,440
2016	10,440
2017	10,440
2018	<u>5,220</u>
Total minimum lease payments	36,540
Less: amount representing interest	<u>3,227</u>
Present value of minimum lease payments	<u>\$ 33,313</u>

Assets under capital lease amounted to \$88,749, and the related accumulated depreciation amounted to \$56,673.

The ROE leases office space for its Lombard and Addison operations. The agreements generally require the ROE to pay executor costs. Rental expense for the year ended June 30, 2014 was \$211,428.

On August 28, 2013, the DuPage County Regional Office of Education No. 19 entered into a lease agreement for its Addison Operations. The agreement commenced on July 1, 2013 and terminates on June 30, 2018. The agreement provides for a renewal option to extend up to June 30, 2021. The lease calls for annual rent of \$98,466, payable in equal monthly installments. Annual rent increases on and as of July 1, 2014 and July 1 of each successive year of the lease term by three percent (3%) or the most recently published CPI applicable to the City of Chicago, whichever is greater, but in no event more than five percent (5%) per year.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
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**NOTE 4 - LEASE COMMITMENTS (CONTINUED)**

On May 13, 2014 the DuPage County Regional Office of Education No. 19 entered into a lease agreement for its Lombard Operations. The agreement commenced on July 1, 2014 and terminates on June 30, 2019. The lease calls for annual rent of \$98,264, payable in equal quarterly installments. Annual rent increases will be determined by the Lessor's Board of Education, not to exceed five percent (5%) per year.

At June 30, 2014 future minimum payments under noncancelable operating leases with remaining terms in excess of one year were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 199,684
2016	207,640
2017	215,933
2018	224,577
2019	<u>119,440</u>
Total	<u>\$ 967,274</u>

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

Teachers' Retirement System of the State of Illinois

The DuPage County Regional Office of Education No. 19 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The active member contribution rate for the year ended June 30, 2014, was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2013 and 2012.

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

**DUPAGE COUNTY**  
**REGIONAL OFFICE OF EDUCATION NO. 19**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

- **On-behalf Contributions.** The state of Illinois makes employer pension contributions on behalf of the DuPage County Regional Office of Education No. 19. For the year ended June 30, 2014, the state of Illinois contributions were based on 35.41 percent of creditable earnings not paid from federal funds, and the DuPage County Regional Office of Education No. 19 recognized revenue and expenditures of \$253,038 in pension contributions that the state of Illinois paid directly to TRS. For the years ended June 30, 2013 and June 30, 2012, the contributions were 28.05 percent (\$287,955) and 24.91 percent (\$235,845), respectively.

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

- **2.2 Formula Contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2014 were \$2,938. Contributions for the years ending June 30, 2013 and June 30, 2012, were \$4,768 and \$4,361, respectively.
- **Federal and Special Trust Fund Contributions.** When TRS members are paid from federal and special trust funds administered by the DuPage County Regional Office of Education No. 19, there is a statutory requirement for the DuPage County Regional Office of Education No. 19 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2014, the employer pension contribution was 35.41 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2013 and 2012, the employer contribution was 28.05 and 24.91, respectively. For the year ended June 30, 2014, salaries totaling \$91,584 were paid from federal and special trust funds that required employer contributions of \$32,430. For the years ended June 30, 2013 and June 30, 2012, required employer contributions were \$57,370 and \$28,504, respectively.

- **Early Retirement Option (ERO).** The DuPage County Regional Office of Education No. 19 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the years ended June 30, 2014, June 30, 2013 and June 30, 2012, the DuPage County Regional Office of Education No. 19 paid no employer contributions under the ERO program.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

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

- **Salary increases over 6 percent and excess sick leave.** If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases up to 6 percent. For the years ended June 30, 2014, June 30, 2013, and June 30, 2012, the DuPage County Regional Office of Education No. 19 did not make any employer contributions to TRS for salary increases in excess of 6 percent.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.29 percent of salary during the year ended June 30, 2014). For the years ended June 30, 2014, June 30, 2013, and June 30, 2012, the DuPage County Regional Office of Education No. 19 did not make any employer contributions to TRS for sick leave days granted in excess of the normal annual allotment.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2013. The report for the year ended June 30, 2014, is expected to be available in late 2014.

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

**NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS**

DuPage County Health Plan

The Dupage County Regional Office of Education No. 19 participates in the DuPage County Health Insurance Plan (OPEB Plan) that provides limited health-care insurance for certain eligible retired employees. The OPEB Plan provides an explicit premium study to certain employees who meet eligibility conditions, and other coverage to certain employees as a function of their early retirement agreements. Membership in the OPEB Plan consists of 3,197 total members, out of which 16 members are employees of the DuPage County Regional Office of Education No. 19.

**DUPAGE COUNTY**  
**REGIONAL OFFICE OF EDUCATION NO. 19**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

The actuarial valuation of liabilities under the OPEB Plan is calculated using the entry age actuarial cost method as of the November 30, 2013 actuarial valuation. This method requires the calculation of an unfunded actuarial accrued liability, OPEB cost and OPEB obligation for DuPage County which amounted to \$10,240,463, \$844,819 and \$196,482 as of November 30, 2013, respectively. The DuPage County Regional Office of Education No. 19's portion of the unfunded actuarial accrued liability is not separately determinable from the DuPage County actuarial study.

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

Details of the OPEB Plan are available in DuPage County's audit report for the year ended November 30, 2013. The report may be obtained by writing to the Finance Department, DuPage County, 421 North County Farm Road, Wheaton, Illinois 60187.

Teachers Health Insurance Security Fund

The DuPage County Regional Office of Education No. 19 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Beginning February 1, 2014, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to the THIS Fund.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

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

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

- **On-behalf contributions to THIS Fund.** The state of Illinois makes employer retiree health insurance contributions on behalf of the DuPage County Regional Office of Education No. 19. State contributions are intended to match contributions to THIS Fund from active members which were 0.97 percent of pay during the year ended June 30, 2014. State of Illinois contributions were \$4,914, and the DuPage County Regional Office of Education No. 19 recognized revenue and expenditures of this amount during the year. State contributions intended to match active member contributions during the years ended June 30, 2013 and June 30, 2012 were 0.92 and 0.88 percent of pay, respectively. State contributions on behalf of employees were \$7,563 and \$6,617, respectively.
- **Employer contributions to the THIS Fund.** The DuPage County Regional Office of Education No. 19 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.72 percent during the year ended June 30, 2014 and 0.69 and 0.66 percent during the years ended June 30, 2013 and June 30, 2012, respectively. For the year ended June 30, 2014, the DuPage County Regional Office of Education No. 19 paid \$3,647 to the THIS Fund. For the years ended June 30, 2013 and June 30, 2012, the DuPage County Regional Office of Education No. 19 paid \$5,672 and \$4,963, respectively, which was 100 percent of the required contribution.

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

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
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June 30, 2014**

**NOTE 7 - ON-BEHALF PAYMENTS**

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

Regional Superintendent - salary	\$ 109,464
Regional Superintendent - benefits (includes state paid insurance)	6,906
Assistant Regional Superintendent - salary	98,544
Assistant Regional Superintendent - benefits (includes state paid insurance)	32,136
TRS on-behalf payments	253,038
THIS on-behalf payments	4,914
Salaries and benefits of office employees paid by DuPage County	825,912
Other operating expenses	<u>429,252</u>
<b>Total on-behalf payments</b>	<b><u>\$ 1,760,166</u></b>

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

The DuPage County Regional Office of Education No. 19 recorded the on-behalf payments as both revenues and expenditures in the general fund.

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

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

**Due From Other Governments**

Governmental Funds:

General Fund	
Local governments	\$ 35,135
Education Fund	
Illinois State Board of Education	75,707
Local governments	135,212
Nonmajor Special Revenue Funds	
Local governments	1,544

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

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

Proprietary Funds:	
Local Services	
Local governments	\$ 11,425
Criminal Background Investigation	
Local government	<u>10,692</u>
<b>Total</b>	<b><u>\$ 269,215</u></b>

**Due To Other Governments**

Governmental Funds:	
General Fund	
Illinois State Board of Education	\$ 365
Local governments	4,192
Education Fund	
Illinois State Board of Education	8,206
Local governments	59,214
Proprietary Funds:	
Teacher Inservice for DuPage Educators	
Local governments	118,146
Criminal Background Investigation	
Local governments	<u>2,568</u>
<b>Total</b>	<b><u>\$ 192,691</u></b>

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

Interfund receivables and payables, primarily made to cover cash deficits within pooled cash accounts, as of June 30, 2014 were:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 4,576	\$ 1,284,175
Institute Fund	13,956	16,197
Education Fund	-	130,787
Nonmajor Special Revenue Funds	478	-
Teacher Inservice for DuPage Educators	5,109	5,080
Local Services	1,430,106	5,498
Criminal Background Investigation	117	<u>12,605</u>
<b>Total</b>	<b><u>\$ 1,454,342</u></b>	<b><u>\$ 1,454,342</u></b>

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 9 - DUE FROM/TO FUNDS** (Continued)

The Regional Office of Education expects the majority of the obligations to be liquidated within one year.

**NOTE 10 - TRANSFERS**

Transfers are generally made to provide supplemental funding or move resources from the fund required to collect the resources to the fund required to expend the resources. The following is the detail of interfund transfers as of June 30, 2014:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
ROE Operations	\$ 132	\$ 3,354
Education Fund		
Regional Safe Schools	132	-
Technology for Success	3,354	-
Nonmajor Special Revenue Fund		
Bus Driver Training	44	-
Proprietary Funds		
Teacher Inservice for DuPage Educators	-	1,141
Local Services	1,141	-
Criminal Background Investigation	-	308
<b>Total</b>	<u>\$ 4,803</u>	<u>\$ 4,803</u>

**NOTE 11 - DEFICIT FUND BALANCES**

At June 30, 2014, the following funds had deficit fund balances. They are expected to correct themselves in 2015, through payments from the State and transfers from local funds.

General Fund	
ROE Operations	\$(1,194,056)
Truant Minors in Need of Supervision (TMINS)	(82,518)
Education Fund	
Truants' Alternative Program	(17,896)
McKinney Education for Homeless Children	(3,593)
Workforce Investment Act	(42,373)
National Board Professional Preparation and Teacher Support System	(2,458)
Preschool for All	(4,373)
Reading Improvement	(5,500)
Gifted Education	(13,192)
Career & Technical Education Improvement	(2,502)
School Improvement	(6,040)
Response to Intervention	(14,865)
Title II Teacher Quality Leadership	(300)

**DUPAGE COUNTY**  
**REGIONAL OFFICE OF EDUCATION NO. 19**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 12 - RISK MANAGEMENT**

The Regional Office of Education is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; health claims of employees; and natural disasters. Insurance to cover these risks is provided through DuPage County. Claims from these risks have not exceeded commercial insurance coverage during the current fiscal year and the previous two fiscal years.

The Regional Office of Education also participates in the County's self-funded health insurance plan. The Regional Office of Education pays a monthly premium to cover the health insurance costs.

## **SUPPLEMENTAL INFORMATION**

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**GENERAL FUND ACCOUNTS**  
 June 30, 2014

	<u>Reading First</u>	<u>ROE Operations</u>	<u>Regional Safe Schools and General State Aid</u>	<u>Area I</u>	<u>Truant Minors in Need of Supervision (TMINs)</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 28,367	\$ -	\$ 126,412	\$ 1,327	\$ -	\$ 156,106
Due from other governments	-	35,135	-	-	-	35,135
Due from other funds	-	4,576	-	-	-	4,576
Prepaid expenses	-	3,897	-	-	263	4,160
Total assets	<u>28,367</u>	<u>43,608</u>	<u>126,412</u>	<u>1,327</u>	<u>263</u>	<u>199,977</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
None	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 28,367</u>	<u>\$ 43,608</u>	<u>\$ 126,412</u>	<u>\$ 1,327</u>	<u>\$ 263</u>	<u>\$ 199,977</u>
<b>LIABILITIES</b>						
Accounts payable	-	19,914	-	-	-	\$ 19,914
Accrued expenses	-	1,831	-	-	10,333	12,164
Due to other governments	-	4,192	365	-	-	4,557
Due to other funds	-	1,211,727	-	-	72,448	1,284,175
Total liabilities	<u>-</u>	<u>1,237,664</u>	<u>365</u>	<u>-</u>	<u>82,781</u>	<u>1,320,810</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
None	-	-	-	-	-	-
<b>FUND BALANCE (DEFICIT)</b>						
Nonspendable	-	3,897	-	-	263	4,160
Assigned	-	-	126,047	1,327	-	127,374
Unassigned	28,367	(1,197,953)	-	-	(82,781)	(1,252,367)
Total fund balance (deficit)	<u>28,367</u>	<u>(1,194,056)</u>	<u>126,047</u>	<u>1,327</u>	<u>(82,518)</u>	<u>(1,120,833)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)</b>	<u>\$ 28,367</u>	<u>\$ 43,608</u>	<u>\$ 126,412</u>	<u>\$ 1,327</u>	<u>\$ 263</u>	<u>\$ 199,977</u>

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GENERAL FUND ACCOUNTS**  
**For the Year Ended June 30, 2014**

	Reading First	ROE Operations	Regional Safe Schools and General State Aid	Area I	Truant Minors in Need of Supervision (TMINs)	Totals
<b>REVENUES:</b>						
Local sources	\$ -	\$ 135,621	\$ -	\$ -	\$ -	\$ 135,621
State sources	-	-	2,420,138	-	58,170	2,478,308
On-behalf payments	-	1,760,166	-	-	-	1,760,166
Total revenues	<u>-</u>	<u>1,895,787</u>	<u>2,420,138</u>	<u>-</u>	<u>58,170</u>	<u>4,374,095</u>
<b>EXPENDITURES:</b>						
Education:						
Salaries	-	206,488	-	-	67,708	274,196
Benefits	-	50,312	-	-	15,399	65,711
Purchased services	18,103	499,208	-	804	6,813	524,928
Supplies and materials	-	9,736	-	-	505	10,241
Payments to other governments	-	-	2,420,138	-	-	2,420,138
On-behalf payments	-	1,760,166	-	-	-	1,760,166
Capital outlay	-	2,170	-	-	-	2,170
Debt service:						
Repayment of long-term lease payable	-	8,449	-	-	-	8,449
Financing cost	-	1,991	-	-	-	1,991
Total expenditures	<u>18,103</u>	<u>2,538,520</u>	<u>2,420,138</u>	<u>804</u>	<u>90,425</u>	<u>5,067,990</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(18,103)</u>	<u>(642,733)</u>	<u>-</u>	<u>(804)</u>	<u>(32,255)</u>	<u>(693,895)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	132	-	-	-	132
Transfers out	-	(3,354)	-	-	-	(3,354)
Total other financing sources (uses)	<u>-</u>	<u>(3,222)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,222)</u>
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	<u>(18,103)</u>	<u>(645,955)</u>	<u>-</u>	<u>(804)</u>	<u>(32,255)</u>	<u>(697,117)</u>
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<u>46,470</u>	<u>(548,101)</u>	<u>126,047</u>	<u>2,131</u>	<u>(50,263)</u>	<u>(423,716)</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ 28,367</u>	<u>\$ (1,194,056)</u>	<u>\$ 126,047</u>	<u>\$ 1,327</u>	<u>\$ (82,518)</u>	<u>\$ (1,120,833)</u>

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND ACCOUNTS  
 June 30, 2014

		Regional Safe Schools	Early Childhood Parenting Program	Truants' Alternative Program	McKinney Education for Homeless Children
<b>ASSETS</b>					
Cash and cash equivalents	\$	747,131	\$ 4,322	-	-
Accounts receivable		-	-	-	-
Due from other governments		98,853	7,328	-	-
Prepaid expenses		1,302	288	-	-
Total assets		<u>847,286</u>	<u>11,938</u>	<u>-</u>	<u>-</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
None		-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$</b>	<b><u>847,286</u></b>	<b><u>\$ 11,938</u></b>	<b><u>-</u></b>	<b><u>\$ -</u></b>
<b>LIABILITIES</b>					
Accounts payable	\$	3,102	1,202	-	\$ 2,580
Accrued expenses		54,056	8,284	-	-
Due to other governments		8,206	-	4,050	-
Due to other funds		-	-	13,846	1,013
Unearned revenue		-	-	-	-
Total liabilities		<u>65,364</u>	<u>9,486</u>	<u>17,896</u>	<u>3,593</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue		3,410	-	-	-
<b>FUND BALANCE (DEFICIT)</b>					
Nonspendable		1,302	288	-	-
Restricted		777,210	2,164	-	-
Unassigned		-	-	(17,896)	(3,593)
Total fund balance (deficit)		<u>778,512</u>	<u>2,452</u>	<u>(17,896)</u>	<u>(3,593)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)</b>	<b>\$</b>	<b><u>847,286</u></b>	<b><u>\$ 11,938</u></b>	<b><u>-</u></b>	<b><u>\$ -</u></b>

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND ACCOUNTS  
 June 30, 2014

	<u>Workforce Investment Act</u>	<u>System of Support (RESPRO)</u>	<u>Technology for Success</u>	<u>National Board Professional Preparation and Teacher Support System</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 74,505	\$ 8,260	\$ -
Accounts receivable	-	-	-	-
Due from other governments	49,986	6,807	12,674	-
Prepaid expenses	303	-	-	-
Total assets	<u>50,289</u>	<u>81,312</u>	<u>20,934</u>	<u>-</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
None	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 50,289</u>	<u>\$ 81,312</u>	<u>\$ 20,934</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable	-	4,557	1,500	-
Accrued expenses	10,559	-	-	-
Due to other governments	-	51,358	877	-
Due to other funds	32,117	-	-	2,458
Unearned revenue	-	-	-	-
Total liabilities	<u>42,676</u>	<u>55,915</u>	<u>2,377</u>	<u>2,458</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	49,986	-	-	-
<b>FUND BALANCE (DEFICIT)</b>				
Nonspendable	303	-	-	-
Restricted	-	25,397	18,557	-
Unassigned	(42,676)	-	-	(2,458)
Total fund balance (deficit)	<u>(42,373)</u>	<u>25,397</u>	<u>18,557</u>	<u>(2,458)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)</b>	<u>\$ 50,289</u>	<u>\$ 81,312</u>	<u>\$ 20,934</u>	<u>\$ -</u>

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND ACCOUNTS  
 June 30, 2014

	Social Emotional Learning Standards Professional Development Program (SEL-PDP)	Preschool for All	Reading Improvement	Illinois New Principal Mentoring
<b>ASSETS</b>				
Cash and cash equivalents	20,883	-	-	42,284
Accounts receivable	-	-	-	-
Due from other governments	-	-	-	4,500
Prepaid expenses	-	-	-	-
Total assets	<u>20,883</u>	<u>-</u>	<u>-</u>	<u>46,784</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
None	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 20,883</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,784</u>
<b>LIABILITIES</b>				
Accounts payable	-	-	-	449
Accrued expenses	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	4,373	5,500	-
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>4,373</u>	<u>5,500</u>	<u>449</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	2,898	-	-	4,500
<b>FUND BALANCE (DEFICIT)</b>				
Nonspendable	-	-	-	-
Restricted	17,985	-	-	41,835
Unassigned	-	(4,373)	(5,500)	-
Total fund balance (deficit)	<u>17,985</u>	<u>(4,373)</u>	<u>(5,500)</u>	<u>41,835</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)</b>	<u>\$ 20,883</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,784</u>

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND ACCOUNTS  
 June 30, 2014

	<b>Teacher Mentoring Pilot Program</b>	<b>Gifted Education</b>	<b>Career &amp; Technical Education Improvement</b>	<b>ROE/ISC Operations</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,279	\$ -	\$ -	\$ 183,029
Accounts receivable	-	-	-	-
Due from other governments	-	-	1,171	-
Prepaid expenses	-	-	-	470
Total assets	4,279	-	1,171	183,499
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
None	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 4,279	\$ -	\$ 1,171	\$ 183,499
<b>LIABILITIES</b>				
Accounts payable	-	-	604	-
Accrued expenses	-	-	-	-
Due to other governments	2,929	-	-	-
Due to other funds	-	13,192	3,069	-
Unearned revenue	-	-	-	-
Total liabilities	2,929	13,192	3,673	-
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	-	-	-
<b>FUND BALANCE (DEFICIT)</b>				
Nonspendable	-	-	-	470
Restricted	1,350	-	-	183,029
Unassigned	-	(13,192)	(2,502)	-
Total fund balance (deficit)	1,350	(13,192)	(2,502)	183,499
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)</b>	\$ 4,279	\$ -	\$ 1,171	\$ 183,499

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND ACCOUNTS  
 June 30, 2014

		Illinois Partnership Advancing Rigorous Training	Reponse to Intervention	School Improvement	Title II Teacher Quality Leadership	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$	-	-	-	-	\$ 1,084,693
Accounts receivable	-	4,414	-	-	-	4,414
Due from other governments	-	-	-	-	29,600	210,919
Prepaid expenses	-	-	-	-	-	2,363
Total assets		4,414	-	-	29,600	1,302,389
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
None	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$</b>	<b>\$ 4,414</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 29,600</b>	<b>\$ 1,302,389</b>
<b>LIABILITIES</b>						
Accounts payable	\$	-	-	-	-	\$ 13,994
Accrued expenses	-	-	-	-	-	72,899
Due to other governments	-	-	-	-	-	67,420
Due to other funds	6,040	4,414	14,865	-	29,900	130,787
Unearned revenue	-	-	-	-	-	-
Total liabilities		4,414	14,865	6,040	29,900	285,100
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	-	-	-	-	-	60,794
<b>FUND BALANCE (DEFICIT)</b>						
Nonspendable	-	-	-	-	-	2,363
Restricted	-	-	-	-	-	1,067,527
Unassigned	(6,040)	-	(14,865)	-	(300)	(113,395)
Total fund balance (deficit)		-	(14,865)	(6,040)	(300)	956,495
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)</b>	<b>\$</b>	<b>\$ 4,414</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 29,600</b>	<b>\$ 1,302,389</b>

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**Year Ended June 30, 2014**

	<u>Regional Safe Schools</u>	<u>Early Childhood Parenting Program</u>	<u>Tuants' Alternative Program</u>	<u>McKinney Education for Homeless Children</u>	<u>Workforce Investment Act</u>	<u>System of Support (RESPRO)</u>
<b>REVENUES:</b>						
Local sources	\$ 391,274	\$ -	\$ -	\$ 33	\$ -	\$ -
State sources	589,401	111,014	-	-	-	-
Federal sources	340	-	-	35,920	107,022	24,991
Total revenues	<u>981,015</u>	<u>111,014</u>	<u>-</u>	<u>35,953</u>	<u>107,022</u>	<u>24,991</u>
<b>EXPENDITURES:</b>						
Education:						
Salaries	357,669	68,418	-	-	82,604	-
Benefits	82,428	24,478	-	-	39,316	-
Purchased services	228,679	10,620	-	34,375	4,951	7,320
Supplies and materials	39,600	4,861	-	234	1,731	-
Payment to other governments	-	-	-	-	-	-
Other objects	-	-	-	-	-	-
Capital outlay	6,061	4,060	-	1,607	3,392	-
Debt service:						
Repayment of long-term lease payable	7,246	-	-	-	-	-
Financing cost	133	-	-	-	-	-
Total expenditures	<u>721,816</u>	<u>112,437</u>	<u>-</u>	<u>36,216</u>	<u>131,994</u>	<u>7,320</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>259,199</u>	<u>(1,423)</u>	<u>-</u>	<u>(263)</u>	<u>(24,972)</u>	<u>17,671</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	132	-	-	-	-	-
Total other financing sources (uses)	<u>132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	<u>259,331</u>	<u>(1,423)</u>	<u>-</u>	<u>(263)</u>	<u>(24,972)</u>	<u>17,671</u>
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<u>519,181</u>	<u>3,875</u>	<u>(17,896)</u>	<u>(3,330)</u>	<u>(17,401)</u>	<u>7,726</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ 778,512</u>	<u>\$ 2,452</u>	<u>\$ (17,896)</u>	<u>\$ (3,593)</u>	<u>\$ (42,373)</u>	<u>\$ 25,397</u>

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**Year Ended June 30, 2014**

	<u>Technology for Success</u>	<u>National Board Professional Preparation and Teacher Support System</u>	<u>Social Emotional Learning Standards Professional Development Program (SEL-PDP)</u>	<u>Preschool for All</u>	<u>Reading Improvement</u>
<b>REVENUES:</b>					
Local sources	-	-	21,377	-	-
State sources	57,640	-	-	-	-
Federal sources	-	-	-	-	-
Total revenues	<u>57,640</u>	<u>-</u>	<u>21,377</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Education:					
Salaries	19,060	-	-	-	-
Benefits	6,437	-	-	-	-
Purchased services	35,765	-	13,114	-	-
Supplies and materials	-	-	1,065	-	-
Payment to other governments	-	-	7,198	-	-
Other objects	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Repayment of long-term lease payable	-	-	-	-	-
Financing cost	-	-	-	-	-
Total expenditures	<u>61,262</u>	<u>-</u>	<u>21,377</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3,622)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	3,354	-	-	-	-
Total other financing sources (uses)	<u>3,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	<u>(268)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<u>18,825</u>	<u>(2,458)</u>	<u>17,985</u>	<u>(4,373)</u>	<u>(5,500)</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ 18,557</u>	<u>\$ (2,458)</u>	<u>\$ 17,985</u>	<u>\$ (4,373)</u>	<u>\$ (5,500)</u>

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 Year Ended June 30, 2014

	Illinois New Principal Mentoring	Teacher Mentoring Pilot Program	Gifted Education	Career & Technical Education Improvement	ROE/ISC Operations
<b>REVENUES:</b>					
Local sources	\$ 102,140	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	107,937	109,963
Federal sources	-	-	-	-	-
Total revenues	<u>102,140</u>	<u>-</u>	<u>-</u>	<u>107,937</u>	<u>109,963</u>
<b>EXPENDITURES:</b>					
Education:					
Salaries	-	-	-	-	82,141
Benefits	-	-	-	-	29,642
Purchased services	81,470	-	-	56,037	3,057
Supplies and materials	368	-	-	33,634	-
Payment to other governments	-	-	-	18,870	-
Other objects	-	-	1,230	75	-
Capital outlay	-	-	-	-	-
Debt service:					
Repayment of long-term lease payable	-	-	-	-	-
Financing cost	-	-	-	-	-
Total expenditures	<u>81,838</u>	<u>-</u>	<u>1,230</u>	<u>108,616</u>	<u>114,840</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>20,302</u>	<u>-</u>	<u>(1,230)</u>	<u>(679)</u>	<u>(4,877)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	<u>20,302</u>	<u>-</u>	<u>(1,230)</u>	<u>(679)</u>	<u>(4,877)</u>
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<u>21,533</u>	<u>1,350</u>	<u>(11,962)</u>	<u>(1,823)</u>	<u>188,376</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ 41,835</u>	<u>\$ 1,350</u>	<u>\$ (13,192)</u>	<u>\$ (2,502)</u>	<u>\$ 183,499</u>

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**Year Ended June 30, 2014**

	<u>School Improvement</u>	<u>Reponse to Intervention</u>	<u>Illinois Partnership Advancing Rigorous Training</u>	<u>Title II Teacher Quality Leadership</u>	<u>Totals</u>
<b>REVENUES:</b>					
Local sources	-	-	4,414	-	\$ 519,238
State sources	-	-	-	-	975,955
Federal sources	-	29,151	-	56,300	253,724
Total revenues	-	29,151	4,414	56,300	<u>1,748,917</u>
<b>EXPENDITURES:</b>					
Education:					
Salaries	-	16,360	-	-	626,252
Benefits	-	10,538	-	-	192,839
Purchased services	-	2,395	4,414	44,900	527,097
Supplies and materials	-	150	-	-	81,643
Payment to other governments	-	-	-	-	26,068
Other objects	-	-	-	-	1,305
Capital outlay	-	-	-	-	15,120
Debt service:					
Repayment of long-term lease payable	-	-	-	-	7,246
Financing cost	-	-	-	-	133
Total expenditures	-	29,443	4,414	44,900	<u>1,477,703</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(292)	-	11,400	<u>271,214</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	3,486
Total other financing sources (uses)	-	-	-	-	<u>3,486</u>
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	-	(292)	-	11,400	274,700
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	(6,040)	(14,573)	-	(11,700)	681,795
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	\$ (6,040)	\$ (14,865)	\$ -	\$ (300)	<u>\$ 956,495</u>

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2014**

	<b>Regional Safe Schools</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Amounts</u></b>	<b><u>Final Budget</u></b>
<b>REVENUES:</b>				
Local sources	\$ -	\$ -	\$ 391,274	\$ (391,274)
State sources	406,126	406,126	589,401	(183,275)
Federal sources	<u>337</u>	<u>340</u>	<u>340</u>	<u>-</u>
Total revenues	<u>406,463</u>	<u>406,466</u>	<u>981,015</u>	<u>(574,549)</u>
<b>EXPENDITURES:</b>				
Education:				
Salaries	297,433	239,702	357,669	(117,967)
Benefits	72,866	55,948	82,428	(26,480)
Purchased services	35,827	110,476	228,679	(118,203)
Supplies and materials	337	340	39,600	(39,260)
Capital outlay	-	-	6,061	(6,061)
Debt service:				
Repayment of long-term lease payable	-	-	7,246	(7,246)
Financing cost	<u>-</u>	<u>-</u>	<u>133</u>	<u>(133)</u>
Total expenditures	<u>406,463</u>	<u>406,466</u>	<u>721,816</u>	<u>(315,350)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>259,199</u>	<u>(259,199)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>132</u>	<u>(132)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>132</u>	<u>(132)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>259,331</u>	<u>\$ (259,331)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>519,181</u>	
<b>FUND BALANCE , END OF YEAR</b>			<u>\$ 778,512</u>	

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2014**

	<b>Early Childhood Parenting Program</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Amounts</u></b>	<b><u>Final Budget</u></b>
<b>REVENUES:</b>				
State sources	\$ 113,111	\$ 113,111	\$ 111,014	\$ 2,097
<b>EXPENDITURES:</b>				
Education:				
Salaries	79,162	68,418	68,418	-
Benefits	25,173	24,506	24,478	28
Purchased services	8,776	11,220	10,620	600
Supplies and materials	-	4,867	4,861	6
Capital outlay	-	4,100	4,060	40
	113,111	113,111	112,437	674
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(1,423)</b>	<b>\$ 1,423</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<b>3,875</b>	
<b>FUND BALANCE, END OF YEAR</b>			<b>\$ 2,452</b>	

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2014**

	<b>Career &amp; Technical Education Improvement</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Amounts</u></b>	<b><u>Final Budget</u></b>
<b>REVENUES:</b>				
State sources	\$ 109,266	\$ 109,266	\$ 107,937	\$ 1,329
<b>EXPENDITURES:</b>				
Education:				
Purchased services	86,985	56,190	56,037	153
Supplies and materials	15,281	34,206	33,634	572
Payments to other governments	7,000	18,870	18,870	-
Other objects	-	-	75	(75)
	109,266	109,266	108,616	650
<b>NET CHANGE IN</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(679)</b>	<b>\$ 679</b>
<b>FUND BALANCE (DEFICIT)</b>				
<b>FUND BALANCE (DEFICIT),</b>			<b>(1,823)</b>	
<b>BEGINNING OF YEAR</b>				
<b>FUND BALANCE (DEFICIT),</b>			<b>\$ (2,502)</b>	
<b>END OF YEAR</b>				

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2014**

	ROE/ISC Operations			
	Budgeted Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES:</b>				
State sources	\$ 109,963	\$ 109,963	\$ 109,963	\$ -
<b>EXPENDITURES:</b>				
Education:				
Salaries	90,326	82,141	82,141	-
Benefits	15,996	24,559	29,642	(5,083)
Purchased services	3,641	3,263	3,057	206
Total expenditures	109,963	109,963	114,840	(4,877)
<b>NET CHANGE IN FUND BALANCE</b>	\$ -	\$ -	(4,877)	\$ 4,877
<b>FUND BALANCE, BEGINNING OF YEAR</b>			188,376	
<b>FUND BALANCE, END OF YEAR</b>			\$ 183,499	

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2014**

	Title II Teacher Quality Leadership			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Federal sources	\$ 43,575	\$ 43,575	\$ 56,300	\$ (12,725)
<b>EXPENDITURES:</b>				
Education:				
Purchased services	43,575	43,575	44,900	(1,325)
<b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>	<b>\$ -</b>	<b>\$ -</b>	11,400	<b>\$ (11,400)</b>
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>			(11,700)	
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>			<b>\$ (300)</b>	

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**June 30, 2014**

	<u>General</u>	<u>Education</u>	<u>Bus Driver</u>	<u>Supervisory</u>	<u>Totals</u>
	<u>Development</u>	<u>Training</u>	<u>Supervisory</u>	<u>Supervisory</u>	<u>Totals</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 19,395	\$ 193,520	\$ 343	\$ 213,258	
Due from other governments	-	1,544	-	1,544	
Due from other funds	-	478	-	478	
Total assets	19,395	195,542	343	215,280	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
None	-	-	-	-	
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 19,395	\$ 195,542	\$ 343	\$ 215,280	
<b>LIABILITIES</b>					
Accounts payable	-	400	-	400	
Accrued expenses	-	181	-	181	
Unearned revenue	-	4,012	-	4,012	
Total liabilities	-	4,593	-	4,593	
<b>DEFERRED INFLOWS OF RESOURCES</b>					
None	-	-	-	-	
<b>FUND BALANCE</b>					
Restricted	19,395	190,949	343	210,687	
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	\$ 19,395	\$ 195,542	\$ 343	\$ 215,280	

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2014**

	<u>General</u>	<u>Education</u>	<u>Bus Driver</u>	<u>Supervisory</u>	<u>Totals</u>
	<u>Development</u>	<u>Training</u>	<u>Training</u>	<u>Supervisory</u>	<u>Totals</u>
<b>REVENUES:</b>					
Local sources	\$ 4,040	\$ 32,515	\$ -	\$ -	\$ 36,555
State sources	-	3,764	-	-	3,764
Total revenues	<u>4,040</u>	<u>36,279</u>	<u>-</u>	<u>-</u>	<u>40,319</u>
<b>EXPENDITURES:</b>					
Education:					
Salaries	-	1,216	-	-	1,216
Benefits	-	93	-	-	93
Purchased services	101	13,050	-	-	13,151
Supplies and materials	364	-	-	-	364
Total expenditures	<u>465</u>	<u>14,359</u>	<u>-</u>	<u>-</u>	<u>14,824</u>
<b>EXCESS OF REVENUES</b>	3,575	21,920	-	-	25,495
<b>OVER EXPENDITURES</b>					
<b>OTHER FINANCING SOURCES:</b>					
Transfers in	-	44	-	-	44
<b>NET CHANGE IN FUND BALANCE</b>	3,575	21,964	-	-	25,539
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>15,820</u>	<u>168,985</u>	<u>343</u>	<u>-</u>	<u>185,148</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 19,395</u>	<u>\$ 190,949</u>	<u>\$ 343</u>	<u>\$ -</u>	<u>\$ 210,687</u>

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**STATEMENT OF CHANGES IN**  
**ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**For the Year Ended June 30, 2014**

	<u>Balance,</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance,</u> <u>June 30, 2014</u>
<b>DUPAGE CAREER EDUCATION CENTER (DCEC)</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 23,533	\$ -	\$ 23,533	\$ -
<b>LIABILITIES</b>				
Due to other governments	\$ 23,533	\$ -	\$ 23,533	\$ -