

**STATE OF ILLINOIS
GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 24**

**FINANCIAL AUDIT
(In Accordance with the Single Audit Act and OMB Circular A-133)
FOR THE YEAR ENDED JUNE 30, 2009**

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



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

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**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
OFFICIALS**

Regional Superintendent
(current and during the audit period)

Mr. Paul Nordstrom

Assistant Regional Superintendent
(current and during the audit period)

Mr. Christopher Mehochko

Office is located at:

1320 Union Street
Morris, Illinois 60450

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
COMPLIANCE REPORT SUMMARY**

The compliance 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 on compliance and on internal controls do not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (<i>GOVERNMENT AUDITING STANDARDS</i>)			
	12	None	N/A
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)			
	12	None	N/A
PRIOR FINDINGS NOT REPEATED (<i>GOVERNMENT AUDITING STANDARDS</i>)			
	13	None	N/A
PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)			
	13	None	N/A

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
COMPLIANCE REPORT SUMMARY - CONTINUED**

EXIT CONFERENCE

The Grundy/Kendall Counties Regional Office of Education No. 24 opted not to have an exit conference during the financial audit for the year ended June 30, 2009.

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
FINANCIAL STATEMENT REPORT SUMMARY**

The audit of the accompanying basic financial statements of the Grundy/Kendall Counties Regional Office of Education No. 24 was performed by E. C. Ortiz & Co., LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Grundy/Kendall Counties Regional Office of Education No. 24's basic financial statements.



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Grundy/Kendall Counties Regional Office of Education No. 24, as of and for the year ended June 30, 2009, which collectively comprise the Grundy/Kendall Counties Regional Office of Education No. 24's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Grundy/Kendall Counties Regional Office of Education No. 24's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Grundy/Kendall Counties Regional Office of Education No. 24, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 15, 2010 on our consideration of the Grundy/Kendall Counties Regional Office of Education No. 24's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an

opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 14 to 19 and page 51 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grundy/Kendall Counties Regional Office of Education No. 24's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Others are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Others, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

E. C. Ortiz & Co. LLP
Chicago, Illinois
April 15, 2010



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Grundy/Kendall Counties Regional Office of Education No. 24, as of and for the year ended June 30, 2009, which collectively comprise the Grundy/Kendall Counties Regional Office of Education No. 24's basic financial statements and have issued our report thereon dated April 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Grundy/Kendall Counties Regional Office of Education No. 24's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Grundy/Kendall Counties Regional Office of Education No. 24's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Grundy/Kendall Counties Regional Office of Education No. 24's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all

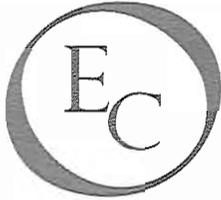
deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Grundy/Kendall Counties Regional Office of Education No. 24's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

C. C. G. & Co. LLP
Chicago, Illinois
April 15, 2010



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the compliance of the Grundy/Kendall Counties Regional Office of Education No. 24 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Grundy/Kendall Counties Regional Office of Education No. 24's major federal programs are identified in the Summary of the Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Grundy/Kendall Counties Regional Office of Education No. 24's management. Our responsibility is to express an opinion on the Grundy/Kendall Counties Regional Office of Education No. 24's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Grundy/Kendall Counties Regional Office of Education No. 24's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Grundy/Kendall Counties Regional Office of Education No. 24's compliance with those requirements.

In our opinion, the Grundy/Kendall Counties Regional Office of Education No. 24 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Grundy/Kendall Counties Regional Office of Education No. 24 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Grundy/Kendall Counties Regional Office of Education No. 24's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Grundy/Kendall Counties Regional Office of Education No. 24's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

E. C. G. J. & Co. LLP
Chicago, Illinois
April 15, 2010

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

Part I: Summary of the Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes ✓ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes ✓ None reported
- Noncompliance material to financial statements noted? Yes ✓ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes ✓ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes ✓ None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? Yes ✓ No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.213C	Even Start
84.394A	ARRA - General State Aid

Dollar threshold used to distinguish between type A And type B Programs: \$300,000

Auditee qualified as low-risk auditee? ✓ Yes No

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

Part II: Findings Related to the Basic Financial Statements

There are no audit findings in the current year.

Part III: Federal Award Findings

Instances of Noncompliance:

None

Significant Deficiencies:

None

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2009**

There were no audit findings in the prior year.

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

The Grundy/Kendall Counties Regional Office of Education No. 24 (ROE No. 24) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2009 with comparative information for the year ended June 30, 2008. Readers are encouraged to consider the information in conjunction with the ROE No. 24's financial statements that follow.

2009 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$83,599 (18%) from \$467,130 in FY 2008 to \$550,729 in FY 2009. General Fund expenditures increased by \$54,363 (11%) from \$485,903 in FY 2008 to \$540,266 in FY 2009.
- Within the Governmental Funds, the Special Revenue Fund revenues increased by \$1,079,204 (20%) from \$5,466,808 in FY 2008 to \$6,546,012 in FY 2009. The Special Revenue Fund expenditures increased by \$1,009,684 (19%) from \$5,387,370 in FY 2008 to \$6,397,054 in FY 2009.
- The Enterprise Fund revenues increased by \$11,533 (28%) from \$40,586 in FY 2008 to \$52,119 in FY 2009. The Enterprise Fund expenditures increased by \$25,800 (67%) from \$38,715 in FY 2008 to \$64,515 in FY 2009.

Using This Report

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

- *Management's Discussion and Analysis* introduces financial statements and provides an analytical overview of the ROE No. 24's financial activities.
- The *Government-wide financial statements* consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the ROE No. 24 as a whole and present an overall view of the Office's finances.
- *Fund financial statements* report the ROE No. 24's operations in more detail than the government-wide statements by providing information about the most significant funds.
- *Notes to the financial statements* provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- *Required supplementary information* further explains and supports the financial statements and supplementary information provides detailed information about the non-major funds.

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

Reporting the Grundy/Kendall Counties Regional Office of Education No. 24 as a Whole

It is important to note that the ROE No. 24 is reported together with the following component units: Education Service Network and Education Service Network NFP, Inc.

The Statement of Net Assets and the Statement of Activities

Government-wide Financial Statements

The Government-wide financial statements report information about the ROE No. 24 as a whole. The Statement of Net Assets includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid using generally accepted accounting principles and GASB 34.

The Government-wide financial statements report the ROE No. 24's net assets and how they have changed. Net assets - the difference between assets and liabilities - are one way to measure the ROE No. 24's financial health or position.

- Over time, increases or decreases in the net assets can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the ROE No. 24's overall condition, 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 ROE No. 24's funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by State law. The ROE No. 24 established other funds to control and manage money for particular purposes.

The ROE No. 24 has three kinds of funds:

- (1) Governmental funds account for those funds through which most governmental functions of the ROE No. 24 are financed. 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 the 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 ROE No. 24's programs. The governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances.

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

- (2) Proprietary funds account for resources from fees charged directly to those entities or individuals that use its services. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements. The proprietary funds required financial statements include a Statement of Net Assets, Statement of Revenues, Expenses and Changes in Fund Net Assets and a Statement of Cash Flows.
- (3) Fiduciary funds (including Private-Purpose Scholarship and Agency Funds) are used to account for assets held by the ROE No. 24 in a trust capacity or as an agent for individuals and private or governmental organizations. ROE No. 24 is responsible for ensuring that the assets reported in these funds are used for their intended purposes and by those to whom the assets belong. The ROE No. 24 fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. These activities are excluded from the government-wide financial statements because ROE No. 24 cannot use these assets to finance its operations.

Government-Wide Financial Analysis

As noted earlier, net assets may serve when examined over time as one indicator of the financial position of the ROE No. 24. The net assets at the end of FY 2009 and FY 2008 totaled \$644,805 and \$492,288, respectively. The analysis that follows provides a summary of the ROE No. 24's net assets as of June 30.

CONDENSED STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
ASSETS						
Current assets	\$ 1,574,863	\$ 620,188	\$ 27,739	\$ 29,052	\$ 1,602,602	\$ 649,240
Capital assets, net of depreciation	51,096	45,604	-	-	51,096	45,604
TOTAL ASSETS	1,625,959	665,792	27,739	29,052	1,653,698	694,844
Current liabilities	996,758	201,504	12,135	1,052	1,008,893	202,556
TOTAL LIABILITIES	996,758	201,504	12,135	1,052	1,008,893	202,556
NET ASSETS						
Invested in capital assets, net of related debt	51,096	45,604	-	-	51,096	45,604
Restricted for teacher professional development	188,727	196,366	-	-	188,727	196,366
Unrestricted	389,378	222,318	15,604	28,000	404,982	250,318
TOTAL NET ASSETS	\$ 629,201	\$ 464,288	\$ 15,604	\$ 28,000	\$ 644,805	\$ 492,288

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

The ROE No. 24's net assets increased by \$152,517 (31%) from FY 2009 mainly due to the excess of revenues over expenses for the State aid fund. Net assets related to the Teacher Institute Fund are considered restricted for teacher professional development.

CHANGES IN NET ASSETS

The following analysis shows the changes in net assets for the years ended June 30, 2009 and 2008.

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 51,233	\$ 57,682	\$ 49,282	\$ 38,612	\$ 100,515	\$ 96,294
Operating grants and contributions	6,484,185	5,407,720	-	-	6,484,185	5,407,720
General revenues:						
Local sources	84,766	46,891	-	-	84,766	46,891
Interest income	10,842	2,653	2,837	1,974	13,679	4,627
On-behalf payments	465,715	418,992	-	-	465,715	418,992
Total revenues	<u>7,096,741</u>	<u>5,933,938</u>	<u>52,119</u>	<u>40,586</u>	<u>7,148,860</u>	<u>5,974,524</u>
Expenses:						
Salaries	3,219,567	2,827,629	34,386	9,048	3,253,953	2,836,677
Benefits	1,076,537	920,850	-	-	1,076,537	920,850
Purchased services	953,614	793,596	22,604	22,943	976,218	816,539
Supplies and materials	463,243	430,295	4,879	6,724	468,122	437,019
Capital outlay	83,440	67,773	2,646	-	86,086	67,773
Depreciation	5,971	19,692	-	-	5,971	19,692
Payments to other governmental units	657,781	409,125	-	-	657,781	409,125
Miscellaneous	5,960	-	-	-	5,960	-
On-behalf payments	465,715	418,992	-	-	465,715	418,992
Total expenses	<u>6,931,828</u>	<u>5,887,952</u>	<u>64,515</u>	<u>38,715</u>	<u>6,996,343</u>	<u>5,926,667</u>
Change in net assets	164,913	45,986	(12,396)	1,871	152,517	47,857
Net assets, beginning	<u>464,288</u>	<u>418,302</u>	<u>28,000</u>	<u>26,129</u>	<u>492,288</u>	<u>444,431</u>
Net assets, ending	<u>\$ 629,201</u>	<u>\$ 464,288</u>	<u>\$ 15,604</u>	<u>\$ 28,000</u>	<u>\$ 644,805</u>	<u>\$ 492,288</u>

Governmental Activities

Revenues for governmental activities were \$7,096,741 and expenses were \$6,931,828. The increase in program revenues was mainly due to the receipt of additional general State aid funds totaling \$828,855, authorized by the American Recovery and Reinvestment Act of 2009, with the goal of delivering emergency education funding to states. Additional funding totaling to \$273,675 was received in FY 2009 for the Early Childhood program. Revenues for the WIA programs decreased by \$59,676 (12%) due to the close out of the grant for Kendall County. Expenses were proportionally increased or decreased to meet the funding level.

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

Business-Type Activities

Revenues for business-type activities were \$52,119 and expenses were \$64,515. The increase in revenues and expenditures is due to the increase in participants who enrolled in the summer school programs conducted in FY 2009.

Financial Analysis of the ROE No. 24 Funds

As previously noted, the ROE No. 24 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency's Governmental Funds reported combined fund balances of \$578,105.

Governmental Fund Highlights

- State funding level of Regional Offices of Education has been stable compared to the previous year.
- The dollar return on investments (certificate of deposit, short-term investments and interest earned on a float) decreased due to lower interest rates.
- County support for the ROE No. 24 remained at prior year's level.
- The Regional Safe Schools Program was able to maintain services due to an increase in the foundation level of General State Aid.

Proprietary Fund Highlights

Total proprietary fund net assets decreased by \$12,396 (44%). The decrease in net assets is due to the increase in operating expenses incurred for the summer school programs.

Budgetary Highlights

The ROE No. 24 annually adopts budgets for several funds. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Board for their approval. The Office Operations Budget covers a fiscal year which runs from December 1 to November 30. All grant budgets are prepared by the ROE No. 24 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency.

Capital Assets

ROE No. 24's capital assets include office equipment, computers, audio-visual equipment, and building improvements. The ROE No. 24 maintains an inventory of capital assets which have been accumulated over time. The ROE No. 24 acquired equipment amounting to

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

\$11,463 in FY 2009. There were no retirements in FY 2009 and depreciation expense was \$5,971.

Economic Factors and Next Years' Budget

At the time these financial statements were prepared and audited, the ROE No. 24 was aware of several existing circumstances that could affect its financial condition in the future:

- The proposed State aid foundation level for FY 2010 has been increased to \$6,119 per student.
- County board support for ROE No. 24 is expected to remain at FY 2009 funding level.
- Delay in funding for the Education Service Network (ESN) grant programs caused financing difficulties for the ROE. As a result, the ROE suspended or terminated some grant programs and reduced its workforce.
- The ESN continues to operate in a smaller scale, and is still operating the alternative schools. It is keeping its options open on other programs.
- The growth in the region is stabilizing. There is a slight increase in student population in FY 2010.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the ROE No 24'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 Schools, Grundy/Kendall Counties Regional Office of Education No. 24, 1320 Union Street, Morris, Illinois 60450.

BASIC FINANCIAL STATEMENTS

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
STATEMENT OF NET ASSETS
JUNE 30, 2009

EXHIBIT A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 499,451	\$ 25,323	\$ 524,774
Due from other governmental units	1,075,412	2,416	1,077,828
Total current assets	<u>1,574,863</u>	<u>27,739</u>	<u>1,602,602</u>
Noncurrent assets			
Capital assets, net	51,096	-	51,096
TOTAL ASSETS	<u>1,625,959</u>	<u>27,739</u>	<u>1,653,698</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	364,676	12,135	376,811
Due to other governmental units	406,982	-	406,982
Note payable	225,100	-	225,100
TOTAL LIABILITIES	<u>996,758</u>	<u>12,135</u>	<u>1,008,893</u>
NET ASSETS			
Invested in capital assets, net of related debt	51,096	-	51,096
Restricted for teacher professional development	188,727	-	188,727
Unrestricted	389,378	15,604	404,982
TOTAL NET ASSETS	<u>\$ 629,201</u>	<u>\$ 15,604</u>	<u>\$ 644,805</u>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2009

EXHIBIT B

Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Assets			
	Charges for Services	Operating Grants and Contribution	Primary Government		Total	
			Governmental Activities	Business-Type Activities		
FUNCTIONS/PROGRAMS						
Primary government						
Governmental activities:						
Instructional services						
Salaries	\$ 3,219,567	\$ -	\$ 3,292,475	\$ 72,908	\$ -	\$ 72,908
Benefits	1,076,537	-	1,100,885	24,348	-	24,348
Purchased services	953,614	50,249	861,035	(42,330)	-	(42,330)
Supplies and materials	463,243	984	461,220	(1,039)	-	(1,039)
Capital expenditures	83,440	-	95,901	12,461	-	12,461
Depreciation expense	5,971	-	-	(5,971)	-	(5,971)
Payments to other governmental units	657,781	-	672,669	14,888	-	14,888
Miscellaneous	5,960	-	-	(5,960)	-	(5,960)
Administrative						
On-behalf payments	465,715	-	-	(465,715)	-	(465,715)
Total governmental activities	6,931,828	51,233	6,484,185	(396,410)	-	(396,410)
Business-type activities:						
Local workshops	64,515	49,282	-	-	(15,233)	(15,233)
Total business-type activities	64,515	49,282	-	-	(15,233)	(15,233)
Total primary government	\$ 6,996,343	\$ 100,515	\$ 6,484,185	(396,410)	(15,233)	(411,643)
General revenues:						
Local sources				84,766	-	84,766
Interest				10,842	2,837	13,679
On-behalf payments				465,715	-	465,715
Total general revenues				561,323	2,837	564,160
Change in net assets				164,913	(12,396)	152,517
Net assets - beginning				464,288	28,000	492,288
Net assets - ending				\$ 629,201	\$ 15,604	\$ 644,805

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2009

EXHIBIT C

	<u>General Fund</u>	<u>Education Fund</u>	<u>Institute Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 269,943	\$ 1,305	\$ 188,727	\$ 39,476	\$ 499,451
Due from other funds	-	96,762	-	-	96,762
Due from other governmental units	3,601	1,071,811	-	-	1,075,412
TOTAL ASSETS	<u>273,544</u>	<u>1,169,878</u>	<u>188,727</u>	<u>39,476</u>	<u>1,671,625</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	-	364,676	-	-	364,676
Due to other funds	-	96,762	-	-	96,762
Due to other governmental units	-	406,982	-	-	406,982
Note payable	225,100	-	-	-	225,100
Total liabilities	<u>225,100</u>	<u>868,420</u>	<u>-</u>	<u>-</u>	<u>1,093,520</u>
FUND BALANCES					
Unreserved, reported in:					
General fund	48,444	-	-	-	48,444
Special revenue funds	-	301,458	188,727	39,476	529,661
Total fund balances	<u>48,444</u>	<u>301,458</u>	<u>188,727</u>	<u>39,476</u>	<u>578,105</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 273,544</u>	<u>\$ 1,169,878</u>	<u>\$ 188,727</u>	<u>\$ 39,476</u>	<u>\$ 1,671,625</u>

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

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009**

EXHIBIT D

Total fund balances - governmental funds	\$ 578,105
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	51,096
Net assets of governmental activities	\$ 629,201

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

EXHIBIT E

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
REVENUES					
Federal sources	\$ -	\$ 1,770,229	\$ -	\$ -	\$ 1,770,229
State sources	-	4,611,450	-	2,772	4,614,222
Local sources					
Intergovernmental	55,190	99,734	-	-	154,924
Fees for services	-	-	39,961	11,272	51,233
Interest	248	-	8,797	1,797	10,842
Miscellaneous	29,576	-	-	-	29,576
On-behalf payments	465,715	-	-	-	465,715
Total revenues	<u>550,729</u>	<u>6,481,413</u>	<u>48,758</u>	<u>15,841</u>	<u>7,096,741</u>
EXPENDITURES					
Instructional services:					
Salaries	-	3,219,567	-	-	3,219,567
Benefits	-	1,076,537	-	-	1,076,537
Purchased services	55,285	830,862	56,343	11,124	953,614
Supplies and materials	12,200	449,722	54	1,267	463,243
Payments to other governmental units	-	657,781	-	-	657,781
Miscellaneous	5,960	-	-	-	5,960
On-behalf payments	465,715	-	-	-	465,715
Capital expenditures	1,106	93,797	-	-	94,903
Total expenditures	<u>540,266</u>	<u>6,328,266</u>	<u>56,397</u>	<u>12,391</u>	<u>6,937,320</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,463	153,147	(7,639)	3,450	159,421
FUND BALANCES, BEGINNING OF YEAR	<u>37,981</u>	<u>148,311</u>	<u>196,366</u>	<u>36,026</u>	<u>418,684</u>
FUND BALANCES, END OF YEAR	<u>\$ 48,444</u>	<u>\$ 301,458</u>	<u>\$ 188,727</u>	<u>\$ 39,476</u>	<u>\$ 578,105</u>

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

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

EXHIBIT F

Net change in fund balances	\$	159,421
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlay	\$	11,463	
Depreciation expense		<u>(5,971)</u>	<u>5,492</u>

Change in net assets of governmental activities	\$	<u><u>164,913</u></u>
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The notes to the financial statements are an integral part of this statement.

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2009**

EXHIBIT H

	Business-Type Activities - Enterprise Fund Local Revenues
OPERATING REVENUES	
Local sources	\$ 49,282
OPERATING EXPENSES	
Salaries and benefits	34,386
Purchased services	22,604
Supplies and materials	4,879
Capital expenditures	2,646
Total operating expenses	64,515
OPERATING LOSS	(15,233)
NONOPERATING REVENUES	
Interest	2,837
CHANGE IN NET ASSETS	(12,396)
TOTAL NET ASSETS, BEGINNING OF YEAR	28,000
TOTAL NET ASSETS, END OF YEAR	\$ 15,604

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

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2009**

EXHIBIT I

	Business-Type Activities - Enterprise Fund
	Local Revenues
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts for services	\$ 46,866
Payments to suppliers and providers of goods and services	(19,046)
Payments to employees	(34,386)
Net cash used in operating activities	<u>(6,566)</u>
CASH FLOWS FROM INVESTING ACTIVITY:	
Interest	<u>2,837</u>
Net cash provided by investing activity	<u>2,837</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,729)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>29,052</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 25,323</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (15,233)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Effect of changes in assets and liabilities:	
Due from other governmental units	(2,416)
Accounts payable and accrued expenses	11,083
Net cash used in operating activities	<u><u>\$ (6,566)</u></u>

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

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
 FIDUCIARY FUND
 STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2009**

EXHIBIT J

	<u>Private-Purpose Scholarship Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 39,034	\$ 110,567
LIABILITIES		
Distributive payable	-	80,142
Due to other governmental units	-	30,425
TOTAL LIABILITIES	<u>-</u>	<u>\$ 110,567</u>
NET ASSETS		
Reserved for scholarships	<u>\$ 39,034</u>	

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

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
 FIDUCIARY FUND
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2009**

EXHIBIT K

	<u>Private-Purpose Scholarship Fund</u>
ADDITION	
Interest	\$ 1,191
 DEDUCTION	
Scholarships and awards	<u>4,050</u>
 CHANGE IN NET ASSETS	(2,859)
 NET ASSETS, BEGINNING OF YEAR	<u>41,893</u>
 NET ASSETS, END OF YEAR	<u><u>\$ 39,034</u></u>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Grundy/Kendall Counties Regional Office of Education No. 24 operates under the School Code (Articles 3 and 3A of Illinois Compiled Statutes, Chapter 105). Grundy/Kendall Counties Regional Office of Education No. 24 encompasses Grundy/Kendall Counties, Illinois. A Regional Superintendent of Schools serves as chief administrative officer of Grundy/Kendall Counties Regional Office No. 24, and is elected to the position for a four-year term pursuant to Article 3 of Illinois Compiled Statutes, Chapter 105.

The superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring of the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses. Further, 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 Office of Education has developed criteria to determine whether outside agencies with activities which benefit the citizens of Grundy/Kendall Counties, including school districts which serve pupils in Grundy/Kendall Counties Regional Office of Education No. 24, should be included within its financial reporting entity. The criteria include but are not limited to, whether Grundy/Kendall Counties Regional Office of Education No. 24 exercises oversight responsibility, (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

Blended Component Units

The following component units are entities which are legally separate from Grundy/Kendall Counties Regional Office of Education No. 24, but are so intertwined with the Region that they are, in substance, the same as the region. They are reported as part of Grundy/Kendall Counties Regional Office of Education No. 24 and blended into the appropriate funds.

Grundy/Kendall Counties Regional Office of Education No. 24 acts as the administrative agent for the Grundy/Kendall Counties Regional Office of Education No. 24 Education

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Service Network (Network), which oversees the operations of several educational programs for the region. The Network has no governing body and all program budgets are approved by the Grundy/Kendall Counties Regional Office of Education No. 24. The Network has been determined to be a component unit of Grundy/Kendall Counties Regional Office of Education No. 24.

Education Service Network NFP, Inc. is a not-for-profit corporation in the State of Illinois that is organized exclusively for charitable and educational purposes within the meaning of Section 501 (c)(3) of the Internal Revenue Code. Further, the Education Service Network NFP, Inc. is organized and operated for purposes that are beneficial to the public interest, such as advancement of education; combating community deterioration and juvenile delinquency; and relief of the poor, distressed or underprivileged. Per the corporation's by-laws, the Regional Superintendent of Education for Grundy/Kendall Counties shall always serve as the President of the Board of Directors and the Assistant Regional Superintendent of Education for the Grundy/Kendall Counties shall always serve as Vice-President.

Grundy/Kendall Counties Regional Office of Education No. 24 does not consider any other entities to be part of its reporting entity. Additionally, Grundy/Kendall Counties Regional Office of Education No. 24 does not consider itself to be a part of the County's or any other government's reporting entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between those activities of the ROE that are governmental in nature and those that are considered business-type activities. *Governmental activities* normally are supported by operating grants and contributions, charges for services and intergovernmental revenues. *Business-type activities* normally are supported by amounts assessed or received from local sources for the ROE programs.

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 users 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. Items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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

The financial statements of the Grundy/Kendall Counties Regional Office of Education No. 24 are prepared in accordance with generally accepted accounting principles (GAAP). The Grundy/Kendall Counties Regional Office of Education No. 24 applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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 related cash flows. Grants and similar revenues are recognized as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund and fiduciary financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Grundy/Kendall Counties Regional Office of Education No. 24 considers revenues as available if they are collected within 60 days after year-end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict the guidance of the Governmental Accounting Standards Board.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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.

D. Fund Accounting

The accounts of the Grundy/Kendall Counties Regional Office of Education No. 24 are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. The Grundy/Kendall Counties Regional Office of Education No. 24 maintains individual funds as required by the State of Illinois. The resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following summarizes the fund types used:

Government Fund Types

Governmental Funds are those through which most governmental functions are financed. The acquisition, use and balances of the expendable financial resources and the related current liabilities are accounted for through governmental funds. The governmental funds include the following:

General Fund - Accounts for all financial resources except those required to be accounted for in another fund. It accounts for monies received for, and payment of, expenditures in connection with general administrative activities.

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

ESN NFP, Inc. - Accounts for monies received for, and payment of, expenditures in connection with general administrative activities of Education Service Network NFP, Inc. (ESN NFP, Inc.) a blended component unit.

Special Revenue Funds - Accounts for the proceeds of specific revenue sources (other than those accounted for in the Fiduciary Funds) that are legally restricted to expenditures for specified purposes. The special revenue funds include the following:

Education - Accounts for grant funds which are restricted as to their use. Education funds include:

Will County State Aid - Accounts for grant monies received for, and payment of expenditures for the unrestricted State grant-in aid to school districts which

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

are received from and passed through the Will County Regional Office of Education No. 56.

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

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

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

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

Even Start - Accounts for the local grant monies received for, and payment of, expenditures incurred for the Even Start program.

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

Workforce Investment Act (WIA) - Kendall County - Accounts for monies received for, and payment of expenditures for the WIA through the ESN NFP, Inc. (a blended component unit) from Kane County Department of Employment and Education. This program provides basic math, reading and employment readiness skills to youth.

Workforce Investment Act (WIA) - Premier Youth - Accounts for monies received for, and payment of expenditures for, the WIA through the ESN NFP, Inc. (a blended component unit). This program is funded by the Workforce Investment Board of Will County and serves the youth from Will County.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Workforce Investment Act (WIA) - Grundy Youth - Accounts for monies received for, and payment of expenditures for, the WIA through the ESN NFP, Inc. (a blended component unit). This program is funded by the Grundy, Livingston, Kankakee Workforce Board and serves the youth from Grundy County.

Early Childhood - Accounts for grant monies received for, and payment of, expenses for developing and operating programs for parents of young children.

Addiction Prevention - Comprehensive - Accounts for grant monies received for, and payment of expenditures for, youth training in community service, alcohol, tobacco and other drugs prevention, and anti-social behavior programs sponsored by the Department of Human Services.

McKinney Education for Homeless Children - Kendall County - Accounts for grant monies received for and payment of, expenditures associated with a Federal program designed to provide counseling and educational support to homeless children and their families. The programs are funded by a Federal Stewart B. McKinney Education for Homeless Children and Youth Grant passed through the Kane County Regional Office of Education No. 31 and Will County Regional Office of Education No. 56.

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

Chemical Abuse Services Program - Accounts for the grant monies received for, and payment of, expenditures incurred for the Parent Involvement Strategies in Relation to Botvin's *LifeSkills* program.

ESN NFP, WIA Grants - Accounts for monies received and payment of expenditures by the Education Service Network (ESN NFP, Inc., a blended component unit) for the Workforce Investment Act passed through the Kendall County and the Department of Human Services.

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

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Grundy County Jump Start Program - Accounts for grant monies received for, and payment of expenses for parenting enrichment programs and family support services offered in Grundy county.

Meth Mini Grant - Accounts for grant monies received for, and payment of expenses supporting awareness programs for preventing substance abuse in Grundy County.

Grundy/Kendall Counties General State Aid - ARRA - Accounts for federal grant monies received for, and payment of expenses for the remaining general State aid (GSA) payments in FY09. The funds, which were passed through the Illinois State Board of Education, were used in an effort to minimize the possible impact of the State's current fiscal deficit upon payments of GSA to Illinois school districts.

Will County General State Aid - ARRA - Accounts for federal grant monies received for, and payment of expenses for the remaining GSA in FY09. The funds, which were passed through the Will County Regional Office of Education No. 56, were used in an effort to minimize the possible impact of the State's current fiscal deficit upon payments of GSA to Illinois school districts.

Institute - Accounts for registration and renewal fees related to teachers' certificates. Funds collected from registration and renewal fees are expended to defray costs incidental to teachers' institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.

Nonmajor Special Revenue Funds - Grundy/Kendall Counties Regional Office of Education No. 24 reported the following special revenue funds as non-major governmental funds:

General Education Development (GED) - Accounts for the administration of the GED Testing Program. Revenues consist of fees collected for testing, diplomas and materials.

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

Supervisory - Accounts for State funding used to pay expenses for supervision of school districts in the jurisdiction.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
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JUNE 30, 2009

Postage - Accounts for the revenues and expenses associated with postage fund.

Will/Grundy Counties Local Area Network - Accounts for the revenues and expenses associated with Will/Grundy Counties Local Area Network fund.

Proprietary Fund - Accounts for resources from fees charged directly to those entities or individuals that use its services.

Local Revenues - Accounts for the revenues and expenditures associated with summer school programs conducted by the Grundy/Kendall Counties Regional Office of Education No. 24.

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held in a trustee capacity or as an agent for individuals or private or governmental organizations. The Fiduciary Funds include the following:

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

Agency Funds - Account for assets held on behalf of others as their agent. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations. Grundy/Kendall Counties Regional Office of Education No. 24 maintains the following Agency Funds:

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

Outdoor Education Cooperative - Accounts for funds received and disbursed for the Outdoor Education Cooperative.

Payroll - Accounts for all payroll that is incurred. Any fund that has payroll remits the money to the Payroll Fund, the Fund then pays the employee. This is an administrating agent for the ROE's payroll.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
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E. 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.

Non-exchange 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 specific purpose, and expenditure requirements, in which the resources are provided to the ROE on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

F. Cash and Cash Equivalents

For presentation in the financial statements, investments with an original maturity of three months or less at the time they are purchased by the ROE are considered to be cash equivalents. Investments with original maturities of more than three months are reported as investments.

G. Capital Assets

Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets but are not reported in the fund financial statements.

Capital assets are recorded at cost at time of acquisition or fair value at the date of donation. The ROE capitalizes items costing \$5,000 or more. Depreciation is calculated on a straight-line basis over the estimated useful lives (three to fifteen years) of the respective assets.

H. Deferred Revenues

The ROE reports unearned deferred revenue in the governmental fund Balance Sheet. Deferred and unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

I. Net Assets

Net assets present the difference between assets and liabilities in the Statement of Net Assets. Net assets of the ROE are classified as follows:

Invested in Capital Assets - represents the ROE's total investment in capital assets. There is no outstanding debt related to these assets at this time.

Restricted Net Assets - represent resources in which the ROE is legally obligated to spend in accordance with restrictions imposed by enabling legislation.

Unrestricted Net Assets - represent resources used for transactions relating to the general operations of the ROE and may be used at the discretion of management to meet expenses for any purpose.

J. Management Estimates

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

K. Revenue from Federal and State Grants

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

L. Budgetary Data

Grundy/Kendall Counties Regional Office of Education No. 24 did not formally adopt a budget for the year ended June 30, 2009 and is not legally required to do so. The Illinois State Board of Education (ISBE) 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
 - Truants Alternative Optional Education Program (TAOEP)
 - Even Start
 - Teen Reach / Gear Up
 - Workforce Investment Act (WIA) - Premier Youth

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
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JUNE 30, 2009

- Workforce Investment Act (WIA) - Grundy Youth
- Early Childhood
- Addiction Prevention - Comprehensive

M. Interest Revenue

Interest earned in the ISBE Distributive Fund (an agency fund) by Grundy/Kendall Counties Regional Office of Education No. 24 on ISBE receipts is divided among the recipients of ISBE funds within Grundy/Kendall Counties Regional Office of Education No. 24 based on a written agreement which specifies the method for distribution of interest earnings.

N. New Accounting Pronouncement

Effective July 1, 2008, the Grundy/Kendall Counties Regional Office of Education No. 24 adopted the following accounting pronouncements:

- GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.
- GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, which improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income.
- GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which incorporates the hierarchy of GAAP for State and local governments into the GASB's authoritative literature. It is intended to make it easier for preparers of State and local government financial statements to identify and apply the "GAAP hierarchy," which consists of sources of accounting principles used in the preparation of financial statements so that they are presented in conformity with GAAP and the framework for selecting those principles.
- GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This statement addresses three issues not included in the authoritative literature that establishes accounting

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

principles-related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature.

There were no significant impacts on the Grundy/Kendall Counties Regional Office of Education No. 24's financial statements as a result of adopting the above statements.

NOTE 2 - CASH AND INVESTMENTS

Deposits

The Grundy/Kendall Counties Regional Office of Education No. 24 utilizes several different bank accounts for its various activities. The book balance of such accounts is \$282,425 at June 30, 2009, while the bank balance was \$490,926. The difference between the above amounts primarily represents checks that have been issued but have not yet cleared the bank as of June 30, 2009. Of the total bank balances as of June 30, 2009, \$444,974 was secured by federal depository insurance and \$45,952 was collateralized by securities pledged by the Regional Office of Education No. 24's financial institution on behalf of the Regional Office.

Investments

The ROE's established investment policy follows the State of Illinois Public Funds Investment Act which authorizes the ROE to purchase certain obligations of the U.S. Treasury, federal agencies and instrumentalities; certificates of deposit and time deposits covered by Federal depository insurance; commercial paper of U.S. corporations with assets exceeding \$500,000,000, if such paper is rated at the highest classification established by at least two standard rating services; money market funds and the Illinois Funds.

The ROE has pooled its investments. Investments are stated at fair value. Net income from investments of pooled funds is allocated and credited to the original sources of the funds. As of June 30, 2009, the Regional Office of Education No. 24 had investments with carrying and fair values as follows:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Certificates of deposit	\$ 176,012	\$ 176,089
Money market funds	5,034	5,034
Illinois funds investment pool	210,904	210,904
Total	<u>\$ 391,950</u>	<u>\$ 392,027</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
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Interest Rate Risk

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The ROE's policy for reducing its exposure to the risk is to structure the ROE's portfolio so that securities mature to meet the ROE's cash requirements for ongoing operations. As of June 30, 2009, all the investments have investment maturities of less than one year.

Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ROE's policy for managing its exposure to the risk is to limit investments to those allowable by the Illinois Public Funds Investment Act. As of June 30, 2009, the ROE's investment in the State investment pool (Illinois Funds) was rated AAAM by Standard & Poor's.

Concentration of Credit Risk

Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The ROE does not have a policy that specifically addresses concentration of credit risk. As of June 30, 2009, the ROE's investment in certificates of deposit which is 45% of total investment and totaling \$176,012 is subject to concentration of credit risk.

Custodial Credit Risk

Custodial Credit Risk for investments is the risk that, in the event of a failure of the counterparty, the ROE will not be able to recover the value of the investments that are in the possession of an outside party. As of June 30, 2009, the ROE's investments are fully collateralized.

NOTE 3 - ON BEHALF PAYMENTS

The salaries of the Superintendent and Assistant Superintendent of Grundy/Kendall Counties Regional Office of Education No. 24 are paid for by the State of Illinois and Teachers Retirement System (TRS) contributions are paid by the State of Illinois, in accordance with applicable State of Illinois Law.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
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The breakdown of the on-behalf payments is as follows:

Regional Superintendent's salary	\$ 96,435
Regional Superintendent's fringe benefits (includes State paid insurance)	22,144
Assistant Regional Superintendent's salary	86,789
Assistant Regional Superintendent's fringe benefits (includes State paid insurance)	21,520
TRS pension contributions	238,827
Total	\$ 465,715

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education. The fringe benefits amounts include State paid insurance.

NOTE 4 - CAPITAL ASSETS

A summary of changes in capital assets of governmental funds for the year ended June 30, 2009 is as follows:

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009
Equipment	\$ 89,560	\$ -	\$ -	\$ 89,560
Building improvements	29,505	11,463	-	40,968
	119,065	11,463	-	130,528
Less: accumulated depreciation	(73,461)	(5,971)	-	(79,432)
Capital assets, net	\$ 45,604	\$ 5,492	\$ -	\$ 51,096

NOTE 5 - RETIREMENT FUND COMMITMENTS

Teachers' Retirement System of the State of Illinois

The Grundy/Kendall Counties Regional Office of Education No. 24 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains the primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2009, was 9.4 percent of creditable earnings. 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, 2008 and 2007. In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS Fund contribution was 0.63 percent during the year ended June 30, 2009, and the member THIS Fund health insurance contribution was 0.84 percent.

The State of Illinois makes contributions directly to TRS on behalf of the Grundy/Kendall Counties Regional Office of Education No. 24's TRS-covered employees.

- **On-behalf Contributions.** The State of Illinois makes employer pension contributions on behalf of the Grundy/Kendall Counties Regional Office of Education No. 24. For the year ended June 30, 2009, State of Illinois contributions were based on 17.08 percent of creditable earnings not paid from federal funds, and the Grundy/Kendall Counties Regional Office of Education No. 24 recognized revenue and expenditures of \$238,827 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2008 and June 30, 2007, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 13.11 percent (\$164,245) and 9.78 percent (\$111,114), respectively. The State contributions to TRS for the years ended June 30, 2009 and June 30, 2008 were based on an actuarial formula. The State contributions for the year ended June 30, 2007 was based on dollar amounts specified by the statute and were not actuarially determined.

The Grundy/Kendall Counties Regional Office of Education No. 24 makes other types of employer contributions directly to TRS.

- **2.2 Formula Contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2009 were \$8,119. Contributions for the years ended June 30, 2008, and June 30, 2007, were \$7,266 and \$6,594, respectively.
- **Federal and Trust Fund Contributions.** When TRS members are paid from federal and special trust funds administered by the Grundy/Kendall Counties Regional Office of Education No. 24, there is a statutory requirement for the Grundy/Kendall Counties Regional Office of Education No. 24 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS. For the year ended June 30, 2009, the employer pension contribution was 17.08 percent of

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

salaries paid from federal and special trust funds. For the years ended June 30, 2008 and 2007, the employer contribution was 13.11 and 9.78 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2009, salaries totaling \$48,110 were paid from federal and special trust funds that required employer contributions of \$8,217. For the years ended June 30, 2008 and June 30, 2007, required contributions of Grundy/Kendall Counties Regional Office of Education No. 24 were \$3,674 and \$2,570, respectively.

- **Early Retirement Option.** The Grundy/Kendall Counties Regional Office of Education No. 24 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member. Under Public Act 94-0004, a “Pipeline ERO” program was provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they met certain conditions and retired on or before July 1, 2007. If members did not meet these conditions, they can retire under the “Modified ERO” program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualified for the Pipeline ERO). Under the Pipeline ERO, the maximum employer contribution was 100 percent of the member’s highest salary used in the final average salary calculation. Under the Modified ERO, the maximum employer contribution is 117.5 percent. Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement. For the year ended June 30, 2009, the Grundy/Kendall Counties Regional Office of Education No. 24 paid \$0 to TRS for employer contributions under the ERO program. For the years ended June 30, 2008 and 2007, the Grundy/Kendall Counties Regional Office of Education No. 24 paid \$0 in employer ERO contributions.

- **Salary Increases Over 6 Percent and Excess Sick Leave.** Public Act 94-0004 added two additional employer contributions to TRS.
 - 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 of up to 6 percent. For the year ended June 30, 2009, the Grundy/Kendall Counties Regional Office of Education No. 24 paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2008 and June 30, 2007, the Grundy/Kendall Counties Regional Office of Education No. 24 did not have any payments to TRS for employer contributions due on salary increases in excess of 6 percent.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

- 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 used to calculate final average salary, and the TRS total normal cost rate (18.67 percent of salary during the year ended June 30, 2009). For the year ended June 30, 2009, the Grundy/Kendall Counties Regional Office of Education No. 24 paid \$0 to TRS for sick leave days granted in excess of the normal annual allotment. For the years ended June 30, 2008 and June 30, 2007, the Grundy/Kendall Counties Regional Office of Education No. 24 did not have any payments 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, 2008. The report for the year ended June 30, 2009, is expected to be available in late 2009. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS web site at trs.illinois.gov.

Illinois Municipal Retirement Fund

Plan Description

The Grundy/Kendall Counties Regional Office of Education No. 24's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Grundy/Kendall Counties Regional Office of Education No. 24's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained on-line at www.imrf.org.

Funding Policy

As set by statute, the Grundy/Kendall Counties Regional Office of Education No. 24's regular plan members are required to contribute 4.50% of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2008 was 10.83% of annual covered payroll. The Grundy/Kendall Counties Regional Office of Education No. 24 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost

For 2008, the Grundy/Kendall Counties Regional Office of Education No. 24's annual pension cost of \$615,578 for the regular plan was equal to the Grundy/Kendall Counties Regional Office of Education No. 24's required and actual contributions.

THREE - YEAR TREND INFORMATION

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/08	\$ 615,578	100%	\$ -
12/31/07	492,126	100%	-
12/31/06	419,240	100%	-

The required contribution for 2008 was determined as part of the December 31, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2006 included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of Grundy/Kendall Counties Regional Office of Education No. 24 regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Grundy/Kendall Counties Regional Office of Education No. 24's regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2006 valuation was 5 years.

Funded Status and Funding Progress

As of December 31, 2008, the most recent actuarial valuation date, the regular plan was 87.04% funded. The actuarial accrued liability for benefits was \$5,655,271 and the actuarial value of assets was \$4,922,395, resulting in an underfunded actuarial accrued liability (UAAL) of \$732,876. The covered payroll (annual payroll of active employees covered by the plan) was \$5,684,011 and the ratio of the UAAL to the covered payroll was 13 percent.

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 6 - DUE FROM (TO) OTHER GOVERNMENTAL UNITS

The Grundy/Kendall Counties Regional Office of Education No. 24's Special Revenue Funds and Fiduciary Funds have funds due from/to the following government agencies:

Due from Other Governmental Units:	
Illinois State Board of Education	\$ 324,295
Will County Regional Office of Education No. 56	556,919
Workforce Investment Board of Will County	96,762
Illinois Department of Human Services	79,521
Local school districts	<u>20,331</u>
Total	<u>\$ 1,077,828</u>
Due to Other Governmental Units:	
Local School Districts	<u>\$ 437,407</u>

NOTE 7 - RENTAL OF OFFICE SPACE

Grundy/Kendall Counties Regional Office of Education No. 24 leases an office space for its Joliet operations. The lease agreement which commenced in 2005 will expire in 2010. The agreement provides for a renewal option to extend the lease for an additional five years and annual increases in future minimum rental payments of 3%. Also, the agreement generally requires the Grundy/Kendall Regional Office of Education No. 24 to pay executory costs. Rental expense for the year ended June 30, 2009 was \$277,993. The future minimum rental payments required under the operating lease agreement amounted to \$287,116.

NOTE 8 - INTERFUND TRANSACTIONS

(a) Due From (To) Other Funds

The following is a summary of amounts due from (to) other funds as of June 30, 2009:

Fund	Due From Other Funds	Due To Other Funds
Education Fund:		
Workforce Investment Act (WIA) - Premier Youth	\$ 79,724	\$ -
Workforce Investment Act (WIA) - Grundy Youth	17,038	-
ESN NFP, WIA Grants	<u>-</u>	<u>96,762</u>
Total	<u>\$ 96,762</u>	<u>\$ 96,762</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(b) Transfers From (To) Other Funds

The composition of interfund transfers for the year ended June 30, 2009 is as follows:

Fund	Transfer-in	Transfer-out
Education Fund:		
Workforce Investment Act (WIA) - Kendall County	\$ 141	\$ -
Workforce Investment Act (WIA) - Premier Youth	417,810	-
Workforce Investment Act (WIA) - Grundy Youth	17,038	-
ESN NFP, WIA Grants	-	434,989
Total	<u>\$ 434,989</u>	<u>\$ 434,989</u>

NOTE 9 - DEFICIT FUND BALANCES

The following funds have deficit fund balances as of June 30, 2009:

Education Fund:	
Fairmont Literacy Program	\$ 427
Nonmajor Special Revenue Fund:	
Postage	<u>1,062</u>
Total	<u>\$ 1,489</u>

Above deficit fund balances are expected to correct themselves through payments from the State, receipts from local sources and interest income in the next fiscal year.

NOTE 10 - SHORT-TERM DEBT

During the year, the Grundy/Kendall Regional Office of Education No. 24 entered into a loan with Grundy Bank to be used for operating funds. The note has an interest rate of 4.5% and is due on September 30, 2009. The balance due at June 30, 2009 was \$225,100. The short-term debt activity for the year ended June 30, 2009 was as follows:

	July 1, 2008	Additions	Reductions	June 30, 2009
Note payable	<u>\$ -</u>	<u>\$ 675,100</u>	<u>\$ 450,000</u>	<u>\$ 225,100</u>

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS)**

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
 REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2009**

**ILLINOIS MUNICIPAL RETIREMENT FUND
 SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/08	\$4,922,395	\$5,655,271	\$ 732,876	87.04%	\$5,684,011	12.89%
12/31/07	4,538,046	5,095,371	557,325	89.06%	4,764,047	11.70%
12/31/06	3,696,671	4,253,184	556,513	86.92%	3,985,168	13.96%

SUPPLEMENTARY INFORMATION

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
GENERAL FUND
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2009

SCHEDULE 1

	<u>General School Fund</u>	<u>ESN NFP, Inc.</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 241,420	\$ 28,523	\$ 269,943
Due from other governmental units	3,601	-	3,601
TOTAL ASSETS	<u>245,021</u>	<u>28,523</u>	<u>273,544</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Note payable	<u>225,100</u>	<u>-</u>	<u>225,100</u>
FUND BALANCES			
Unreserved	<u>\$ 19,921</u>	<u>\$ 28,523</u>	<u>\$ 48,444</u>

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
GENERAL FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009**

SCHEDULE 2

	<u>General School Fund</u>	<u>ESN NFP, Inc.</u>	<u>Total</u>
REVENUES			
Local sources			
Intergovernmental	\$ -	\$ 55,190	\$ 55,190
Interest	248	-	248
Miscellaneous	29,576	-	29,576
On-behalf payments	465,715	-	465,715
	<hr/>	<hr/>	<hr/>
Total revenues	495,539	55,190	550,729
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Purchased services	10,227	45,058	55,285
Supplies and materials	3,224	8,976	12,200
Capital expenditures	1,106	-	1,106
Miscellaneous	5,960	-	5,960
On-behalf payments	465,715	-	465,715
	<hr/>	<hr/>	<hr/>
Total expenditures	486,232	54,034	540,266
	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER EXPENDITURES	9,307	1,156	10,463
FUND BALANCES, BEGINNING OF YEAR	10,614	27,367	37,981
	<hr/>	<hr/>	<hr/>
FUND BALANCES, END OF YEAR	\$ 19,921	\$ 28,523	\$ 48,444
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2009

SCHEDULE 3

	<u>Will County State Aid</u>	<u>Grundy/Kendall Counties State Aid</u>	<u>Will County Alternative Program</u>	<u>Regional Safe Schools</u>	<u>Truants Alternative Optional Education Program (TAOEP)</u>	<u>Even Start</u>
ASSETS						
Cash and cash equivalents (overdrafts)	\$ 13,039	\$ 286,711	\$ (44,639)	\$ (53,074)	\$ (105,216)	\$ 2,869
Due from other funds	-	-	-	-	-	-
Due from other governmental units	10,782	5,380	45,729	79,221	109,293	4,889
TOTAL ASSETS	<u>23,821</u>	<u>292,091</u>	<u>1,090</u>	<u>26,147</u>	<u>4,077</u>	<u>7,758</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued expenses	12,312	18,559	1,090	566	4,077	7,758
Due to other funds	-	-	-	-	-	-
Due to other governmental units	-	-	-	25,581	-	-
Total liabilities	<u>12,312</u>	<u>18,559</u>	<u>1,090</u>	<u>26,147</u>	<u>4,077</u>	<u>7,758</u>
FUND BALANCES (DEFICIT)						
Unreserved	<u>11,509</u>	<u>273,532</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 23,821</u>	<u>\$ 292,091</u>	<u>\$ 1,090</u>	<u>\$ 26,147</u>	<u>\$ 4,077</u>	<u>\$ 7,758</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
JUNE 30, 2009

SCHEDULE 3
(CONTINUED)

	<u>Teen Reach / Gear Up</u>	<u>Workforce Investment Act (WIA) - Kendall County</u>	<u>Workforce Investment Act (WIA) - Premier Youth</u>	<u>Workforce Investment Act (WIA) - Grundy Youth</u>	<u>Early Childhood</u>	<u>Addiction Prevention - Comprehensive</u>
ASSETS						
Cash and cash equivalents (overdrafts)	\$ (21,744)	\$ -	\$ (76,330)	\$ (17,038)	\$ (46,651)	\$ (45,775)
Due from other funds	-	-	79,724	17,038	-	-
Due from other governmental units	23,260	-	-	-	125,512	56,261
TOTAL ASSETS	<u>1,516</u>	<u>-</u>	<u>3,394</u>	<u>-</u>	<u>78,861</u>	<u>10,486</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued expenses	1,516	-	3,394	-	78,861	10,486
Due to other funds	-	-	-	-	-	-
Due to other governmental units	-	-	-	-	-	-
Total liabilities	<u>1,516</u>	<u>-</u>	<u>3,394</u>	<u>-</u>	<u>78,861</u>	<u>10,486</u>
FUND BALANCES (DEFICIT)						
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 1,516</u>	<u>\$ -</u>	<u>\$ 3,394</u>	<u>\$ -</u>	<u>\$ 78,861</u>	<u>\$ 10,486</u>

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2009**

**SCHEDULE 3
 (CONTINUED)**

	<u>McKinney Education for Homeless Children - Kendall County</u>	<u>No Tolerance Task Force</u>	<u>Chemical Abuse Services Program</u>	<u>ESN NFP, WIA Grants</u>	<u>Will County Truants Alternative Optional Education</u>	<u>Fairmont Literacy Program</u>
ASSETS						
Cash and cash equivalents (overdrafts)	\$ 1,632	\$ 10,389	\$ 964	\$ -	\$ (9,805)	\$ (1,309)
Due from other funds	-	-	-	-	-	-
Due from other governmental units	-	-	-	96,762	10,441	2,353
TOTAL ASSETS	<u>1,632</u>	<u>10,389</u>	<u>964</u>	<u>96,762</u>	<u>636</u>	<u>1,044</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued expenses	297	2,646	-	-	432	1,471
Due to other funds	-	-	-	96,762	-	-
Due to other governmental units	-	-	-	-	-	-
Total liabilities	<u>297</u>	<u>2,646</u>	<u>-</u>	<u>96,762</u>	<u>432</u>	<u>1,471</u>
FUND BALANCES (DEFICIT)						
Unreserved	<u>1,335</u>	<u>7,743</u>	<u>964</u>	<u>-</u>	<u>204</u>	<u>(427)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 1,632</u>	<u>\$ 10,389</u>	<u>\$ 964</u>	<u>\$ 96,762</u>	<u>\$ 636</u>	<u>\$ 1,044</u>

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
 EDUCATION FUND
 COMBINING SCHEDULE OF ACCOUNTS
 JUNE 30, 2009**

**SCHEDULE 3
 (CONTINUED)**

	<u>Grundy County Jump Start Program</u>	<u>Meth Mini Grant</u>	<u>Grundy/Kendall Counties General State Aid - ARRA</u>	<u>Will County General State Aid - ARRA</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents (overdrafts)	\$ 3,607	\$ (2,053)	\$ 149,457	\$ (43,729)	\$ 1,305
Due from other funds	-	-	-	-	96,762
Due from other governmental units	9,249	2,712	-	489,967	1,071,811
TOTAL ASSETS	<u>12,856</u>	<u>659</u>	<u>149,457</u>	<u>446,238</u>	<u>1,169,878</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	6,258	659	59,603	154,691	364,676
Due to other funds	-	-	-	-	96,762
Due to other governmental units	-	-	89,854	291,547	406,982
Total liabilities	<u>6,258</u>	<u>659</u>	<u>149,457</u>	<u>446,238</u>	<u>868,420</u>
FUND BALANCES (DEFICIT)					
Unreserved	<u>6,598</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>301,458</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 12,856</u>	<u>\$ 659</u>	<u>\$ 149,457</u>	<u>\$ 446,238</u>	<u>\$ 1,169,878</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
EDUCATION FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE 4

	<u>Will County State Aid</u>	<u>Grundy/Kendall Counties State Aid</u>	<u>Will County Alternative Program</u>	<u>Regional Safe Schools</u>	<u>Truants Alternative Optional Education Program (TAOEP)</u>	<u>Even Start</u>
REVENUES						
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000
State sources	1,142,340	1,042,736	857,780	290,476	400,741	-
Local sources						
Intergovernmental	-	5,380	-	-	-	-
Interest	-	-	-	-	-	-
Total revenues	<u>1,142,340</u>	<u>1,048,116</u>	<u>857,780</u>	<u>290,476</u>	<u>400,741</u>	<u>150,000</u>
EXPENDITURES						
Salaries	495,323	243,448	626,660	139,622	283,619	64,944
Benefits	175,172	81,423	226,698	56,126	90,297	21,923
Purchased services	331,577	124,002	4,422	3,155	24,743	58,614
Supplies and materials	132,559	218,377	-	-	2,082	4,519
Payments to other governments	-	184,807	-	91,573	-	-
Capital expenditures	9,296	49,575	-	-	-	-
Total expenditures	<u>1,143,927</u>	<u>901,632</u>	<u>857,780</u>	<u>290,476</u>	<u>400,741</u>	<u>150,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,587)	146,484	-	-	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in (out)	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES	(1,587)	146,484	-	-	-	-
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>13,096</u>	<u>127,048</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 11,509</u>	<u>\$ 273,532</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
 EDUCATION FUND ACCOUNTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2009**

**SCHEDULE 4
 (CONTINUED)**

	Teen Reach / Gear Up	Workforce Investment Act (WIA) - Kendall County	Workforce Investment Act (WIA) - Premier Youth	Workforce Investment Act (WIA) - Grundy Youth	Early Childhood	Addition Prevention - Comprehensive
REVENUES						
Federal sources	\$ 96,060	\$ -	\$ -	\$ -	\$ -	\$ 241,000
State sources	-	-	-	-	451,916	211,461
Local sources						
Intergovernmental	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total revenues	<u>96,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>451,916</u>	<u>452,461</u>
EXPENDITURES						
Salaries	75,508	-	292,378	13,959	269,487	295,373
Benefits	12,339	-	90,585	3,079	88,528	106,063
Purchased services	4,926	74	32,926	-	60,880	44,085
Supplies and materials	1,481	67	1,921	-	24,316	5,581
Payments to other governments	-	-	-	-	-	-
Capital expenditures	1,806	-	-	-	8,705	1,359
Total expenditures	<u>96,060</u>	<u>141</u>	<u>417,810</u>	<u>17,038</u>	<u>451,916</u>	<u>452,461</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	-	(141)	(417,810)	(17,038)	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in (out)	-	141	417,810	17,038	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES						
	-	-	-	-	-	-
FUND BALANCES (DEFICIT), BEGINNING OF YEAR						
	-	-	-	-	-	-
FUND BALANCES (DEFICIT), END OF YEAR						
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
EDUCATION FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

SCHEDULE 4
(CONTINUED)

	McKinney Education for Homeless Children - Kendall County	No Tolerance Task Force	Chemical Abuse Services Program	ESN NFP, WIA Grants	Will County Truants Alternative Optional Education	Fairmont Literacy Program
REVENUES						
Federal sources	\$ 19,325	\$ -	\$ -	\$ 434,989	\$ -	\$ -
State sources	-	-	-	-	214,000	-
Local sources						
Intergovernmental	-	27,500	1,469	-	-	14,648
Interest	-	-	-	-	-	-
Total revenues	<u>19,325</u>	<u>27,500</u>	<u>1,469</u>	<u>434,989</u>	<u>214,000</u>	<u>14,648</u>
EXPENDITURES						
Salaries	12,351	22,195	-	-	144,014	-
Benefits	5,000	4,288	-	-	53,092	-
Purchased services	1,408	487	-	-	1,481	13,935
Supplies and materials	1,121	-	505	-	3,858	-
Payments to other governments	-	-	-	-	-	-
Capital expenditures	-	-	-	-	11,555	-
Total expenditures	<u>19,880</u>	<u>26,970</u>	<u>505</u>	<u>-</u>	<u>214,000</u>	<u>13,935</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	(555)	530	964	434,989	-	713
OTHER FINANCING SOURCES (USES)						
Transfers in (out)	-	-	-	(434,989)	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES						
	(555)	530	964	-	-	713
FUND BALANCES (DEFICIT), BEGINNING OF YEAR						
	<u>1,890</u>	<u>7,213</u>	<u>-</u>	<u>-</u>	<u>204</u>	<u>(1,140)</u>
FUND BALANCES (DEFICIT), END OF YEAR						
	<u>\$ 1,335</u>	<u>\$ 7,743</u>	<u>\$ 964</u>	<u>\$ -</u>	<u>\$ 204</u>	<u>\$ (427)</u>

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
 EDUCATION FUND ACCOUNTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2009**

**SCHEDULE 4
 (CONTINUED)**

	<u>Grundy County Jump Start Program</u>	<u>Meth Mini Grant</u>	<u>Grundy/Kendall Counties General State Aid - ARRA</u>	<u>Will County General State Aid - ARRA</u>	<u>Total</u>
REVENUES					
Federal sources	\$ -	\$ -	\$ 210,290	\$ 618,565	\$ 1,770,229
State sources	-	-	-	-	4,611,450
Local sources					
Intergovernmental	42,103	8,634	-	-	99,734
Interest	-	-	-	-	-
Total revenues	<u>42,103</u>	<u>8,634</u>	<u>210,290</u>	<u>618,565</u>	<u>6,481,413</u>
EXPENDITURES					
Salaries	25,325	-	63,155	152,206	3,219,567
Benefits	8,676	-	19,167	34,081	1,076,537
Purchased services	1,495	8,189	31,945	82,518	830,862
Supplies and materials	9	445	5,920	46,961	449,722
Payments to other governments	-	-	89,854	291,547	657,781
Capital expenditures	-	-	249	11,252	93,797
Total expenditures	<u>35,505</u>	<u>8,634</u>	<u>210,290</u>	<u>618,565</u>	<u>6,328,266</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,598	-	-	-	153,147
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER EXPENDITURES	6,598	-	-	-	153,147
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	-	-	-	-	148,311
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 6,598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 301,458</u>

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2009**

SCHEDULE 5

	Regional Safe Schools			Truants Alternative Optional Education Program (TAOEP)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	290,476	290,476	-	400,741	400,741	-
Total revenues	290,476	290,476	-	400,741	400,741	-
EXPENDITURES						
Salaries	143,530	139,622	3,908	278,688	283,619	(4,931)
Benefits	60,426	56,126	4,300	91,684	90,297	1,387
Purchased services	3,880	3,155	725	27,769	24,743	3,026
Supplies and materials	-	-	-	2,600	2,082	518
Payments to other governments	82,640	91,573	(8,933)	-	-	-
Capital expenditures	-	-	-	-	-	-
Total expenditures	290,476	290,476	-	400,741	400,741	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
OTHER FINANCING SOURCES						
Transfers in		-			-	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES		-			-	
FUND BALANCES, BEGINNING OF YEAR		-			-	
FUND BALANCES, END OF YEAR		<u>\$ -</u>			<u>\$ -</u>	

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2009**

**SCHEDULE 5
 (CONTINUED)**

	Even Start			Teen Reach / Gear Up		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Federal sources	\$ 150,000	\$ 150,000	\$ -	\$ 97,600	\$ 96,060	\$ (1,540)
State sources	-	-	-	-	-	-
Total revenues	150,000	150,000	-	97,600	96,060	(1,540)
EXPENDITURES						
Salaries	62,861	64,944	(2,083)	76,500	75,508	992
Benefits	22,285	21,923	362	12,300	12,339	(39)
Purchased services	60,854	58,614	2,240	6,000	4,926	1,074
Supplies and materials	4,000	4,519	(519)	1,300	1,481	(181)
Payments to other governments	-	-	-	-	-	-
Capital expenditures	-	-	-	1,500	1,806	(306)
Total expenditures	150,000	150,000	-	97,600	96,060	1,540
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
OTHER FINANCING SOURCES						
Transfers in		-			-	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES		-			-	
FUND BALANCES, BEGINNING OF YEAR		-			-	
FUND BALANCES, END OF YEAR		<u>\$ -</u>			<u>\$ -</u>	

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2009**

**SCHEDULE 5
 (CONTINUED)**

	Workforce Investment Act (WIA) - Premier Youth			Workforce Investment Act (WIA) - Grundy Youth		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Federal sources	\$ 448,000	\$ -	\$ (448,000)	\$ 85,000	\$ -	\$ (85,000)
State sources	-	-	-	-	-	-
Total revenues	448,000	-	(448,000)	85,000	-	(85,000)
EXPENDITURES						
Salaries	290,359	292,378	(2,019)	23,117	13,959	9,158
Benefits	91,117	90,585	532	7,259	3,079	4,180
Purchased services	66,524	32,926	33,598	52,524	-	52,524
Supplies and materials	-	1,921	(1,921)	2,100	-	2,100
Payments to other governments	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-
Total expenditures	448,000	417,810	30,190	85,000	17,038	67,962
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	(417,810)	\$ (417,810)	\$ -	(17,038)	\$ (17,038)
OTHER FINANCING SOURCES						
Transfers in		417,810			17,038	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES		-			-	
FUND BALANCES, BEGINNING OF YEAR		-			-	
FUND BALANCES, END OF YEAR		\$ -			\$ -	

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
 EDUCATION FUND ACCOUNTS
 BUDGETARY COMPARISON SCHEDULES
 FOR THE YEAR ENDED JUNE 30, 2009**

**SCHEDULE 5
 (CONTINUED)**

	Early Childhood			Addiction Prevention - Comprehensive			Total		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES									
Federal sources	\$ -	\$ -	\$ -	\$241,000	\$241,000	\$ -	\$1,021,600	\$ 487,060	\$ (534,540)
State sources	451,916	451,916	-	211,500	211,461	(39)	1,354,633	1,354,594	(39)
Total revenues	451,916	451,916	-	452,500	452,461	(39)	2,376,233	1,841,654	(534,579)
EXPENDITURES									
Salaries	262,747	269,487	(6,740)	286,800	295,373	(8,573)	1,424,602	1,434,890	(10,288)
Benefits	87,923	88,528	(605)	106,000	106,063	(63)	478,994	468,940	10,054
Purchased services	63,681	60,880	2,801	46,900	44,085	2,815	328,132	229,329	98,803
Supplies and materials	27,065	24,316	2,749	11,200	5,581	5,619	48,265	39,900	8,365
Payments to other governments	-	-	-	-	-	-	82,640	91,573	(8,933)
Capital expenditures	10,500	8,705	1,795	1,600	1,359	241	13,600	11,870	1,730
Total expenditures	451,916	451,916	-	452,500	452,461	39	2,376,233	2,276,502	99,731
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(434,848)</u>	<u>\$ (434,848)</u>
OTHER FINANCING SOURCES									
Transfers in		-			-			434,848	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES		-			-			-	
FUND BALANCES, BEGINNING OF YEAR		-			-			-	
FUND BALANCES, END OF YEAR	<u>\$ -</u>			<u>\$ -</u>				<u>\$ -</u>	

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009**

SCHEDULE 6

	<u>GED</u>	<u>School Bus Driver Training</u>	<u>Supervisory</u>	<u>Postage</u>	<u>Will/Grundy Counties Local Area Network</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents (overdraft)	\$ 8,650	\$ 30,629	\$ -	\$ (1,062)	\$ 1,259	\$ 39,476
FUND BALANCES (DEFICIT)						
Unreserved	\$ 8,650	\$ 30,629	\$ -	\$ (1,062)	\$ 1,259	\$ 39,476

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24

SCHEDULE 7

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2009

	GED	School Bus Driver Training	Supervisory	Postage	Will/Grundy Counties Local Area Network	Total
REVENUES						
State sources	\$ -	\$ 772	\$ 2,000	\$ -	\$ -	\$ 2,772
Local sources						
Fees for services	7,801	2,792	-	679	-	11,272
Interest	-	1,792	-	-	5	1,797
Total revenues	<u>7,801</u>	<u>5,356</u>	<u>2,000</u>	<u>679</u>	<u>5</u>	<u>15,841</u>
EXPENDITURES						
Purchased services	5,920	3,204	2,000	-	-	11,124
Supplies and materials	1,267	-	-	-	-	1,267
Total expenditures	<u>7,187</u>	<u>3,204</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>12,391</u>
EXCESS OF REVENUES OVER EXPENDITURES	614	2,152	-	679	5	3,450
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>8,036</u>	<u>28,477</u>	<u>-</u>	<u>(1,741)</u>	<u>1,254</u>	<u>36,026</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 8,650</u>	<u>\$ 30,629</u>	<u>\$ -</u>	<u>\$ (1,062)</u>	<u>\$ 1,259</u>	<u>\$ 39,476</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2009

SCHEDULE 8

	Distributive	Outdoor Education Cooperative	Payroll	Total
ASSETS				
Cash and cash equivalents	\$ 80,142	\$ 22,787	\$ 7,638	\$ 110,567
LIABILITIES				
Distributive payable	80,142	-	-	80,142
Due to other governmental units	-	22,787	7,638	30,425
Total liabilities	\$ 80,142	\$ 22,787	\$ 7,638	\$ 110,567

FIDUCIARY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
DISTRIBUTIVE				
ASSETS				
Cash and cash equivalents	\$ 79,426	\$ 8,126,460	\$ 8,125,744	\$ 80,142
LIABILITIES				
Distributive payable	\$ 79,426	\$ 8,126,460	\$ 8,125,744	\$ 80,142
OUTDOOR EDUCATION COOPERATIVE				
ASSETS				
Cash and cash equivalents	\$ 30,174	\$ 104,785	\$ 112,172	\$ 22,787
LIABILITIES				
Due to other governmental units	\$ 30,174	\$ 104,785	\$ 112,172	\$ 22,787
PAYROLL				
ASSETS				
Cash and cash equivalents	\$ 11,109	\$ 104,710	\$ 108,181	\$ 7,638
LIABILITIES				
Due to other governmental units	\$ 11,109	\$ 104,710	\$ 108,181	\$ 7,638
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 120,709	\$ 8,335,955	\$ 8,346,097	\$ 110,567
LIABILITIES				
Distributive payable	79,426	8,126,460	8,125,744	80,142
Due to other governmental units	41,283	209,495	220,353	30,425
Total liabilities	\$ 120,709	\$ 8,335,955	\$ 8,346,097	\$ 110,567

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
DISTRIBUTIVE FUND**

SCHEDULE 10

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHERS
FOR THE YEAR ENDED JUNE 30, 2009**

	Education Service Network	Kendall County Special Educ.	Grundy / Kendall General School Fund	Grundy / Kendall Regional Superintendent	Total
Federal Special Education - IDEA Flow Through	\$ -	\$ 3,227,828	\$ -	\$ -	\$ 3,227,828
Special Education personnel	-	2,179,954	-	-	2,179,954
General State Aid	711,329	-	-	-	711,329
Addiction Prevention - Comprehensive/In Touch	472,734	-	-	-	472,734
Early Childhood Block grant	373,912	-	-	-	373,912
Truant Alt. Opt. Ed. Lump Sum	291,448	-	-	-	291,448
Regional Safe Schools	211,255	-	-	-	211,255
ARRA - General State Aid	210,290	-	-	-	210,290
Even Start	150,508	-	-	-	150,508
Medicaid matching fund	-	137,473	-	-	137,473
Fed. Spec. Ed. Pre School	-	50,251	-	-	50,251
Illinois Step Ahead	44,000	-	-	-	44,000
Teen Reach	39,600	-	-	-	39,600
Homeless liaison	-	-	19,325	-	19,325
National board certification	-	3,000	-	-	3,000
Supervisory expense	-	-	-	2,000	2,000
ROE school bus driver training	-	-	772	-	772
TRS refund	65	-	-	-	65
Total	\$ 2,505,141	\$ 5,598,506	\$ 20,097	\$ 2,000	\$ 8,125,744

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2009**

SCHEDULE 11

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through / Contract Number	FY 2009 Expenditures
<u>DEPARTMENT OF EDUCATION</u>			
Even Start_State Educational Agencies Passed-Through Illinois State Board of Education <i>Even Start</i>	(M) 84.213C	2009-4335-00	\$ 150,000
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (Education Stabilization Fund) Passed-Through Illinois State Board of Education <i>ARRA - General State Aid</i>	(M) 84.394A	2009-4850-93	210,290
Passed-Through Will County Regional Office of Education No. 56 <i>ARRA - General State Aid</i>	(M) 84.394A	2009-4850-92	96,633
<i>ARRA - General State Aid</i>	(M) 84.394A	2009-4850-93	521,932
			<u>828,855</u>
Safe and Drug-Free Schools and Communities_State Grants Passed-Through Illinois Department of Human Services <i>Safe and Drug Free Schools and Communities - State Grants</i>	84.186	711G7216562	226,661
Gaining Early Awareness and Readiness for Undergraduate Programs Passed-Through Illinois Department of Human Services <i>Gear Up State Award</i>	84.334	823434900	47,600
Education for Homeless Children and Youth Passed-Through Will County Regional Office of Education No. 56 <i>McKinney Education for Homeless Children</i>	84.196	2009-4920-00	19,325
TOTAL DEPARTMENT OF EDUCATION			\$ 1,272,441
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Temporary Assistance for Needy Families Passed-Through Illinois Department of Human Services <i>Teen Reach</i>	93.558	711G7216863	\$ 48,460
Block Grants for Prevention and Treatment of Substance Abuse Passed-Through Illinois Department of Human Services <i>Addiction Prevention - Comprehensive</i>	93.959	711G7216562	14,339
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 62,799
<u>DEPARTMENT OF LABOR</u>			
Workforce Investment Act (WIA) Youth Activities Passed-Through Kane County Department of Employment and Education <i>Workforce Investment Act (WIA) - Kendall County</i>	17.259	07-08-120607	\$ 141
Passed-Through Grundy, Livingston, Kankakee Workforce Board <i>Workforce Investment Act (WIA) - Grundy Youth</i>	17.259	09-01 ARRA	17,038
Passed-Through Workforce Investment Board of Will County <i>Workforce Investment Act (WIA) - Premier Youth</i>	17.259	2006-100	417,810
TOTAL DEPARTMENT OF LABOR			\$ 434,989
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,770,229

(M) Program was audited as a major program.

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

**GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION NO. 24
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009**

Note 1. Reporting Entity Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Grundy/Kendall Counties Regional Office of Education No. 24 and is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2. Description of Federal Programs Audited as a Major Program

Even Start - A program under the Early Childhood Education that promotes family literacy by improving the educational opportunities of low-income families through the integration of early childhood education, parent literacy and parenting education.

American Recovery and Reinvestment Act - General State Aid - These funds were allocated through the State Fiscal Stabilization Funds (SFSF) section of the American Recovery and Reinvestment Act (ARRA). These funds will help stabilize the possible impact of the State's current fiscal deficit upon payment of general state aid to school districts.

Note 3. Subrecipients

Not applicable.

Note 4. Non-Cash Assistance

Not applicable.

Note 5. Amount of Insurance

Not applicable.

Note 6. Loan or Loan Guarantees Outstanding

Not applicable.