

State of Illinois
GRUNDY/KENDALL COUNTIES
REGIONAL OFFICE OF EDUCATION #24
FINANCIAL AUDIT
(In Accordance with the Single Audit Act
and OMB Circular A-133)
For the Year Ended June 30, 2010

Performed as Special Assistant Auditors
For the Office of the Auditor General

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 TABLE OF CONTENTS
 JUNE 30, 2010

TABLE OF CONTENTS

	<u>PAGE</u>
Officials	1
Compliance Report Summary	2-3
Financial Statement Report Summary	4
 FINANCIAL SECTION	
Independent Auditor's Report	5-6
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	7-8
Independent Auditor's Report on Compliance with Requirements That Could Have A Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.....	9-10
 Schedule of Findings and Questioned Costs	
Section I - Summary of Auditor's Results	11
Section II - Financial Statement Findings	12a-12e
Section III - Findings and Questioned Costs for Federal Awards.....	13
Corrective Action Plan for Current Year Audit Findings.....	14a-14b
Summary Schedule of Prior Audit Findings.....	15
 Management's Discussion and Analysis.....	 16a-16g
 BASIC FINANCIAL STATEMENTS	
 Government-wide Financial Statements	
Statement of Net Assets	17
Statement of Activities.....	18
 Fund Financial Statements	
Balance Sheet - Governmental Funds	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets - Governmental Funds	20

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 TABLE OF CONTENTS
 JUNE 30, 2010

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Funds	22
Statement of Net Assets - Proprietary Funds	23
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	24
Statement of Cash Flow - Proprietary Funds	25
Statement of Fiduciary Net Assets - Fiduciary Fund	26
Statement of Changes in Fiduciary Net Assets - Fiduciary Fund	27
 Notes to the Financial Statements	 28-58

REQUIRED SUPPLEMENTAL INFORMATION

Illinois Municipal Retirement Fund Schedule of Funding Progress	59
Other Post Employment Benefits Schedule of Funding Progress	60

OTHER SUPPLEMENTAL INFORMATION

Combining Schedule of Accounts General Fund	61
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund Accounts	62
 Combining Schedule of Accounts Education Fund	 63-66
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Education Fund Accounts	67-70
 Budgetary Comparison Schedules Education Fund Accounts	
ESN NFP WIA Grants	71
Truants Alternative Optional Education	72
Will County Truants Alternative Optional Education	73
Even Start	74
Early Childhood	75
Regional Safe Schools	76
Gifted Education	77
Title I Reading First Part B SEA Funds	78

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
TABLE OF CONTENTS
JUNE 30, 2010

Combining Balance Sheet	
Nonmajor Special Revenue Funds.....	79-80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	81-82
Combining Statement of Fiduciary Net Assets	
Agency Funds.....	83
Combining Statement of Changes in Assets and Liabilities	
Agency Funds.....	84
Schedule of Disbursements to School District Treasurers and Others	85
 FEDERAL COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards.....	86
Notes to the Schedule of Expenditures of Federal Awards	87-88

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24

OFFICIALS

Regional Superintendent
(Current and during the Audit Period)

Mr. Paul Nordstrom

Assistant Regional Superintendent
(Current and during the Audit Period)

Dr. Christopher Mehochko

Office is located at:

1320 Union Street
Morris, Illinois 60450

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #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.

AUDITOR'S REPORTS

The auditor's 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	2	-
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 (GOVERNMENT AUDITING STANDARDS)			
10-1	12a	Inadequate Internal Controls Over Financial Reporting	Material Weakness
10-2	12d	Controls Over Financial Statement Preparation	Material Weakness

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

There are no findings on federal compliance.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
COMPLIANCE REPORT SUMMARY (Concluded)

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

There were no prior year financial statement findings.

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

There were no prior year federal compliance findings.

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on September 16, 2010. Attending were Paul Nordstrom, Regional Superintendent, Christopher Mehochko, Assistant Regional Superintendent, and Michelle D. Smith, Manager, Kemper CPA Group LLP. Responses to the recommendations were provided by Paul Nordstrom, Regional Superintendent.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Grundy/Kendall Counties Regional Office of Education #24 was performed by Kemper CPA Group LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Grundy/Kendall Counties Regional Office of Education #24's basic financial statements.



INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Grundy/Kendall Counties Regional Office of Education #24, as of and for the year ended June 30, 2010, which collectively comprise the Grundy/Kendall Counties Regional Office of Education #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 #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 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 #24, as of June 30, 2010, 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 June 23, 2011, on our consideration of the Grundy/Kendall Counties Regional Office of Education #24's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, Illinois Municipal Retirement Fund Schedule of Funding Progress and Other Post Employment Benefits Schedule of Funding Progress on pages 16a-16g, 59 and 60 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 #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.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Evansville, Indiana
June 23, 2011



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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Grundy/Kendall Counties Regional Office of Education #24, as of and for the year ended June 30, 2010, which collectively comprise the Grundy/Kendall Counties Regional Office of Education #24's basic financial statements and have issued our report thereon dated June 23, 2011. 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 #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 #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 #24's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in findings 10-1 and 10-2 in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

Compliance and Other Matters

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

Grundy/Kendall Counties Regional Office of Education #24's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Grundy/Kendall Counties Regional Office of Education #24's responses and, accordingly, express no opinion on them.

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 organization, 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.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Evansville, Indiana
June 23, 2011



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON 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 Grundy/Kendall Counties Regional Office of Education #24's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Grundy/Kendall Counties Regional Office of Education #24's major federal programs for the year ended June 30, 2010. The Grundy/Kendall Counties Regional Office of Education #24's major federal programs are identified in the summary of auditor's 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 #24's management. Our responsibility is to express an opinion on the Grundy/Kendall Counties Regional Office of Education #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 #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 #24's compliance with those requirements.

In our opinion, Grundy/Kendall Counties Regional Office of Education #24 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the Grundy/Kendall Counties Regional Office of Education #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 #24's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 #24's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, 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.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Evansville, Indiana

June 23, 2011

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2010

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? No
- Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? No

Type of auditor’s report issued on compliance for major programs: Unqualified

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.394A	State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act (Education Stabilization Fund)
84.397A	State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act
93.558	Teen Reach

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? Yes

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding No. 10-1– Inadequate Internal Controls Over Financial Reporting

Criteria/Specific Requirement:

The Regional Office of Education is required to maintain a system of controls over the financial reporting process to be able to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles (GAAP).

Condition:

The Regional Office of Education #24 does not have sufficient internal controls over the financial reporting process. We noted the following deficiencies in internal control:

- 1) There is a lack of segregation of duties in the cash receipts process. The same person receives the receipts, makes a listing of the receipts, and posts the receipts to the general ledger. There is also no independent review of the unopened bank statement prior to the bank reconciliation being prepared.
- 2) There are inadequate controls over cash disbursements. The Regional Office of Education has four signature stamps and the individual responsible for printing checks has access to these stamps.
- 3) There are inadequate controls over payroll. There were no employment contracts issued for the year ending June 30, 2010, for Education Service Network, Not for Profit, Inc. (ESN, NFP, Inc.) employees, which is a blended component unit of the Regional Office of Education.
- 4) The Regional Office of Education maintains the general fund accounts in a different accounting software program than what is used by ESN, NFP, Inc. Additionally, the accounting software program used for the general fund accounts at the Regional Office is not being maintained using separate accounts by fund and the general ledger is not being closed at the end of the accounting period.

Effect:

Management or employees in the normal course of performing their assigned functions may not prevent or detect financial misstatements or possible fraudulent activity in a timely manner. The Regional Office also may not be in compliance with laws, regulations, and contract provisions.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 10-1– Inadequate Internal Controls Over Financial Reporting (Continued)

Cause:

The Regional Office of Education #24 did not consistently implement established internal controls. Regional Office personnel are also not aware of what duties should be segregated in order to have a more effective process.

Recommendation:

The Regional Office has attempted to segregate some of the accounting responsibilities, but there are areas that should be improved. In order to correct the deficiencies noted above:

- 1) The Regional Office of Education #24 should have someone receive the receipts who does not have access to the accounting software and someone independent of the receipt and disbursement processes should receive the bank statement unopened and review the statement before the bank reconciliation is prepared.
- 2) All signature stamps should be kept in a secure location and only used by those who are independent of the cash disbursement process.
- 3) All employees of the Regional Office of Education #24 should be issued new employment contracts each year.
- 4) The Regional Office of Education should convert all accounting records to the same accounting software system at ESN, NFP, Inc. This software is better equipped to handle fund accounting. If the Regional Office of Education chooses to continue to use the same accounting software, a separate file should be created for each fund to ensure that each program and related expenses are segregated in the general ledger. In addition, the accounting records need to be properly closed at the end of each fiscal year.

Management Response:

- 1) In the past, the Regional Office of Education attempted to keep roles separate from the Education Service Network. Now when receipts come in our ROE secretary in Morris and our ROE secretary in Yorkville, stamp incoming receipts before they go to the bookkeepers. The Regional Superintendent in Morris and the Assistant Regional Superintendent in Yorkville now open all bank statements, review them, and initial them before they go to the bookkeepers.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 10-1– Inadequate Internal Controls Over Financial Reporting (Concluded)

Management Response (Concluded):

- 2) Only the bookkeepers are writing checks now. The secretaries keep the check stamps and do the check stamping. With only two people available, we will do the best we can in this area.
- 3) The ROE has worked toward creating and getting contracts signed by all employees. The plan is to have contracts prepared and signed in a timely manner.
- 4) The ROE plan is to continue using both accounting software systems. The ROE bookkeeper has created a separate file for each fund, as suggested, for both expenditures and revenues. The ROE financial records will be closed out for FY 10, and, if necessary, we may seek help from outside consultants.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Finding No. 10-2– Controls Over Financial Statement Preparation

Criteria/Specific Requirement:

The Regional Office of Education #24 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

Condition:

The Regional Office of Education #24 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of some accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- Numerous adjusting entries were required to present the financial statements in accordance with generally accepted accounting principles.
- In testing general disbursements, two checks for insurance were found that had partial amounts that should have been recorded as prepaid expenses for fiscal year 2011. The entire amount of the check was expensed in fiscal year 2010.
- Two programs reported incorrect fund balances at June 30, 2009. These funds had to be adjusted to correctly show fund balances as of June 30, 2010.

Effect:

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

Cause:

According to Regional Office officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION II - FINANCIAL STATEMENT FINDINGS (Concluded)

Finding No. 10-2– Controls Over Financial Statement Preparation (Concluded)

Recommendation:

As part of its internal control over the preparation of financial statements, including disclosures, the Regional Office of Education #24 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

Management's Response:

An outside accounting firm has been engaged to review the FY 11 financial statements for the Regional Office.

Bookkeeping has been corrected to reflect the insurance expense in the year in which it is incurred.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

INSTANCES OF NONCOMPLIANCE:

None

SIGNIFICANT DEFICIENCIES:

None

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
JUNE 30, 2010

Corrective Action Plan

Finding No. 10-1– Inadequate Internal Controls Over Financial Reporting

Condition:

The Regional Office of Education #24 does not have sufficient internal controls over the financial reporting process. We noted the following deficiencies in internal control:

- 1) There is a lack of segregation of duties in the cash receipts process. The same person receives the receipts, makes a listing of the receipts, and posts the receipts to the general ledger. There is also no independent review of the unopened bank statement prior to the bank reconciliation being prepared.
- 2) There are inadequate controls over cash disbursements. The Regional Office of Education has four signature stamps and the individual responsible for printing checks has access to these stamps.
- 3) There are inadequate controls over payroll. There were no employment contracts issued for the year ending June 30, 2010, for Education Service Network, Not for Profit, Inc. (ESN, NFP, Inc.) employees, which is a blended component unit of the Regional Office of Education.
- 4) The Regional Office of Education maintains the general fund accounts in a different accounting software program than what is used by ESN, NFP, Inc. Additionally, the accounting software program used for the general fund accounts at the Regional Office is not being maintained using separate accounts by fund and the general ledger is not being closed at the end of the accounting period.

Plan:

- 1) In the past, the Regional Office of Education attempted to keep roles separate from the Education Service Network. Now when receipts come in our ROE secretary in Morris and our ROE secretary in Yorkville, stamp incoming receipts before they go to the bookkeepers. The Regional Superintendent in Morris and the Assistant Regional Superintendent in Yorkville now open all bank statements, review them, and initial them before they go to the bookkeepers.
- 2) Only the bookkeepers are writing checks now. The secretaries keep the check stamps and do the check stamping. With only two people available, we will do the best we can in this area.
- 3) The ROE has worked toward creating and getting contracts signed by all employees. The plan is to have contracts prepared and signed in a timely manner.
- 4) The ROE plan is to continue using both accounting software systems. The ROE bookkeeper has created a separate file for each fund, as suggested, for both expenditures and revenues. The ROE financial records will be closed out for FY 10 and, if necessary, we may seek help from outside consultants.

Anticipated Date of Completion: December 31, 2010

Name of Contact Person:

Honorable Paul Nordstrom, Regional Superintendent of Schools

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
JUNE 30, 2010

Corrective Action Plan (concluded)

Finding No. 10-2– Controls Over Financial Statement Preparation

Condition:

The Regional Office of Education #24 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains controls over the processing of some accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- Numerous adjusting entries were required to present the financial statements in accordance with generally accepted accounting principles.
- In testing general disbursements, two checks for insurance were found that had partial amounts that should have been recorded as prepaid expenses for fiscal year 2011. The entire amount of the check was expensed in fiscal year 2010.
- Two programs reported incorrect fund balances at June 30, 2009. These funds had to be adjusted to correctly show fund balances as of June 30, 2010.

Plan:

An outside accounting firm has been engaged to review the FY 11 financial statements for the Regional Office.

Bookkeeping has been corrected to reflect the insurance expense in the year in which it is incurred.

Anticipated Date of Completion: When Financial Statements are completed in 2011.

Name of Contact Person:

Honorable Paul Nordstrom, Regional Superintendent of Schools

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

**Finding
No.**

Condition

Current Status

There were no prior year audit findings.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

The Regional Office of Education #24 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year 2010 that ended on June 30, 2010. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

2010 FINANCIAL HIGHLIGHTS

- Within the Governmental Funds, the General Fund revenues increased by \$316,077 from \$550,729 in fiscal year 2009 to \$866,806 in fiscal year 2010. General Fund expenditures increased by \$239,185 from \$540,266 in fiscal year 2009 to \$779,451 in fiscal year 2010. The majority of the revenue and expenditure increases are due to an increase in on-behalf payments to and from the State by the Regional Office.
- Within the Governmental Funds, the Special Revenue Fund revenue decreased by \$2,011,479 from \$6,546,012 in fiscal year 2009 to \$4,534,533. The Special Revenue Fund expenditures decreased by \$2,183,320 from \$6,397,054 in fiscal year 2009 to \$4,213,734 in fiscal year 2010. The revenue and expenditure decreases are due to less funding from federal and state sources.

USING THIS REPORT

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office's financial activities.
- The government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the Regional Office of Education as a whole and present an overall view of the Office's finances.
- Fund financial statements report the Regional Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the financial statements provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements and supplementary information provides detailed information for each category of funds and about the non-major funds.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

REPORTING THE OFFICE AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the Regional Office of Education #24 as a whole. The Statement of Net 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 accounting methods similar to those used by private-sector companies.

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

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

The government-wide financial statements present the Office's activities as both governmental and business-type activities. Local, state and federal aid finance most of these activities.

The fund financial statements provide detailed information about the Grundy/Kendall County Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office of Education #24 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

REPORTING THE OFFICE AS A WHOLE (CONTINUED)

The governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances.

- 2) Fiduciary funds are used to account for assets held by the Regional Office of Education #24 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The fiduciary funds' required financial statements include a Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets.

- 3) Proprietary funds account for activities where the ROE charges customers for services. These funds are most similar to a business that operates for a profit. The ROE has three enterprise funds, Criminal Backgrounds, Grundy County Summer School, and Will County Summer School fund.

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

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

OFFICE-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve, when examined over time, as one indicator of the financial position of the Regional Office. The net assets at the end of fiscal year 2010 totaled \$1,028,609. At the end of fiscal year 2009, the net assets were \$644,805. Net assets related to the Institute Fund are considered restricted for teacher professional development. The analysis that follows provides a summary of the Office's net assets as of June 30, 2010 and 2009, for the governmental and business-type activities.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

CONDENSED STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total Primary Government</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Assets						
Current assets	\$ 1,188,062	\$ 1,574,863	\$ 20,773	\$ 27,739	\$ 1,208,835	\$ 1,602,602
Capital assets, being depreciated, net	57,810	51,096	-	-	57,810	51,096
Total assets	<u>1,245,872</u>	<u>1,625,959</u>	<u>20,773</u>	<u>27,739</u>	<u>1,266,645</u>	<u>1,653,698</u>
Current liabilities	238,036	996,758	-	12,135	238,036	1,008,893
Total liabilities	<u>238,036</u>	<u>996,758</u>	<u>-</u>	<u>12,135</u>	<u>238,036</u>	<u>1,008,893</u>
Net assets:						
Invested in capital assets, net of related debt	57,810	51,096	-	-	57,810	51,096
Unrestricted	756,203	389,378	20,773	15,604	776,976	404,982
Restricted for teacher professional development	193,823	188,727	-	-	193,823	188,727
Total net assets	<u>\$ 1,007,836</u>	<u>\$ 629,201</u>	<u>\$ 20,773</u>	<u>\$ 15,604</u>	<u>\$ 1,028,609</u>	<u>\$ 644,805</u>

The Regional Office of Education's net assets increased by \$383,804 from FY09.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues						
Charges for services	\$ -	\$ 51,233	\$ 34,732	\$ 49,282	\$ 34,732	\$ 100,515
Operating grants and contributions	2,404,207	6,484,185	-	-	2,404,207	6,484,185
General revenues						
Local sources	246,442	84,766	-	-	246,442	84,766
State sources	1,667,636	-	-	-	1,667,636	-
Federal sources	571,492	-	-	-	571,492	-
Interest income	-	10,842	-	2,837	-	13,679
On-behalf payments	620,295	465,715	-	-	620,295	465,715
Loss on disposal of assets	(4,289)	-	-	-	(4,289)	-
Interest earnings returned, net of earnings	(4,366)	-	-	-	(4,366)	-
Total revenues	<u>\$ 5,501,417</u>	<u>\$ 7,096,741</u>	<u>\$ 34,732</u>	<u>\$ 52,119</u>	<u>\$ 5,536,149</u>	<u>\$ 7,148,860</u>
Expenses:						
Program expenses						
Salaries and benefits	\$ 2,924,057	\$ 4,296,104	\$ 5,562	\$ 34,386	\$ 2,929,619	\$ 4,330,490
Purchased services	685,100	953,614	15,761	22,604	700,861	976,218
Supplies and materials	168,844	463,243	1,176	4,879	170,020	468,122
Payments to other governments	417,636	657,781	-	-	417,636	657,781
Capital outlay	131,499	83,440	-	2,646	131,499	86,086
Depreciation expense	16,278	5,971	-	-	16,278	5,971
Other objects	18,473	5,960	-	-	18,473	5,960
Administrative expenses						
On-behalf payments	620,295	465,715	-	-	620,295	465,715
Total expenses	<u>4,982,182</u>	<u>6,931,828</u>	<u>22,499</u>	<u>64,515</u>	<u>5,004,681</u>	<u>6,996,343</u>
Change in net assets	\$ 519,235	\$ 164,913	\$ 12,233	\$ (12,396)	\$ 531,468	\$ 152,517
Net assets beginning of year	629,201	464,288	15,604	28,000	644,805	492,288
Restatement	(140,600)	-	(7,064)	-	(147,664)	-
Net assets beginning of year, as restated	<u>488,601</u>	<u>464,288</u>	<u>8,540</u>	<u>28,000</u>	<u>497,141</u>	<u>492,288</u>
Net assets end of year	<u>\$ 1,007,836</u>	<u>\$ 629,201</u>	<u>\$ 20,773</u>	<u>\$ 15,604</u>	<u>\$ 1,028,609</u>	<u>\$ 644,805</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

Governmental Activities

Revenues for governmental activities were \$5,501,417 and expenses were \$4,982,182 for the year ended June 30, 2010. Revenues for governmental activities were \$7,096,741 and expenses were \$6,931,828 for the year ended June 30, 2009. These decreases in revenues and expenditures are due primarily to decreases in operating grants within the Education Fund and subsequent decreases in services provided in those specific areas by the Regional Office.

Financial analysis of the Regional Office of Education #24 Funds

As previously noted, the Regional Office of Education #24 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency's Governmental Funds reported combined fund balances of \$845,659 at June 30, 2010 compared to fiscal year 2009's ending fund balance of \$437,505 as restated.

Budgetary Highlights

The Regional Office of Education #24 annually adopts budgets for several funds. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Board for their approval. The Office Operations Budget covers a fiscal year that runs from December 1 to November 30. All grant budgets are prepared by the Regional Office of Education #24 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency.

Capital Assets

Capital assets of the Regional Office of Education #24 include office equipment, computers, audio-visual equipment, office furniture, and building improvements. The Regional Office of Education #24 maintains an inventory of capital assets that have been accumulated over time. During the year ended June 30, 2010, Regional Office of Education #24 purchased assets totaling \$27,281 and deleted assets totaling \$44,109, resulting in an ending balance of \$113,700. In addition, the Regional Office of Education #24 has adopted a depreciation schedule that reflects the level of Net Governmental Activities Capital Assets. More detailed information about capital assets is available in Note 7 of the financial statements.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

Economic Factors and Next Year's Budget

At the time these financial statements were prepared and audited, the Regional Office of Education #24 was aware of several existing circumstances that could affect its financial health in the future:

- County Board funding has been decreased only slightly for FY '11.
- Many of the grant programs were terminated in December 2010 and will not return. These included Early Childhood, Prevention Initiative, and Even Start.
- ARRA Education Job Funds of \$81,454 in Grundy/Kendall and \$168,653 in Will County will affect FY '11 balances
- WIA grants were established again in Kendall County.
- The school districts in Grundy and Kendall Counties with satellite alternative school programs have received less state aid from the ROE than in the past.
- The Grundy County Alternative School budget is now based on General State Aid, with state grant TAOEP funds for FY '11 not being heavily relied upon.
- The Will County Alternative School in Joliet was moved and is now rented from a different landlord.
- Interest rates earned on all accounts are at historical lows.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Office's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact The Regional Superintendent of the Regional Office of Education #24 at 1320 Union St., Morris, IL 60450.

BASIC FINANCIAL STATEMENTS

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 813,159	\$ 20,773	\$ 833,932
Due from other governments:			
Local	18,215	-	18,215
State	297,792	-	297,792
Federal	39,633	-	39,633
Prepaid expenses	19,263	-	19,263
Total Current Assets	<u>1,188,062</u>	<u>20,773</u>	<u>1,208,835</u>
Noncurrent Assets:			
Capital assets, being depreciated, net	57,810	-	57,810
Total Noncurrent Assets	<u>57,810</u>	<u>-</u>	<u>57,810</u>
TOTAL ASSETS	<u>1,245,872</u>	<u>20,773</u>	<u>1,266,645</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	19,433	-	19,433
Accrued payroll and employee benefits	18,192	-	18,192
Due to other governments:			
State	92,452	-	92,452
Deferred revenue	107,959	-	107,959
Total Current Liabilities	<u>238,036</u>	<u>-</u>	<u>238,036</u>
TOTAL LIABILITIES	<u>238,036</u>	<u>-</u>	<u>238,036</u>
NET ASSETS			
Invested in capital assets	57,810	-	57,810
Unrestricted	756,203	20,773	776,976
Restricted for Teacher Professional Development	193,823	-	193,823
TOTAL NET ASSETS	<u>\$ 1,007,836</u>	<u>\$ 20,773</u>	<u>\$ 1,028,609</u>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

FUNCTIONS/PROGRAMS	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary Government:						
Governmental Activities:						
Instructional Services:						
Salaries and benefits	\$ 2,924,057	\$ -	\$ 1,714,537	\$ (1,209,520)	\$ -	\$ (1,209,520)
Purchased services	685,100	-	328,156	(356,944)	-	(356,944)
Supplies and materials	168,844	-	72,763	(96,081)	-	(96,081)
Other objects	18,473	-	13,131	(5,342)	-	(5,342)
Depreciation	16,278	-	-	(16,278)	-	(16,278)
Capital outlay	131,499	-	158,780	27,281	-	27,281
Payments to other governments	417,636	-	116,840	(300,796)	-	(300,796)
Administrative:						
On-behalf payments - Local	108,060	-	-	(108,060)	-	(108,060)
On-behalf payments - State	512,235	-	-	(512,235)	-	(512,235)
Total Governmental Activities	<u>4,982,182</u>	<u>-</u>	<u>2,404,207</u>	<u>(2,577,975)</u>	<u>-</u>	<u>(2,577,975)</u>
Business-type Activities:						
Registration fees	14,256	17,162	-	-	2,906	2,906
Tuition	8,243	17,570	-	-	9,327	9,327
Total Business-type Activities	<u>22,499</u>	<u>34,732</u>	<u>-</u>	<u>-</u>	<u>12,233</u>	<u>12,233</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 5,004,681</u>	<u>\$ 34,732</u>	<u>\$ 2,404,207</u>	<u>(2,577,975)</u>	<u>12,233</u>	<u>(2,565,742)</u>
GENERAL REVENUES:						
Local sources				246,442	-	246,442
State sources				1,667,636	-	1,667,636
Federal sources				571,492	-	571,492
On-behalf payments - Local				108,060	-	108,060
On-behalf payments - State				512,235	-	512,235
Loss on disposal of assets				(4,289)	-	(4,289)
Investment earnings returned, net of earnings				(4,366)	-	(4,366)
Transfers				-	-	-
Total General Revenues and Transfers				<u>3,097,210</u>	<u>-</u>	<u>3,097,210</u>
CHANGE IN NET ASSETS				519,235	12,233	531,468
NET ASSETS - BEGINNING (Restated, See Note 13)				488,601	8,540	497,141
NET ASSETS - ENDING				<u>\$ 1,007,836</u>	<u>\$ 20,773</u>	<u>\$ 1,028,609</u>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	Education Fund	Institute Fund	Other NonMajor Funds	Eliminations	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 121,698	\$ 455,162	\$ 193,823	\$ 42,476	\$ -	\$ 813,159
Due from other funds	6,730	418,834	-	-	(425,564)	-
Due from other governments:						
Local	18,215	-	-	-	-	18,215
State	-	297,792	-	-	-	297,792
Federal	-	39,633	-	-	-	39,633
Prepaid expenses	-	19,263	-	-	-	19,263
TOTAL ASSETS	<u>\$ 146,643</u>	<u>\$ 1,230,684</u>	<u>\$ 193,823</u>	<u>\$ 42,476</u>	<u>\$ (425,564)</u>	<u>\$ 1,188,062</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ 19,433	\$ -	\$ -	\$ -	\$ 19,433
Accrued payroll and employee benefits	-	18,192	-	-	-	18,192
Due to other funds	4,268	418,834	-	2,462	(425,564)	-
Due to other governments:						
State	-	92,452	-	-	-	92,452
Deferred revenue	-	212,326	-	-	-	212,326
Total Liabilities	<u>4,268</u>	<u>761,237</u>	<u>-</u>	<u>2,462</u>	<u>(425,564)</u>	<u>342,403</u>
Fund Balances:						
Unreserved, reported in:						
General fund	142,375	-	-	-	-	142,375
Special revenue funds	-	469,447	193,823	40,014	-	703,284
Total Fund Balance	<u>142,375</u>	<u>469,447</u>	<u>193,823</u>	<u>40,014</u>	<u>-</u>	<u>845,659</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 146,643</u>	<u>\$ 1,230,684</u>	<u>\$ 193,823</u>	<u>\$ 42,476</u>	<u>\$ (425,564)</u>	<u>\$ 1,188,062</u>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
JUNE 30, 2010

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 845,659

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. 57,810

Revenues in the Statement of Activities that do not provide current
financial resources, and are not reported as revenues in the funds. 104,367

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 1,007,836

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Education Fund	Institute Fund	Other NonMajor Funds	Eliminations	Total Governmental Funds
REVENUES						
Local sources	\$ 152,950	\$ 32,818	\$ 45,873	\$ 14,801	\$ -	\$ 246,442
State sources	-	3,309,121	-	2,772	-	3,311,893
Federal sources	28,379	1,198,696	-	-	-	1,227,075
On-behalf payments - Local	108,060	-	-	-	-	108,060
On-behalf payments - State	512,235	-	-	-	-	512,235
Total Revenues	<u>801,624</u>	<u>4,540,635</u>	<u>45,873</u>	<u>17,573</u>	<u>-</u>	<u>5,405,705</u>
EXPENDITURES						
Instructional Services						
Salaries and benefits	110,574	2,807,738	-	5,745	-	2,924,057
Purchased services	25,261	603,444	42,260	14,135	-	685,100
Supplies and materials	18,556	142,554	1,748	5,986	-	168,844
Other objects	4,765	13,131	-	577	-	18,473
Payments to other governments	-	417,636	-	-	-	417,636
On-behalf payments - Local	108,060	-	-	-	-	108,060
On-behalf payments - State	512,235	-	-	-	-	512,235
Capital outlay	-	158,780	-	-	-	158,780
Total Expenditures	<u>779,451</u>	<u>4,143,283</u>	<u>44,008</u>	<u>26,443</u>	<u>-</u>	<u>4,993,185</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>22,173</u>	<u>397,352</u>	<u>1,865</u>	<u>(8,870)</u>	<u>-</u>	<u>412,520</u>
Other Financing Sources (Uses)						
Transfer in	99,578	259,265	14,455	-	-	373,298
Transfer out	(29,213)	(329,630)	(14,455)	-	-	(373,298)
Interest income	173	-	3,231	1,282	-	4,686
Interest returned	(5,356)	(3,696)	-	-	-	(9,052)
Total Other Financing Sources (Uses)	<u>65,182</u>	<u>(74,061)</u>	<u>3,231</u>	<u>1,282</u>	<u>-</u>	<u>(4,366)</u>
NET CHANGE IN FUND BALANCES	<u>87,355</u>	<u>323,291</u>	<u>5,096</u>	<u>(7,588)</u>	<u>-</u>	<u>408,154</u>
FUND BALANCES - BEGINNING (Restated, See Note 13)	<u>55,020</u>	<u>146,156</u>	<u>188,727</u>	<u>47,602</u>	<u>-</u>	<u>437,505</u>
FUND BALANCES - ENDING	<u>\$ 142,375</u>	<u>\$ 469,447</u>	<u>\$ 193,823</u>	<u>\$ 40,014</u>	<u>\$ -</u>	<u>\$ 845,659</u>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

NET CHANGE IN FUND BALANCES \$ 408,154

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	\$ 27,281	
Depreciation expense	(16,278)	
Loss on disposal of assets	(4,289)	6,714

Revenues in the Statement of Activities that do not provide current
 financial resources, and are not reported as revenues in the funds.

Deferred revenue		
State sources		104,367

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 519,235

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2010

	Business-Type Activities - Enterprise Funds			Totals
	Criminal Backgrounds	Grundy County Summer School	Other Nonmajor Proprietary Fund- Will County Summer School	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 8,156	\$ 12,269	\$ 348	\$ 20,773
Total Current Assets	<u>8,156</u>	<u>12,269</u>	<u>348</u>	<u>20,773</u>
TOTAL ASSETS	<u>8,156</u>	<u>12,269</u>	<u>348</u>	<u>20,773</u>
NET ASSETS				
Unrestricted	<u>8,156</u>	<u>12,269</u>	<u>348</u>	<u>20,773</u>
TOTAL NET ASSETS	<u><u>\$ 8,156</u></u>	<u><u>\$ 12,269</u></u>	<u><u>\$ 348</u></u>	<u><u>\$ 20,773</u></u>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Business-Type Activities - Enterprise Fund			Totals
	Criminal Backgrounds	Grundy County Summer School	Other Nonmajor Proprietary Fund- Will County Summer School	
OPERATING REVENUES				
Charges for services	\$ 17,162	\$ 17,570	\$ -	\$ 34,732
Total Operating Revenues	<u>17,162</u>	<u>17,570</u>	<u>-</u>	<u>34,732</u>
OPERATING EXPENSES				
Salaries and benefits	-	5,112	450	5,562
Purchased services	14,256	1,505	-	15,761
Supplies and materials	-	1,176	-	1,176
Total Operating Expenses	<u>14,256</u>	<u>7,793</u>	<u>450</u>	<u>22,499</u>
OPERATING INCOME (LOSS)	<u>2,906</u>	<u>9,777</u>	<u>(450)</u>	<u>12,233</u>
CHANGE IN NET ASSETS	2,906	9,777	(450)	12,233
TOTAL NET ASSETS - BEGINNING, RESTATED	<u>5,250</u>	<u>2,492</u>	<u>798</u>	<u>8,540</u>
TOTAL NET ASSETS - ENDING	<u>\$ 8,156</u>	<u>\$ 12,269</u>	<u>\$ 348</u>	<u>\$ 20,773</u>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
STATEMENT OF CASH FLOW
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Business-Type Activities— Enterprise Fund			Totals
	Criminal Backgrounds	Grundy County Summer School	Other Nonmajor Proprietary Fund- Will County Summer School	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 17,162	\$ 17,570	\$ -	\$ 34,732
Payments to suppliers and providers of goods and services	(14,256)	(2,681)	(30)	(16,967)
Payments to employees	-	(5,112)	(450)	(5,562)
Net Cash Provided by (Used for) Operating Activities	<u>2,906</u>	<u>9,777</u>	<u>(480)</u>	<u>12,203</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,906	9,777	(480)	12,203
CASH AND CASH EQUIVALENTS - BEGINNING	<u>5,250</u>	<u>2,492</u>	<u>828</u>	<u>8,570</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 8,156</u>	<u>\$ 12,269</u>	<u>\$ 348</u>	<u>\$ 20,773</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	\$ 2,906	\$ 9,777	\$ (450)	\$ 12,233
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Change in assets and liabilities:				
Decrease in accrued payroll	-	-	-	-
Decrease in accounts payable	-	-	(30)	(30)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 2,906</u>	<u>\$ 9,777</u>	<u>\$ (480)</u>	<u>\$ 12,203</u>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2010

	Private-Purpose Scholarship Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 37,468	\$ 101,699
TOTAL ASSETS	37,468	\$ 101,699
LIABILITIES		
Accounts payable		\$ 1,400
Due to other governments	-	100,299
TOTAL LIABILITIES	-	\$ 101,699
NET ASSETS		
Reserved for scholarships	\$ 37,468	

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Private-Purpose Scholarship Fund</u>
ADDITION	
Interest	\$ 434
DEDUCTION	
Scholarships and awards	<u>2,000</u>
CHANGE IN NET ASSETS	(1,566)
NET ASSETS, BEGINNING OF YEAR	<u>39,034</u>
NET ASSETS, END OF YEAR	<u><u>\$ 37,468</u></u>

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Grundy/Kendall Counties Regional Office of Education #24 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2010, the Regional Office of Education #24 implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*; GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*; GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*; and GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. The Regional Office of Education #24 implemented these standards during the current year; however, GASB Statements No. 51, 53, and 58 had no significant impact on the financial statements.

A. FINANCIAL REPORTING ENTITY

Grundy/Kendall Counties Regional Office of Education #24 operates under the School Code (Articles 3 and 3A of Illinois Compiled Statutes, Chapter 105). Grundy/Kendall Counties Regional Office of Education # 24 encompasses Grundy/Kendall Counties, Illinois. A Regional Superintendent of Schools serves as chief administrative officer of Grundy/Kendall Counties Regional Office of Education #24, and is elected to the position for a four-year term pursuant to Article 3 of Illinois Compiled Statutes, Chapter 105.

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

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Grundy/Kendall Counties Regional Office of Education #24's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. FINANCIAL REPORTING ENTITY (Concluded)

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

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the Grundy/Kendall Counties Regional Office of Education #24, or see that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2010, the Grundy/Kendall Counties Regional Office of Education #24 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Grundy/Kendall Counties Regional Office of Education #24. Such activities are reported as a single special revenue fund (Education Fund).

B. SCOPE OF THE REPORTING ENTITY

The Grundy/Kendall Counties Regional Office of Education #24 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Grundy/Kendall Counties Regional Office of Education #24 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Grundy/Kendall Counties Regional Office of Education #24, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Grundy/Kendall Counties Regional Office of Education #24 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The following component units are entities which are legally separate from Grundy/Kendall Counties Regional Office of Education #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 #24 and blended into the appropriate funds.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. SCOPE OF THE REPORTING ENTITY (Concluded)

Grundy/Kendall Counties Regional Office of Education #24 acts as the administrative agent for the Grundy/Kendall Counties Regional Office of Education #24 Education Service Network (Network), which oversees the operations of several educational programs in the region. The Network has no governing body and all program budgets are approved by the Grundy/Kendall Regional Office of Education #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 Grundy/Kendall Counties shall always serve as Vice-President.

Grundy/Kendall Counties Regional Office of Education #24 does not consider any other entities to be part of its reporting entity. Additionally, Grundy/Kendall Counties Regional Office of Education #24 does not consider itself to be a part of the County's or any other government's reporting entity.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Grundy/Kendall Counties Regional Office of Education #24's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Grundy/Kendall Counties Regional Office of Education #24 has two major business-type activities which are the Criminal Backgrounds Fund, which accounts for fees charged for criminal background checks, and the Grundy County Summer School Fund, which accounts for fees charged for summer school in Grundy County.

The Grundy/Kendall Counties Regional Office of Education #24's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Grundy/Kendall Counties Regional Office of Education #24 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Grundy/Kendall Counties Regional Office of Education #24's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Assets.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services, and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and proprietary fund Statement of Net Assets and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and on the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Assets. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities.

The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent short falls in cash flow within grant programs and funds.

D. PROPRIETARY FUND FINANCIAL STATEMENTS

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and nonmajor funds aggregated.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

E. GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net assets and changes in net assets presented in the government-wide financial statements.

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses and other long-term obligations, which are recognized when paid.

Revenue received after the Regional Office's availability period are reported as deferred revenue in the fund statements and are reported as current revenue in the Statement of Activities.

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

The governmental funds financial statements focus on the measurement of spending or "financial flow" and the determination of changes in financial position, rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Grundy/Kendall Counties Regional Office of Education #24; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

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

Under the provision of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Grundy/Kendall Counties Regional Office of Education #24 applies all GASB pronouncements and has elected to apply only the pronouncements issued on or before November 30, 1989 for the following: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure.

Under the terms of grant agreements, Grundy/Kendall Counties Regional Office of Education #24 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is the Grundy/Kendall Counties Regional Office of Education #24's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

G. FUND ACCOUNTING

The Grundy/Kendall Counties Regional Office of Education #24 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Grundy/Kendall Counties Regional Office of Education #24 uses governmental, proprietary, and fiduciary funds.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS

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

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Grundy/Kendall Counties Regional Office of Education #24 has presented all major funds that met the above qualifications. The Grundy/Kendall Counties Regional Office of Education #24 reports the following major governmental funds:

General Fund - The General Fund is used to account for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted for in another fund. The General Fund is always considered a major fund. The following accounts are included in the General Fund:

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

ESN NFP, Inc. - To account 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.

Payroll - To account for income received for and expenses paid for the payroll for certain employees who are paid by Grundy and Kendall Counties.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Major Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are restricted to expenditures for specified purposes. Major special revenue funds include the following:

Education - The Education Fund includes proceeds for various grants supporting education enhancement programs as follows:

ESN NFP WIA Grants - To account for federal 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 Kendall County and the Department of Human Services.

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

Addiction Prevention - Comprehensive - To account for federal and State 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.

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

Even Start - To account for federal grant monies received for, and payment of expenditures incurred for the Even Start program.

Chemical Abuse Services Program – To account for the grant monies received for, and payment of expenditures incurred for the Parent Involvement Strategies in relation to Botvin’s *LifeSkills* program

Fairmont Literacy Program - To account for grant monies received for and payment of expenses to improve the students’ reading and literacy achievements in the Fairmont School District.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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

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

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

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

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

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

Will County General State Aid - American Reinvestment and Recovery Act (ARRA) – To account for federal grant monies received for, and payment of expenses for the remaining general State aid (GSA) payments in FY 10. 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.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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

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

Will County State Aid - To account for grant monies received for, and payment of expenditures for the unrestricted State grant-in aid to school districts which are received from and passed through the Will County Regional Office of Education No. 56.

Grundy/Kendall Counties General State Aid – American Reinvestment and Recovery Act (ARRA) – Education SFSF – This program is used to account for federal grant monies received for, and payment of expenditures related to any educational purposes consistent with, State and local requirements of the American Reinvestment and Recovery Act - Education State Fiscal Stabilization Fund

Grundy/Kendall Counties General State Aid – American Reinvestment and Recovery Act (ARRA) – Government SFSF – This program is used to account for State and federal grant monies received for, and payment of expenditures related to any educational purposes consistent with, State and local requirements of the American Reinvestment and Recovery Act – Government State Fiscal Stabilization Fund

Gifted Education – Grantees of the Gifted Education Program funds are required to sponsor Gifted Education Seminars in their region. The purchase of supplemental educator materials, classroom supplies and oversight of the grant are additional components of the initiative.

Title I Reading First Part B SEA – To account for monies received from the State (federal dollars) for expenditures incurred providing reading assistance to Reading First districts and buildings.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Institute (formerly Teacher's Institute) - This fund accounts for teacher certificate registration, issuance and evaluation fees for processing certificates, and expenses of meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

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

Nonmajor Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are restricted to expenditures for specified purposes. Nonmajor special revenue funds include the following:

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

General Education Development - To account for the Regional Office of Education's administration of the GED Testing Program. Revenues are received from testing and diploma fees.

Supervisory - This fund accounts for proceeds provided to the Regional Superintendent by the Illinois State Board of Education to be used for travel and related purposes.

Will/Grundy Counties Local Area Network – To account for the revenue and expenses associated with the Will/Grundy Counties Local Area Network fund.

Local Revenues - This fund accounts for revenues and expenditures associated with various miscellaneous local revenues.

Parent University Fairmont 21st Century - This fund accounts for a stipend received in fiscal year 2008 for a Regional Office employee to perform counseling at Fairmont School.

Department of Commerce and Economic Opportunity - This fund accounts for revenues received from Chestnut Health System, a local organization, to pay salary expenses for one employee from the Regional Office to work for In-Touch Local programs.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Concluded)

Interest Fund - This fund accounts for interest revenue earned on the Regional Office's bank accounts.

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

Grundy County Teen Reach - This fund accounts donations received from local parents to pay for the purchase of food and snacks for the kids participating in the teen reach program.

Will County Prevention Consortium - Local - This fund accounts for revenues from local businesses and other counties and is used to fund a graduation banquet each year.

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

Illinois Tobacco - This fund accounts for revenues and expenditures associated with the curriculum and materials for tobacco prevention for youth and for incentives for the stop smoking program for youth.

Cash Fund - This fund accounts for amounts withheld from employee payroll checks to pay the employee's portion of health insurance premiums.

Engaging Youth for Positive Change - This fund accounts for a grant received in fiscal year 2006 that was received from the University of Illinois.

PROPRIETARY FUNDS

Proprietary funds are those which account for resources from fees charged directly to those entities or individuals that use its services. Major proprietary funds are as follows:

Criminal Backgrounds - This fund accounts for revenues and expenditures associated with criminal background checks conducted by the Regional Office.

Grundy County Summer School - This fund accounts for revenues and expenditures associated with summer school programs conducted by the Grundy/Kendall Counties Regional Office of Education #24.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonmajor Proprietary Funds - Proprietary funds account for fees charged directly to those entities or individuals that use its services. Nonmajor proprietary funds are as follows:

Will County Summer School - This fund accounts for revenues and expenditures associated with Will County summer school programs conducted by the Grundy/Kendall Counties Regional Office of Education #24.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the Grundy/Kendall Counties Regional Office of Education #24 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Fiduciary Funds include the following:

Private-Purpose Scholarship Fund - To account 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 – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency Funds include the following:

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

Outdoor Education Cooperative – To account for funds received and disbursed for the Outdoor Education Cooperative.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. NET ASSETS

Equity is classified as net assets and displayed in three components:

Invested in capital assets – Consists of capital assets, net of accumulated depreciation.

Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

I. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit. The Grundy/Kendall Counties Regional Office of Education #24 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents. Investments with original maturities of more than three months are reported as investments.

J. INVENTORY

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

K. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Office Equipment and Furniture	5 -10 years
Building Improvements	15 years

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. COMPENSATED ABSENCES

Non-certified and certified employees who work 12 calendar months earn up to 20 vacation days for a full year of service. The accumulated total of vacation days may never exceed 30 days. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days, and therefore, no liability is accrued.

Employees receive up to 12 sick days annually and the unused portion is accumulated up to 180 days and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore, no liability is accrued.

M. ESTIMATES

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

N. DEFERRED REVENUE

The Regional Office of Education #24 reports unearned revenue in the governmental fund Balance Sheet. Deferred revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period or when grant funds received are unexpended or obligated at year end.

O. BUDGET INFORMATION

The Grundy/Kendall Counties Regional Office of Education #24 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education, however, none of the annual budgets have been legally adopted nor are they required to do so. Comparisons of budgeted and actual results are presented as supplemental information.

Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Regional Safe Schools, Truants Alternative Optional Education Program (TAOEP), Will County Truants Alternative Optional Education (TAOEP), Even Start, ESN NFP WIA Grants, Gifted Education, Title I Reading First Part B SEA Funds and Early Childhood.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

P. REVENUE FROM FEDERAL AND STATE GRANTS

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

NOTE 2 – DEPOSITS AND INVESTMENTS

A. DEPOSITS

At June 30, 2010, the carrying amount of the Grundy/Kendall Counties Regional Office of Education #24's government-wide and agency deposits were \$665,615 and \$95,797, respectively. The government-wide and agency bank balances were \$831,582 and \$197,014, respectively. Of the total bank balances as of June 30, 2010, \$1,026,081 was secured by federal depository insurance and \$2,515 was collateralized by securities pledged by the Grundy/Kendall Counties Regional Office of Education #24's financial institution on behalf of the Regional Office.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the ROE's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Grundy/Kendall Counties Regional Office of Education #24's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Grundy/Kendall Counties Regional Office of Education #24's.

B. INVESTMENTS

The Illinois Compiled Statutes authorize the Grundy/Kendall Counties Regional Office of Education #24 to make deposits and invest in U.S. Government, State of Illinois and municipal securities, certificates of deposit or time savings deposits insured by the FDIC, mortgage notes, bonds, or debentures issued by the Federal Housing Administration, bonds and other obligations of the Federal National Mortgage Association, commercial paper rated within the three highest classifications by at least two standard rating services, credit union shares, and the Illinois Public Treasurer's Investment Pool.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2010

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

INVESTMENTS (Concluded)

As of June 30, 2010, the carrying and fair value Grundy/Kendall Counties Regional Office of Education #24's government-wide and agency investments as follows:

	<u>Government-Wide</u>	<u>Agency</u>
Invested in Illinois Funds investment pool	\$ 42,201	\$ 5,902
Invested in money market funds	-	6,424
Invested in certificates of deposit	126,116	31,044
	<u>\$ 168,317</u>	<u>\$ 43,370</u>

CREDIT RISK

At June 30, 2010, the Illinois School District Liquid Asset Fund Plus (ISDLAF+) had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. The investment advisor for ISDLAF+ is a corporation organized under the laws of the State of Illinois and is registered with the Securities and Exchange Commission. All investments are fully collateralized.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Regional Office of Education #24's policy for reducing its exposure to the risk is to structure their portfolio so that securities mature to meet the cash requirements for ongoing operations. As of June 30, 2010, all the investments have investment maturities of less than one year.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Regional Office of Education #24 does not have a policy that specifically addresses concentration of credit risk. As of June 30, 2010, the Regional Office of Education #24's investment in certificates of deposit which is 74% of total investment and totaling \$157,160 is subject to concentration of credit risk.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3 – DEFINED BENEFIT PENSION PLAN

Plan Description. The Regional Office of Education #24’s defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #24’s plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois.

IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

Funding Policy. As set by statute, the Grundy/Kendall Counties Regional Office of Education #24’s Regular plan members are required to contribute 4.50 percent of their annual covered salary. The 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 2009 was 8.43 percent of annual covered payroll.

The Grundy/Kendall Counties Regional Office of Education #24 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For fiscal year ending December 31, 2009, the Grundy/Kendall Counties Regional Office of Education #24’s annual pension cost of \$671,198 for the Regular plan was equal to the Grundy/Kendall Counties Regional Office of Education #24’s required and actual contributions.

A. TREND INFORMATION

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contribution</u>	<u>Net Pension Obligation</u>
12/31/09	\$671,198	100%	\$0
12/31/08	615,578	100%	0
12/31/07	492,126	100%	0

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Concluded)

The required contribution for 2009 was determined as part of the December 31, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007, included a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), b) projected salary increases of 4.00% a year, attributable to inflation, c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and d) post retirement benefit increases of 3% annually. The actuarial value of your employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. The Grundy/Kendall Counties Regional Office of Education #24's Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007, was 5 years.

Funded Status and Funding Progress. As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 85.81 percent funded. The actuarial accrued liability for benefits was \$6,673,277 and the actuarial value of assets was \$5,803,619, resulting in an underfunded actuarial accrued liability (UAAL) of \$959,658. The covered payroll (annual payroll of active employees covered by the plan) was \$6,619,313 and the ratio of the UAAL to the covered payroll was 15 percent. In conjunction with the December 2009 actuarial valuation the market value of investments was determined using techniques that spread the effect 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. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 10 year basis.

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.

NOTE 4 – TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Grundy/Kendall Counties Regional Office of Education #24 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for funding of 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 #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

TRS members include all active non-annuitants 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, 2010, 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% for the years ended June 30, 2009 and 2008.

The State of Illinois makes contributions directly to TRS on behalf of the Grundy/Kendall Counties Regional Office of Education #24’s TRS-covered employees.

On behalf contributions. The State of Illinois makes employer pension contributions on behalf of the Grundy/Kendall Counties Regional Office of Education #24. For the year ended June 30, 2010, State of Illinois contributions were based on 23.38 percent of creditable earnings not paid from federal funds, and the Grundy/Kendall Counties Regional Office of Education #24 recognized revenue and expenditures of \$275,852 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2009 and June 30, 2008, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 17.08 percent (\$238,827) and 13.11 percent (\$164,245), respectively.

The Grundy/Kendall Counties Regional Office of Education #24 makes other types of employer contributions directly to TRS.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2010 were \$5,801. Contributions for the years ending June 30, 2009 and June 30, 2008, were \$8,119 and \$7,266, respectively.

- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Grundy/Kendall Counties Regional Office of Education #24, there is a statutory requirement for the Grundy/Kendall Counties Regional Office of Education #24 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in 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.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

For the year ended June 30, 2010, the employer pension contribution was 23.38 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2009 and 2008, the employer pension contribution was 17.08 and 13.11 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2010 salaries totaling \$3,691 were paid from federal and special trust funds that required employer contributions of \$863. For the years ended June 30, 2009 and June 30, 2008, required Grundy/Kendall Counties Regional Office of Education #24 contributions were \$8,217 and \$3,674, respectively.

Early Retirement Option. The Grundy/Kendall Counties Regional Office of Education #24 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

Public Act 94-0004 made changes in the ERO program that were in effect for all ERO retirements in fiscal years 2008 through 2010. The act increased member and employer contributions and eliminated the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service.

Under the current ERO, the maximum employer contribution is 117.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2010, the Grundy/Kendall Counties Regional Office of Education #24 paid no employer contribution to TRS under the ERO program. For the years ended June 30, 2009 and June 30, 2008, the Grundy/Kendall Counties Regional Office of Education #24 paid no employer ERO contributions.

- **Salary increases over 6 percent and excess sick leave.** Public Act 94-0004 added two additional employer contributions to TRS. If the Grundy/Kendall Counties Regional Office of Education #24 grants salary increases over 6 percent and those salaries are used to calculate a retiree’s final average salary, the Grundy/Kendall Counties Regional Office of Education #24 makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increase of up to 6 percent. For the year ended June 30, 2010, the Grundy/Kendall Counties Regional Office of Education #24 paid \$66,064 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2009, and 2008 the Grundy/Kendall Counties Regional Office of Education #24 paid no employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

If the Grundy/Kendall Counties Regional Office of Education #24 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Grundy/Kendall Counties Regional Office of Education #24 makes a contribution to TRS.

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 (18.55 percent of salary during the year ended June 30, 2010.) For the years ended June 30, 2010, 2009, and 2008 the Grundy/Kendall Counties Regional Office of Education #24 paid no employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the TRS Comprehensive Annual Financial Report for year ended June 30, 2009. The report for the year ended June 30, 2010, is expected to be available in late 2010

The reports may be obtained by writing to the Teachers’ Retirement System of the State of Illinois, PO Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at trs.illinois.gov.

NOTE 5 – TEACHERS’ HEALTH INSURANCE SECURITY FUND

The Grundy/Kendall Counties Regional Office of Education #24 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers’ Retirement System (TRS). Annuitants may participate in the State administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor’s approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. The director of HFS determines the rates and premiums for annuitants and dependent beneficiaries and establishes the cost-sharing parameters. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the State make a contribution to THIS.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2010

NOTE 5 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Concluded)

The percentage of employer required contributions in the future will be determined by the director of Healthcare and Family Services and will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

On behalf contributions. The State of Illinois makes employer retiree health insurance contributions on behalf of Grundy/Kendall Counties Regional Office of Education #24. State contributions are intended to match contributions to THIS Fund from active members which 0.84 percent of pay during the year ended June 30, 2010. State of Illinois contributions were \$8,403, and Grundy/Kendall Counties Regional Office of Education #24 recognized revenue and expenditures of this amount during the year.

Had the Grundy/Kendall Counties Regional Office of Education #24 recognized revenue and expenditures for State contributions intended to match active member contributions during the years ended June 30, 2009 and June 30, 2008 under the current standards, the contribution match would have been 0.84 percent of pay or \$11,746 and \$10,524, respectively.

Employer contributions to THIS Fund. The Grundy/Kendall Counties Regional Office of Education #24 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.63 percent during the years ended June 30, 2010, June 30, 2009, and June 30, 2008. For the year ended June 30, 2010, the district paid \$6,302 to the THIS Fund. For the years ended June 30, 2009 and June 30, 2008, the district paid \$8,809 and \$7,893 to the THIS Fund, respectively, which was 100 percent of the required contribution.

Further information on THIS Fund. The publicly available financial report of the THIS Fund may be obtained by writing to the Department of Healthcare and Family Services, 201 S. Grand Ave., Springfield, IL 62763-3838.

NOTE 6 – INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2010 consist of the following individual due to/from other funds in the governmental fund balance sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Assets.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Education Fund	\$ 418,834	\$ 418,834
General Fund	6,730	4,268
Other Nonmajor Funds	-	2,462
Totals	<u>\$ 425,564</u>	<u>\$ 425,564</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2010

NOTE 6 – INTERFUND ACTIVITY (Concluded)

TRANSFERS

Interfund transfer in/out to other fund balances at June 30, 2010 consist of the following individual transfers in/out to other funds in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

	<u>Transfer Out</u>	<u>Transfer In</u>	
General Fund	\$ 29,213	\$ 99,578	
Institute Fund	14,455	14,455	
Education Fund	<u>329,630</u>	<u>259,265</u>	
 Totals	 <u>\$ 373,298</u>	 <u>\$ 373,298</u>	

NOTE 7 – CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Grundy/Kendall Counties Regional Office of Education #24 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. Purchases of capital assets for business-type activities are capitalized when purchased. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2010:

	<u>Balance July 01, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Governmental Activities:				
<u>Education Fund</u>				
Equipment	\$ 101,023	\$ 27,281	\$(44,109)	\$ 84,195
Building Improvements	29,505	-	-	29,505
Governmental Activities Total Assets	<u>130,528</u>	<u>27,281</u>	<u>(44,109)</u>	<u>113,700</u>
Less Accumulated Depreciation				
Equipment	(69,947)	(14,311)	39,820	(44,438)
Building Improvements	(9,485)	(1,967)	-	(11,452)
Total Accumulated Depreciation	<u>(79,432)</u>	<u>(16,278)</u>	<u>39,820</u>	<u>(55,890)</u>
Governmental Activities				
Investment in Capital Assets, Net	<u>\$ 51,096</u>	<u>\$ 11,003</u>	<u>\$ (4,289)</u>	<u>\$ 57,810</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2010

NOTE 7 – CAPITAL ASSET ACTIVITY (Concluded)

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2010 of \$16,278 was charged to the governmental activities on the government-wide Statement of Activities. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

NOTE 8 – RISK MANAGEMENT

The Grundy/Kendall Counties Regional Office of Education #24 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Grundy/Kendall Counties Regional Office of Education #24 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 9 – OPERATING LEASE

Grundy/Kendall Counties Regional Office of Education #24 leases an office space for its Joliet operations. The lease agreement which commenced in 2010 expires in 2015. The agreement provides for a renewal option to extend the lease for an additional five years. Also, the agreement generally requires the Grundy/Kendall Counties Regional Office of Education #24 to pay executory costs.

Rental expense for the year ended June 30, 2010 was \$260,700.

Future minimum rentals for the year ending June 30 are:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2011	\$ 278,262
2012	281,774
2013	281,774
2014	281,774
2015	281,774

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2010

NOTE 10 – ON BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Grundy/Kendall Counties Regional Office of Education #24:

Regional Superintendent Salary	\$ 96,435
Assistant Regional Superintendent Salary	86,789
Regional Superintendent Fringe Benefit (Includes State paid insurance)	22,661
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	22,095
Regional Superintendent TRS Contribution	22,546
Assistant Regional Superintendent TRS Contribution	20,291
THIS contributions	8,403
TRS Pension contributions	<u>233,015</u>
 Total	 <u>\$ 512,235</u>

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

These amounts have been recorded in the accompanying financial statements as State revenue and expenditures.

Grundy/Kendall Counties Regional Office of Education #24's personnel are paid by Grundy/Kendall Counties, Illinois, in accordance with statutes. Employees of programs funded by federal and State grants are paid by the grant funds. The following data was calculated based on information provided by Grundy and Kendall Counties:

Salaries and Benefits – Kendall County	\$ 68,025
Salaries and Benefits – Grundy County	<u>40,035</u>
 Total	 <u>\$ 108,060</u>

NOTE 11 – DUE TO/FROM OTHER GOVERNMENTS

The Grundy/Kendall Counties Regional Office of Education #24's Proprietary Fund and various grant programs have funds due from various other governmental units which consist of the following:

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2010

NOTE 11 – DUE TO/FROM OTHER GOVERNMENTS (Concluded)

Due From Other Governments:

Education Fund

State Resources:

Illinois State Board of Education	\$ 188,129
Will County Regional Office of Education #56	109,663

Federal Resources:

Illinois State Board of Education	4,151
Will County Regional Office of Education #56	35,482

General Fund

Local Government	18,215
------------------	--------

Total Due From Other Governments:	\$ 355,640
-----------------------------------	------------

Due To Other Governments:

Agency Fund

Local governments	\$ 101,549
-------------------	------------

Education Fund

Illinois State Board of Education	92,452
-----------------------------------	--------

Total Due To Other Governments:	\$ 194,001
---------------------------------	------------

NOTE 12 – DEFICIT FUND BALANCES

Because some revenues from the State of Illinois will not be collected for several months after the Regional Office’s fiscal year ends, they are not considered “available” revenues and are deferred in the governmental funds. The deferral of the revenues caused deficit fund balances as of June 30, 2010 in the following funds:

Funds with Deficit Fund Balance	Deficit Balance
Regional Safe Schools	\$ 101,291
Local Revenues	127
Department of Commerce and Economic Opportunity	2,301
Will County Prevention Consortium - Local	34
	\$ 103,753

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2010

NOTE 13 – RESTATEMENT

Certain funds and accounts in fiscal year 2009 have been reclassified to conform to the fiscal year 2010 presentation. In the financial statements issued for fiscal year 2009, all proprietary funds were reported in total. In this total, were several funds that did not fit the definition of a proprietary fund. These funds were reclassified as special revenue funds in the current fiscal year. The remaining proprietary funds have been reported individually. Additionally, the prior year financial statements incorrectly reported transactions for postage in a separate nonmajor special revenue fund. These transactions are part of the general operations of the Regional Office and have therefore been reclassified to be included in the General School Fund.

In addition to these reclassifications, certain fund balances reported at June 30, 2009 have been restated. In the financial statements for the year ended June 30, 2009, an error was made in reporting the Payroll fund as an agency fund. This fund does not meet the definition of an agency fund. The Payroll fund has been reclassified to be a general fund. There was also an error in the Will County General State Aid –ARRA and Grundy/Kendall Counties General State Aid – ARRA programs. In financial statements for the year ended June 30, 2009, an error was made in recording a payable for payments to other governments and a receivable from other governments in these programs where there was no liability and no receivable and the payments or received were not made in fiscal year 2010.

The errors and reclassifications noted above have been corrected and have the following effect on the beginning fund balance for the proprietary funds, governmental funds, and government-wide governmental activities:

	<u>Proprietary Funds</u>
Net Assets, July 1, 2009	\$ 15,604
Reclassification of Proprietary Fund Balances	(7,064)
Beginning Net Assets, July 1, 2009, Restated	<u>\$ 8,540</u>
	<u>Proprietary Funds</u>
Cash Balance, July 1, 2009	\$ 25,323
Effect of reclassifying the proprietary balances	(6,126)
Cash Balance, July 1, 2009, Restated	<u>\$ 19,197</u>
	<u>Governmental Funds</u>
Fund Balance, July 1, 2009	\$ 578,105
Reclassification of Proprietary Fund Balances	7,064
Restatement of Payroll Fund Balance	7,638
Correct the effect of the misstated fund balances	(155,302)
Beginning Fund Balance, July 1, 2009, Restated	<u>\$ 437,505</u>
	<u>Government-Wide Activities</u>
Fund Balance, July 1, 2009	\$ 629,201
Reclassification of Proprietary Fund Balances	7,064
Restatement of Payroll Fund Balance	7,638
Correct the effect of the misstated fund balances	(155,302)
Beginning Fund Balance, July 1, 2009, Restated	<u>\$ 488,601</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2010

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the Grundy & Kendall Counties ROE #24 provides postemployment health care benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Grundy & Kendall Counties ROE #24 and can be amended by the Grundy & Kendall Counties ROE #24 through its personnel manual, except for the implicit subsidy which is governed by the State Legislature and Illinois Compiled Statutes (ILCS). The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Grundy & Kendall Counties ROE #24 governmental funds.

b. Benefits Provided

The Grundy & Kendall Counties ROE #24 provides continued health insurance coverage at the blended employer rate to all eligible retirees in accordance with Illinois Compiled Statutes, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under the Grundy & Kendall Counties ROE #24 retirement plan. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan, but can purchase a Medicare supplement plan from the Grundy & Kendall Counties ROE #24 insurance provider.

c. Membership

At June 30, 2010 membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	1
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Active Employees	<u>18</u>
TOTAL	<u><u>19</u></u>
Participating Employers	<u><u>1</u></u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2010

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (Continued)

d. Funding Policy

The Grundy & Kendall Counties ROE #24 is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

e. Annual OPEB Costs and net OPEB Obligation

The Grundy & Kendall Counties ROE #24 first had an actuarial valuation performed for the plan as of June 30, 2010 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended June 30, 2010. The Grundy & Kendall Counties ROE #24's annual OPEB cost (expense) of \$4,880 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of July 1, 2009. The Grundy & Kendall Counties ROE #24's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2010 was as follows (information for the two preceding years is not available as an actuarial valuation was performed for the first time as of June 30, 2010):

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 4,880	\$ 4,003	82%	\$ 877

The net OPEB obligation as of June 30, 2010, was calculated as follows:

Annual Required Contribution	\$ 4,880
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB Cost	4,880
Contributions Made	4,003
Increase in Net OPEB Obligation	877
Net OPEB Obligation Beginning of year	-
NET OPEB OBLIGATION END OF YEAR	\$ 877

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2010

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (Concluded)

f. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

Actuarial Accrued Liability (AAL)	\$ 51,299
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	51,299
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	\$ 618,000
UAAL as a Percentage of Covered Payroll	8.3%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2010, actuarial valuation, the unit credit cost method was used. The actuarial assumptions included a discount rate of 4.00% and an initial healthcare cost trend rate of 8.50% with a ultimate healthcare inflation rate of 4.50% increase for 2015 and later years. Both rates include a 4.00% inflation assumption. The actuarial value of assets was not determined as the Grundy & Kendall Counties ROE #24 has not advanced funded its obligation. The plan's unfunded actuarial accrued liability is being amortized using a closed, level dollar method. The remaining amortization period at June 30, 2010 was 30 years.

NOTE 15 – LITIGATION

In the normal course of business, the Grundy & Kendall Counties ROE #24 is involved in disputes related to certain projects with suppliers, contractors, and customers. In 2010, a lessor of the Regional Office filed a suit related to damages to a building under lease. The Regional Office intends to vigorously defend. The outcome of this suit is unknown.

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

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 ILLINOIS MUNICIPAL RETIREMENT FUND
 SCHEDULE OF FUNDING PROGRESS
 (UNAUDITED)
 JUNE 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/09	\$ 5,803,619	\$ 6,763,277	\$ 959,658	85.81%	\$ 6,619,313	14.50%
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%

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$5,659,608. On a market basis, the funded ratio would be 83.68%.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 OTHER POST EMPLOYMENT BENEFITS
 SCHEDULE OF FUNDING PROGRESS
 (UNAUDITED)
 JUNE 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/09	\$ -	\$ 51,299	\$ 51,299	0.00%	\$ 618,000	8.30%

OTHER SUPPLEMENTAL INFORMATION

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 JUNE 30, 2010

	General School Fund	ESN, NFP, Inc.	Payroll	TOTALS
ASSETS				
Cash and cash equivalents	\$ 99,578	\$ 20,357	\$ 1,763	\$ 121,698
Due from other funds	2,301	4,429	-	6,730
Due from other governments				
Local	18,215	-	-	18,215
TOTAL ASSETS	<u>\$ 120,094</u>	<u>\$ 24,786</u>	<u>\$ 1,763</u>	<u>\$ 146,643</u>
LIABILITIES				
Due to other funds	\$ 4,268	\$ -	\$ -	\$ 4,268
TOTAL LIABILITIES	<u>4,268</u>	<u>-</u>	<u>-</u>	<u>4,268</u>
FUND BALANCE				
Unreserved	115,826	24,786	1,763	142,375
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 120,094</u>	<u>\$ 24,786</u>	<u>\$ 1,763</u>	<u>\$ 146,643</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GENERAL FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2010

	General School			TOTALS
	Fund	ESN, NFP, Inc.	Payroll	
REVENUES				
Local sources	\$ 26,687	\$ 21,564	\$ 104,699	\$ 152,950
Federal sources	-	28,379	-	28,379
On-behalf payments - Local	108,060	-	-	108,060
On-behalf payments -State	512,235	-	-	512,235
Total Revenues	<u>646,982</u>	<u>49,943</u>	<u>104,699</u>	<u>801,624</u>
EXPENDITURES				
Salaries and benefits	-	-	110,574	110,574
Purchased services	15,374	9,887	-	25,261
Supplies and materials	3,976	14,580	-	18,556
Other objects	4,765	-	-	4,765
On-behalf payments - Local	108,060	-	-	108,060
On-behalf payments -State	512,235	-	-	512,235
Total Expenditures	<u>644,410</u>	<u>24,467</u>	<u>110,574</u>	<u>779,451</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>2,572</u>	<u>25,476</u>	<u>(5,875)</u>	<u>22,173</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	99,578	-	-	99,578
Transfers out	-	(29,213)	-	(29,213)
Interest income	173	-	-	173
Interest returned	(5,356)	-	-	(5,356)
Total Other Financing Sources (Uses)	<u>94,395</u>	<u>(29,213)</u>	<u>-</u>	<u>65,182</u>
NET CHANGE IN FUND BALANCE	96,967	(3,737)	(5,875)	87,355
FUND BALANCE - BEGINNING, RESTATED	<u>18,859</u>	<u>28,523</u>	<u>7,638</u>	<u>55,020</u>
FUND BALANCE - ENDING	<u>\$ 115,826</u>	<u>\$ 24,786</u>	<u>\$ 1,763</u>	<u>\$ 142,375</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2010

	ESN NFP WIA Grants	Truants Alternative Optional Education Program	Addiction Prevention - Comprehensive	Will County Truants Alternative Optional Education Program	Even Start	Chemical Abuse Services Program
ASSETS						
Cash and cash equivalents	\$ -	\$ 11,724	\$ 19,433	\$ -	\$ -	\$ 530
Due from other funds	35,482	-	-	-	-	-
Due from other governments						
State	-	-	-	22,573	-	-
Federal	35,482	-	-	-	4,151	-
Prepaid expenses	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 70,964</u>	<u>\$ 11,724</u>	<u>\$ 19,433</u>	<u>\$ 22,573</u>	<u>\$ 4,151</u>	<u>\$ 530</u>
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 19,433	\$ -	\$ -	\$ -
Accrued payroll and employee benefits	-	-	-	3,082	-	-
Due to other funds	70,964	-	-	19,491	4,151	-
Due to other governments	-	-	-	-	-	-
Deferred revenue	-	11,724	-	-	-	-
TOTAL LIABILITIES	<u>70,964</u>	<u>11,724</u>	<u>19,433</u>	<u>22,573</u>	<u>4,151</u>	<u>-</u>
FUND BALANCE (DEFICIT)						
Unreserved	-	-	-	-	-	530
Total Fund Balance (Deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>530</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 70,964</u>	<u>\$ 11,724</u>	<u>\$ 19,433</u>	<u>\$ 22,573</u>	<u>\$ 4,151</u>	<u>\$ 530</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2010

	Fairmont Literacy Program	Early Childhood	No Tolerance Task Force	Grundy County Jump Start Program	Teach Reach / Gear Up
ASSETS					
Cash and cash equivalents	\$ -	\$ 31,897	\$ 12,007	\$ -	\$ 16,757
Due from other funds	-	-	-	-	-
Due from other governments					
State	-	33,469	-	-	-
Federal	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
TOTAL ASSETS	\$ -	\$ 65,366	\$ 12,007	\$ -	\$ 16,757
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and employee benefits	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Deferred revenue	-	65,366	-	-	16,757
TOTAL LIABILITIES	-	65,366	-	-	16,757
FUND BALANCE (DEFICIT)					
Unreserved	-	-	12,007	-	-
Total Fund Balance (Deficit)	-	-	12,007	-	-
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ -	\$ 65,366	\$ 12,007	\$ -	\$ 16,757

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2010

	Regional Safe Schools	Will County Alternative Program	Will County General State Aid - ARRA	McKinney Education for Homeless Children - Kendall County	Grundy / Kendall Counties State Aid
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 101,891	\$ 4,955	\$ 255,968
Due from other funds	-	-	-	-	383,352
Due from other governments					
State	152,113	41,350	-	-	2,547
Federal	-	-	-	-	-
Prepaid expenses	-	19,263	-	-	-
TOTAL ASSETS	<u>\$ 152,113</u>	<u>\$ 60,613</u>	<u>\$ 101,891</u>	<u>\$ 4,955</u>	<u>\$ 641,867</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and employee benefits	3,332	11,778	-	-	-
Due to other funds	148,781	39,325	101,891	-	-
Due to other governments	-	-	-	-	92,452
Deferred revenue	101,291	9,510	-	4,955	-
TOTAL LIABILITIES	<u>253,404</u>	<u>60,613</u>	<u>101,891</u>	<u>4,955</u>	<u>92,452</u>
FUND BALANCE (DEFICIT)					
Unreserved	(101,291)	-	-	-	549,415
Total Fund Balance (Deficit)	<u>(101,291)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>549,415</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 152,113</u>	<u>\$ 60,613</u>	<u>\$ 101,891</u>	<u>\$ 4,955</u>	<u>\$ 641,867</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2010

	Will County State Aid	Grundy / Kendall Counties General State Aid - Education SFSF	Grundy/Kendal Counties General State Aid - Government SFSF	Gifted Education	Title I Reading First Part B SEA Funds	TOTALS
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 455,162
Due from other funds	-	-	-	-	-	418,834
Due from other governments						
State	45,740	-	-	-	-	297,792
Federal	-	-	-	-	-	39,633
Prepaid expenses	-	-	-	-	-	19,263
TOTAL ASSETS	<u>\$ 45,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,230,684</u>
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,433
Accrued payroll and employee benefits	-	-	-	-	-	18,192
Due to other funds	34,231	-	-	-	-	418,834
Due to other governments	-	-	-	-	-	92,452
Deferred revenue	2,723	-	-	-	-	212,326
TOTAL LIABILITIES	<u>36,954</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>761,237</u>
FUND BALANCE (DEFICIT)						
Unreserved	8,786	-	-	-	-	469,447
Total Fund Balance (Deficit)	<u>8,786</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>469,447</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 45,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,230,684</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2010

	ESN NFP WIA Grants	Truants Alternative Optional Education Program	Addiction Prevention - Comprehensive	Will County Truants Alternative Optional Education Program	Even Start	Chemical Abuse Services Program
REVENUES						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 998
State sources	-	132,541	152,489	203,629	-	-
Federal sources	444,092	-	10,078	-	91,901	-
Total Revenue	<u>444,092</u>	<u>132,541</u>	<u>162,567</u>	<u>203,629</u>	<u>91,901</u>	<u>998</u>
EXPENDITURES						
Salaries and benefits	434,664	127,284	148,530	179,213	57,050	-
Purchased services	31,010	3,260	11,487	24,416	19,037	-
Supplies and materials	5,526	1,997	746	204	2,425	1,432
Other objects	-	-	-	-	-	-
Payments to other governments	-	-	-	-	13,389	-
Capital outlay	1,271	-	1,804	31,096	-	-
Total Expenditures	<u>472,471</u>	<u>132,541</u>	<u>162,567</u>	<u>234,929</u>	<u>91,901</u>	<u>1,432</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(28,379)</u>	<u>-</u>	<u>-</u>	<u>(31,300)</u>	<u>-</u>	<u>(434)</u>
OTHER FINANCING SOURCES (USES)						
Transfer in	28,379	-	-	31,096	-	-
Transfer out	-	-	-	-	-	-
Interest returned	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>28,379</u>	<u>-</u>	<u>-</u>	<u>31,096</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>(204)</u>	<u>-</u>	<u>(434)</u>
FUND BALANCE - BEGINNING (Restated, See Note 13)	<u>-</u>	<u>-</u>	<u>-</u>	<u>204</u>	<u>-</u>	<u>964</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 530</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2010

	Fairmont Literacy Program	Early Childhood	No Tolerance Task Force	Grundy County Jump Start Program	Teach Reach / Gear Up
REVENUES					
Local sources	\$ -	\$ -	\$ 27,500	\$ 4,320	\$ -
State sources	-	104,099	-	-	-
Federal sources	-	-	-	-	172,843
Total Revenue	<u>-</u>	<u>104,099</u>	<u>27,500</u>	<u>4,320</u>	<u>172,843</u>
EXPENDITURES					
Salaries and benefits	-	97,863	21,771	10,681	148,579
Purchased services	407	-	1,465	237	12,436
Supplies and materials	-	6,236	-	-	5,457
Other objects	-	-	-	-	-
Payments to other governments	-	-	-	-	-
Capital outlay	-	-	-	-	6,371
Total Expenditures	<u>407</u>	<u>104,099</u>	<u>23,236</u>	<u>10,918</u>	<u>172,843</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(407)</u>	<u>-</u>	<u>4,264</u>	<u>(6,598)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	834	-	-	-	-
Transfer out	-	-	-	-	-
Interest returned	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>834</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>427</u>	<u>-</u>	<u>4,264</u>	<u>(6,598)</u>	<u>-</u>
FUND BALANCE - BEGINNING (Restated, See Note 13)	<u>(427)</u>	<u>-</u>	<u>7,743</u>	<u>6,598</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,007</u>	<u>\$ -</u>	<u>\$ -</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2010

	Regional Safe Schools	Will County Alternative Program	Will County General State Aid - ARRA	McKinney Education for Homeless Children - Kendall County	Grundy / Kendall Counties State Aid
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	177,877	676,366	-	-	1,041,909
Federal sources	-	-	290,036	16,380	-
Total Revenue	<u>177,877</u>	<u>676,366</u>	<u>290,036</u>	<u>16,380</u>	<u>1,041,909</u>
EXPENDITURES					
Salaries and benefits	233,133	657,418	82,083	14,964	211,019
Purchased services	189	18,948	138,398	2,584	116,685
Supplies and materials	-	-	14,707	167	29,816
Other objects	-	-	13,131	-	-
Payments to other governments	45,846	-	-	-	249,614
Capital outlay	-	-	1,626	-	74,530
Total Expenditures	<u>279,168</u>	<u>676,366</u>	<u>249,945</u>	<u>17,715</u>	<u>681,664</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(101,291)</u>	<u>-</u>	<u>40,091</u>	<u>(1,335)</u>	<u>360,245</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	-	-	158,329	-	-
Transfer out	-	-	(49,698)	-	(80,666)
Interest returned	-	-	-	-	(3,696)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>108,631</u>	<u>-</u>	<u>(84,362)</u>
NET CHANGE IN FUND BALANCE	<u>(101,291)</u>	<u>-</u>	<u>148,722</u>	<u>(1,335)</u>	<u>275,883</u>
FUND BALANCE - BEGINNING (Restated, See Note 13)	<u>-</u>	<u>-</u>	<u>(148,722)</u>	<u>1,335</u>	<u>273,532</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (101,291)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 549,415</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2010

	Will County State Aid	Grundy / Kendall Counties General State Aid - Education SFSF	Grundy/Kendall Counties General State Aid - Government SFSF	Gifted Education	Title I Reading First Part B SEA Funds	TOTALS
REVENUES						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,818
State sources	719,699	-	-	100,512	-	3,309,121
Federal sources	-	123,818	41,273	-	8,275	1,198,696
Total Revenue	<u>719,699</u>	<u>123,818</u>	<u>41,273</u>	<u>100,512</u>	<u>8,275</u>	<u>4,540,635</u>
EXPENDITURES						
Salaries and benefits	356,802	-	26,684	-	-	2,807,738
Purchased services	190,926	18,962	12,997	-	-	603,444
Supplies and materials	66,971	5,278	1,592	-	-	142,554
Other objects	-	-	-	-	-	13,131
Payments to other governments	-	-	-	100,512	8,275	417,636
Capital outlay	42,082	-	-	-	-	158,780
Total Expenditures	<u>656,781</u>	<u>24,240</u>	<u>41,273</u>	<u>100,512</u>	<u>8,275</u>	<u>4,143,283</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>62,918</u>	<u>99,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>397,352</u>
OTHER FINANCING SOURCES (USES)						
Transfer in	40,627	-	-	-	-	259,265
Transfer out	(99,688)	(99,578)	-	-	-	(329,630)
Interest returned	-	-	-	-	-	(3,696)
Total Other Financing Sources (Uses)	<u>(59,061)</u>	<u>(99,578)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(74,061)</u>
NET CHANGE IN FUND BALANCE	3,857	-	-	-	-	323,291
FUND BALANCE - BEGINNING (Restated, See Note 13)	<u>4,929</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,156</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 8,786</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 469,447</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2009 to June 30, 2010)
 EDUCATION FUND ACCOUNT
 ESN NFP WIA GRANTS
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal sources	\$ 628,291	\$ 628,291	\$ 444,092
Total Revenues	<u>628,291</u>	<u>628,291</u>	<u>444,092</u>
EXPENDITURES			
Salaries and benefits	570,219	570,219	434,664
Purchased services	46,572	46,572	31,010
Supplies and materials	11,500	11,500	5,526
Other objects	-	-	-
Capital outlay	-	-	1,271
Total Expenditures	<u>628,291</u>	<u>628,291</u>	<u>472,471</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(28,379)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	28,379
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>28,379</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2009 to June 30, 2010)
 EDUCATION FUND ACCOUNT
 TRUANTS ALTERNATIVE OPTIONAL EDUCATION
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 360,667	\$ 132,870	\$ 132,541
Total Revenues	<u>360,667</u>	<u>132,870</u>	<u>132,541</u>
EXPENDITURES			
Salaries and benefits	329,194	124,567	127,284
Purchased services	27,873	6,627	3,260
Supplies and materials	3,600	1,676	1,997
Capital outlay	-	-	-
Total Expenditures	<u>360,667</u>	<u>132,870</u>	<u>132,541</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2009 to June 30, 2010)
 EDUCATION FUND ACCOUNT
 WILL COUNTY TRUANTS ALTERNATIVE OPTIONAL EDUCATION
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 194,956	\$ 195,397	\$ 203,629
Total Revenues	<u>194,956</u>	<u>195,397</u>	<u>203,629</u>
EXPENDITURES			
Salaries and benefits	192,072	191,847	179,213
Purchased services	2,884	3,550	24,416
Supplies and materials	-	-	204
Capital outlay	-	-	31,096
Total Expenditures	<u>194,956</u>	<u>195,397</u>	<u>234,929</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(31,300)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	31,096
Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>31,096</u>
NET CHANGE IN FUND BALANCE	-	-	(204)
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>204</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2009 to June 30, 2010)
 EDUCATION FUND ACCOUNT
 EVEN START
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal sources	\$ 175,500	\$ 91,901	\$ 91,901
Total Revenues	<u>175,500</u>	<u>91,901</u>	<u>91,901</u>
EXPENDITURES			
Salaries and benefits	104,548	56,131	57,050
Purchased services	46,324	25,846	19,037
Supplies and materials	7,484	1,896	2,425
Payments to other governments	17,144	8,028	13,389
Total Expenditures	<u>175,500</u>	<u>91,901</u>	<u>91,901</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2009 to June 30, 2010)
 EDUCATION FUND ACCOUNT
 EARLY CHILDHOOD
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 406,724	\$ 406,724	\$ 104,099
Total Revenues	406,724	406,724	104,099
EXPENDITURES			
Salaries and benefits	356,886	356,886	97,863
Purchased services	39,958	39,958	-
Supplies and materials	-	-	6,236
Capital outlay	9,880	9,880	-
Total Expenditures	406,724	406,724	104,099
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	-	-	-
FUND BALANCE (DEFICIT) - ENDING	\$ -	\$ -	\$ -

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2009 to June 30, 2010)
 EDUCATION FUND ACCOUNT
 REGIONAL SAFE SCHOOLS
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 279,521	\$ 279,521	\$ 177,877
Total Revenues	<u>279,521</u>	<u>279,521</u>	<u>177,877</u>
EXPENDITURES			
Salaries and benefits	235,004	235,004	233,133
Purchased services	4,290	4,290	189
Payments to other governments	40,227	40,227	45,846
Total Expenditures	<u>279,521</u>	<u>279,521</u>	<u>279,168</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(101,291)</u>
NET CHANGE IN FUND BALANCE	-	-	(101,291)
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (101,291)</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2009 to June 30, 2010)
 EDUCATION FUND ACCOUNT
 GIFTED EDUCATION
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State sources	\$ 100,512	\$ 100,512	\$ 100,512
Total Revenues	<u>100,512</u>	<u>100,512</u>	<u>100,512</u>
EXPENDITURES			
Payments to other governments	100,512	100,512	100,512
Total Expenditures	<u>100,512</u>	<u>100,512</u>	<u>100,512</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2009 to June 30, 2010)
 EDUCATION FUND ACCOUNT
 TITLE I - READING FIRST PART B SEA FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal sources	\$ 24,827	\$ 24,827	\$ 8,275
Total Revenues	<u>24,827</u>	<u>24,827</u>	<u>8,275</u>
EXPENDITURES			
Payments to other governments	24,827	24,827	8,275
Total Expenditures	<u>24,827</u>	<u>24,827</u>	<u>8,275</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010

	School Bus Driver Training	General Education Development	Supervisory	Will/Grundy Counties Local Area Network	Local Revenues	Parent University Fairmont 21st Century	Department of Commerce and Economic Opportunity	Interest
ASSETS								
Cash and cash equivalents	\$ 33,148	\$ 5,447	\$ -	\$ 1,259	\$ -	\$ 482	\$ -	\$ 666
TOTAL ASSETS	\$ 33,148	\$ 5,447	\$ -	\$ 1,259	\$ -	\$ 482	\$ -	\$ 666
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 127	\$ -	\$ 2,301	\$ -
TOTAL LIABILITIES	-	-	-	-	127	-	2,301	-
FUND BALANCE (DEFICIT)								
Unreserved	33,148	5,447	-	1,259	(127)	482	(2,301)	666
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 33,148	\$ 5,447	\$ -	\$ 1,259	\$ -	\$ 482	\$ -	\$ 666

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010

	No Tolerance Task Force	Grundy County Teen Reach	Will County Prevention Consortium - Local	In Touch Local	Illinois Tobacco	Cash Fund	Engaging Youth for Positive Change	TOTALS
ASSETS								
Cash and cash equivalents	\$ 23	\$ 224	\$ -	\$ 904	\$ 154	\$ -	\$ 169	\$ 42,476
TOTAL ASSETS	<u>\$ 23</u>	<u>\$ 224</u>	<u>\$ -</u>	<u>\$ 904</u>	<u>\$ 154</u>	<u>\$ -</u>	<u>\$ 169</u>	<u>\$ 42,476</u>
LIABILITIES								
Due to other funds	\$ -	\$ -	34	\$ -	\$ -	\$ -	\$ -	\$ 2,462
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>34</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,462</u>
FUND BALANCE (DEFICIT)								
Unreserved	23	224	(34)	904	154	-	169	40,014
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 23</u>	<u>\$ 224</u>	<u>\$ -</u>	<u>\$ 904</u>	<u>\$ 154</u>	<u>\$ -</u>	<u>\$ 169</u>	<u>\$ 42,476</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	School Bus Driver Training	General Education Development	Supervisory	Will/Grundy Counties Local Area Network	Local Revenues	Parent University Fairmont 21st Century	Department of Commerce and Economic Opportunity	Interest
REVENUES								
Local sources	\$ 3,081	\$ 9,456	\$ -	\$ -	\$ 294	\$ -	\$ -	\$ -
State sources	772	-	2,000	-	-	-	-	-
Total Revenues	<u>3,853</u>	<u>9,456</u>	<u>2,000</u>	<u>-</u>	<u>294</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES								
Salaries and benefits	-	-	-	-	-	2,539	2,268	-
Purchased services	1,334	8,743	2,000	-	262	-	33	601
Supplies and materials	-	3,339	-	-	659	-	-	286
Other objects	-	577	-	-	-	-	-	-
Total Expenditures	<u>1,334</u>	<u>12,659</u>	<u>2,000</u>	<u>-</u>	<u>921</u>	<u>2,539</u>	<u>2,301</u>	<u>887</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,519</u>	<u>(3,203)</u>	<u>-</u>	<u>-</u>	<u>(627)</u>	<u>(2,539)</u>	<u>(2,301)</u>	<u>(887)</u>
Other Financing Sources (Uses)								
Interest income	-	-	-	-	-	-	-	1,282
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,282</u>
NET CHANGE IN FUND BALANCE	<u>2,519</u>	<u>(3,203)</u>	<u>-</u>	<u>-</u>	<u>(627)</u>	<u>(2,539)</u>	<u>(2,301)</u>	<u>395</u>
FUND BALANCE - BEGINNING, RESTATED	<u>30,629</u>	<u>8,650</u>	<u>-</u>	<u>1,259</u>	<u>500</u>	<u>3,021</u>	<u>-</u>	<u>271</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 33,148</u>	<u>\$ 5,447</u>	<u>\$ -</u>	<u>\$ 1,259</u>	<u>\$ (127)</u>	<u>\$ 482</u>	<u>\$ (2,301)</u>	<u>\$ 666</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	No Tolerance Task Force	Grundy County Teen Reach	Will County Prevention Consortium - Local	In Touch Local	Illinois Tobacco	Cash Fund	Engaging Youth for Positive Change	TOTALS
REVENUES								
Local sources	\$ -	\$ 270	\$ 1,700	\$ -	\$ -	\$ -	\$ -	\$ 14,801
State sources	-	-	-	-	-	-	-	2,772
Total Revenues	-	270	1,700	-	-	-	-	17,573
EXPENDITURES								
Salaries and benefits	-	-	-	-	-	938	-	5,745
Purchased services	-	-	1,160	2	-	-	-	14,135
Supplies and materials	50	923	611	78	-	-	40	5,986
Other objects	-	-	-	-	-	-	-	577
Total Expenditures	50	923	1,771	80	-	938	40	26,443
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES								
	(50)	(653)	(71)	(80)	-	(938)	(40)	(8,870)
Other Financing Sources (Uses)								
Interest income	-	-	-	-	-	-	-	1,282
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	1,282
NET CHANGE IN FUND BALANCE								
	(50)	(653)	(71)	(80)	-	(938)	(40)	(7,588)
FUND BALANCE - BEGINNING, RESTATED								
	73	877	37	984	154	938	209	47,602
FUND BALANCE (DEFICIT) - ENDING								
	\$ 23	\$ 224	\$ (34)	\$ 904	\$ 154	\$ -	\$ 169	\$ 40,014

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUND
 JUNE 30, 2010

	Distributive Fund	Outdoor Education Cooperative	Totals
ASSETS			
Cash and cash equivalents	\$ 80,658	\$ 21,041	\$ 101,699
Total Assets	\$ 80,658	\$ 21,041	\$ 101,699
LIABILITIES			
Accounts payable	\$ -	\$ 1,400	\$ 1,400
Due to other governments	80,658	19,641	100,299
Total Liabilities	\$ 80,658	\$ 21,041	\$ 101,699

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>July 01, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2010</u>
<u>DISTRIBUTIVE FUND</u>				
ASSETS				
Cash and cash equivalents	\$ 80,142	\$ 9,118,906	\$ 9,118,390	\$ 80,658
LIABILITIES				
Due to other governments	\$ 80,142	\$ 9,118,906	\$ 9,118,390	\$ 80,658
 <u>OUTDOOR EDUCATION COOPERATIVE</u>				
ASSETS				
Cash and cash equivalents	\$ 22,787	\$ 106,815	\$ 108,561	\$ 21,041
LIABILITIES				
Accounts payable	\$ -	\$ 1,400	\$ -	\$ 1,400
Due to other governments	22,787	105,415	108,561	19,641
TOTAL LIABILITIES	\$ 22,787	\$ 106,815	\$ 108,561	\$ 21,041
 <u>TOTALS ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 102,929	\$ 9,225,721	\$ 9,226,951	\$ 101,699
LIABILITIES				
Accounts payable	\$ -	\$ 1,400	\$ -	\$ 1,400
Due to other governments	102,929	9,224,321	9,226,951	100,299
TOTAL LIABILITIES	\$ 102,929	\$ 9,225,721	\$ 9,226,951	\$ 101,699

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
DISTRIBUTIVE FUND
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHERS
FOR THE YEAR ENDED JUNE 30, 2010

	Education Service Network	Kendall County Special Ed.	Grundy/ Kendall General School Fund	Grundy/ Kendall Regional Superintendent	Total
Federal Special Education - IDEA Flow Through	\$ -	\$ 5,458,925	\$ -	\$ -	\$ 5,458,925
Special Education Personnel	-	1,692,504	-	-	1,692,504
General State Aid	742,908	-	-	-	742,908
Addiction Prevention - Comprehensive/In Touch	182,000	-	-	-	182,000
Early Childhood Block Grant	135,996	-	-	-	135,996
Truant Alt. Opt. Ed. Lump Sum	144,265	-	-	-	144,265
Regional Safe Schools	127,055	-	-	-	127,055
ARRA - General State Aid	165,091	-	-	-	165,091
Even Start	91,900	-	-	-	91,900
Medicaid matching fund	-	156,366	-	-	156,366
Fed. Spec. Ed. Pre School	8,275	-	-	-	8,275
Illinois Step Ahead	40,000	-	-	-	40,000
Teen Reach	149,600	-	-	-	149,600
Homeless liaison	-	-	20,600	-	20,600
Supervisory Expense	-	-	-	2,000	2,000
ROE school bus driver training	-	-	772	-	772
TRS refund	133	-	-	-	133
Totals	<u>\$ 1,787,223</u>	<u>\$ 7,307,795</u>	<u>\$ 21,372</u>	<u>\$ 2,000</u>	<u>\$ 9,118,390</u>

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Project # (1st eight digits) or Contract #	Federal Expenditures 7/1/09 - 6/30/10
U.S. Department of Education			
Education for Homeless Children and Youth -			
Passed-Through Will County Regional Office of Education #56			
McKinney Education for Homeless Children	84.196	10-4920-00	\$ 16,380
Even Start State Educational Agencies			
Passed-Through Illinois State Board of Education			
Even Start	84.213C	10-4335-00	91,901
Total Even Start State Educational Agencies			<u>91,901</u>
State Fiscal Stabilization Fund (SFSF) - Cluster			
Passed-Through Illinois State Board of Education			
ARRA - GSA - Government SFSF	84.397A	10-4870-93	41,273
Passed-Through Will County Regional Office of Education #56			
ARRA - GSA - Government SFSF	84.397A	10-4870-93	72,650
			<u>113,923</u>
Passed-Through Illinois State Board of Education			
ARRA - GSA - Education SFSF	84.394A	10-4850-93	123,818
Passed-Through Will County Regional Office of Education #56			
ARRA - GSA - Education SFSF	84.394A	10-4850-93	217,386
			<u>341,204</u>
Total State Fiscal Stabilization Fund (SFSF) - Cluster			<u>455,127 (M)</u>
Reading First State Grants			
Passed-Through Illinois State Board of Education			
Title I Reading First Part B SEA Funds	84.357A	10-4337-00	8,275
Total Title I Reading First Part B SEA Funds			<u>8,275</u>
U.S. Department of Education			
Gaining Early Awareness and Readiness for Undergraduate Programs			
Passed-Through Illinois Department of Human Services			
Gear Up State Award	84.334	823434900	47,216
Total U.S. Department of Education			<u>618,899</u>
U.S. Department of Health and Human Services			
Temporary Assistance for Needy Families			
Passed-Through Illinois Department of Human Services			
Teen Reach	93.558	711G7216863	125,627 (M)
Block Grants for Prevention and Treatment of Substance Abuse			
Passed-Through Illinois Department of Human Services			
Addiction Prevention-Comprehensive	84.186	711G7216562	10,078
Total U.S. Department of Health and Human Services passed through Illinois Department of Human Services			<u>135,705</u>
Department of Labor			
Workforce Investment Act Youth Activities-			
Passed-Through Kane County Department of Employment and Education			
Workforce Investment Act (WIA) - Kendall County	17.259	07-08-120607	2,235
Workforce Investment Act Youth Activities-			
Passed-Through Grundy, Livingston, Kankakee Workforce Board			
Workforce Investment Act (WIA) - Grundy Youth	17.259	09-01 ARRA	59,091
Workforce Investment Act Youth Activities-			
Passed-Through Workforce Investment Board of Will County			
Workforce Investment Act (WIA) - Premier Youth	17.259	2006-100	411,145
Total Department of Labor			<u>472,471</u>
Total Expenditures of Federal Awards			<u>\$ 1,227,075</u>

(M) Program was audited as a major program.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Grundy/Kendall Counties Regional Office of Education #24 and is presented 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 on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Grundy/Kendall Counties Regional Office of Education #24 provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA #</u>	<u>Amount provided to subrecipients</u>
Title I Reading First Part B SEA Funds	84.357A	\$ 8,275

NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM

American Recovery and Reinvestment Act – General State Aid – Government State Fiscal Stabilization Fund – 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.

American Recovery and Reinvestment Act – General State Aid – Education State Fiscal Stabilization Fund – 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.

Teen Reach– This fund is used to account for monies received for, and payment of expenditures for, the Teen Reach program. This program consists of educational, recreational, and vocational activities designed to improve youth’s chances for success.

GRUNDY/KENDALL COUNTIES REGIONAL OFFICE OF EDUCATION #24
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 4 - NON-CASH ASSISTANCE

None

NOTE 5 - AMOUNT OF INSURANCE

None

NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

None