

**STATE OF ILLINOIS
REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
FINANCIAL AUDIT**

**(In Accordance with the Single Audit Act
& OMB Circular A-133)**

For the Year Ended June 30, 2010

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

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
June 30, 2010**

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**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
June 30, 2010**

OFFICIALS

Regional Superintendent
(Current and during the Audit Period)

Dr. Kathleen M. Pangle

Assistant Regional Superintendent
(Current and during the Audit Period)

Ms. Vicky Hensley

Assistant to the Regional Superintendent
(Current and during the Audit Period)

Mr. Gregg Murphy

Office is located at:

189 E. Court Street, Suite 600
Kankakee, Illinois 60901

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
June 30, 2010**

COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
10-01	12a	Controls Over Financial Statement Preparation	Material Weakness
10-02	12c	Inadequate Internal Control Procedures	Material Weakness
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)			
10-03	12e	Interest Earned on Federal Grant Funds	Material Weakness and Noncompliance
10-04	12g	Improper Support for Amounts Claimed on Expenditure Reports	Material Weakness
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)			
None			
PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)			
None			

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
June 30, 2010**

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on October 1, 2010. Attending were Dr. Kathleen Pangle, Regional Superintendent; Vicky Hensley, Assistant Regional Superintendent; Gregg Murphy, Assistant to the Regional Superintendent; Sherry Johnson, Finance Officer; Kay Williams, Payroll Clerk/Bookkeeper; Clatus Bierman, CPA, Partner, Kemper CPA Group, LLP; and Kimberly Walker, CPA, Partner, Kemper CPA Group, LLP. Responses to the recommendations were provided by Dr. Kathleen Pangle, Regional Superintendent, as of that date.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
For the Year Ended June 30, 2010**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Iroquois and Kankakee Counties Regional Office of Education #32 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unqualified opinion on the Agency's basic financial statements.



INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Iroquois and Kankakee Counties Regional Office of Education #32, as of and for the year ended June 30, 2010, which collectively comprise the Regional Office of Education #32's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office of Education #32'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 Regional Office of Education #32, 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 August 09, 2011 on our consideration of the Regional Office of Education #32's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 16a-16g and 52 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 Regional Office of Education #32's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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, the Schedule of Disbursements to School District Treasurers and Other Entities, 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

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

Marion, Illinois
August 09, 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 Iroquois and Kankakee Counties Regional Office of Education #32, as of and for the year ended June 30, 2010, which collectively comprise the Regional Office of Education #32's basic financial statements and have issued our report thereon dated August 09, 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 Regional Office of Education #32'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 Regional Office of Education #32's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education #32'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 10-01, 10-02, 10-03, and 10-04 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 Regional Office of Education #32'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*.

Regional Office of Education #32'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 Regional Office of Education #32's responses and, accordingly, we 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 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

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

Marion, Illinois
August 09, 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 Iroquois and Kankakee Counties Regional Office of Education #32'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 Regional Office of Education #32's major federal programs for the year ended June 30, 2010. The Regional Office of Education #32'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 Regional Office of Education #32's management. Our responsibility is to express an opinion on the Regional Office of Education #32'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 Regional Office of Education #32'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 Regional Office of Education #32's compliance with those requirements.

In our opinion, the Regional Office of Education #32 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. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 10-03.

Internal Control Over Compliance

Management of the Regional Office of Education #32 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 Regional Office of Education #32's internal control over compliance with the 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 Regional Office of Education #32's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance 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 discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 10-03 and 10-04 to be material weaknesses.

Regional Office of Education #32'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 Regional Office of Education #32's responses and, accordingly, we 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 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

KEMPER CPA GROUP LLP

Certified Public Accountants and Consultants

Marion, Illinois
August 09, 2011

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**REGIONAL OFFICE OF EDUCATION #32
 IROQUOIS AND KANKAKEE COUNTIES
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2010**

SECTION 1 - 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? Yes
- 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)? Yes

Identification of **major** programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010A	System of Support Title I – School Improvement and Accountability
84.367A	Improving Teacher Quality State Grants

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

Auditee qualified as a low-risk auditee? Yes

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2010**

Finding No.: 10-01 – Controls Over Financial Statement Preparation

Criteria/specific requirement:

The Regional Office of Education #32 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 #32 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most 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:

- A. The prior year general ledger and the current year balance sheet, including fund balance, had not been adjusted appropriately for prior year audit adjustments.
- B. In addition, the Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenue. While the Regional Office did maintain records to indicate the balances of some accounts payable, accounts receivable, and deferred revenue, the Regional Office's financial information required several adjusting entries to present the financial statements in accordance with generally accepted accounting principles.

Effect:

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

Cause:

According to Regional Office officials, they do not have adequate funding to hire a certified public accountant or other financial professionals for their full-time staff.

Recommendation:

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #32 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.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2010**

Finding No.: 10-01 – Controls Over Financial Statement Preparation (Concluded)

Management's Response:

In an attempt to correct this finding, the Regional Office will send its fiscal staff to various trainings to better understand accrual accounting and reporting under generally accepted accounting principles (GAAP).

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2010**

Finding No.: 10-02 – Inadequate Internal Control Procedures

Criteria/Specific Requirement:

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over receipts and disbursements sufficient to prevent errors and fraud.

Condition:

During our audit, we noted the following weaknesses in the Regional Office of Education's internal control system:

- A. Disbursement checks are printed with an electronic signature and mailed by the bookkeeper without being reviewed by an individual independent of the check preparation and recording function.
- B. Lack of segregation of duties exists since the person who enters the State grant receipts into the general ledger also prepares the check for grant disbursement to the school districts without an independent review to verify the check agrees to the ISBE Financial Reimbursement Information System (FRIS).
- C. Three individuals had excessive access to the Payroll Accounting for Windows (PRWIN) system. One of these individuals was no longer employed by the Regional Office and the other two individuals had excessive access based on their job responsibilities.
- D. During testing of 14 credit card statements, we noted one instance in which an item on a statement did not have a supporting invoice and another instance in which a late charge and interest was paid.
- E. Journal entries made by the bookkeepers are not consistently reviewed. In addition, if a review is performed, the Regional Office's current procedures do not require formal documentation of the review.

Effect:

Lack of effective internal control procedures could result in unintentional or intentional errors or misappropriations of assets, in which the errors or fraud could be material to the financial statements and may not be detected in a timely manner by employees in the normal course of performing their assigned duties.

Cause:

The Regional Office has not established sufficient internal control procedures.

Recommendation:

- A. Signed disbursement checks should be reviewed and mailed by an individual independent of the check preparation and recording functions.
- B. The individual who prepares the grant disbursement check should be independent of the individual who records the grant receipt from the State in the general ledger. Alternatively, if the same individual records the grant receipt and prepares the grant disbursement check, a separate individual should review the check for agreement to the ISBE FRIS System.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2010**

Finding No.: 10-02 – Inadequate Internal Control Procedures (Concluded)

- C. Access to the PRWIN system should be monitored regularly to ensure that only the appropriate individuals have access to the system.
- D. Supporting invoices should be obtained for all charges on a credit card statement before payment is made. In addition, effort should be made to make sure payments are made on a timely basis so that late charges and interest are not charged.
- E. Journal entries should be reviewed on a regular basis with this review being formally documented by initialing the journal entry report.

Management's Response:

The Regional Office of Education #32 agrees with the finding and will make changes to its internal control procedures to address the deficiencies identified above.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2010**

Finding No.: 10-03 – Interest Earned on Federal Grant Funds

Federal Program Name & Year: Title I – School Improvement and Accountability – System of Support
Title I – Reading First Part B SEA Funds
Title IV – 21st Century Community Learning Centers
Title II – Teacher Quality – Leadership Grant
Title II – Teacher Quality – Leadership Grant – System of Support
McKinney Education for Homeless Children

Project Number: 06-4331-SS, 07-4331-SS, 08-4331-SS, 09-4331-SS, and 10-4331-SS
06-4337-00 and 07-4337-00
06-4421-00, 07-4421-00, 08-4421-00, and 09-4421-00
05-4935-00, 06-4935-00, 07-4935-00, 08-4935-00, 09-4935-00, and 10-4935-00
10-4935-SS
09-4920-00 and 10-4920-00

CFDA Number: 84.010A, 84.357A, 84.287C, 84.367A, 84.367A, 84.196A

Passed Through: Illinois State Board of Education

Federal Agency: U.S. Department of Education

Criteria/specific requirement:

The *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments* (34 Code of Federal Regulations Part 80.21) requires that interest earned on federal fund balances in excess of \$100 be remitted back to the federal granting agency promptly or at least quarterly.

Condition:

The Regional Office had interest income in excess of \$100 related to the following programs which was due back to the grantor agency:

Title I – School Improvement and Accountability – System of Support - \$25,520
Title I – Reading First Part B SEA Funds - \$2,115
Title IV – 21st Century Community Learning Centers - \$5,229
Title II – Teacher Quality – Leadership Grant - \$6,514
Title II – Teacher Quality – Leadership Grant – System of Support - \$161
McKinney Education for Homeless Children – \$1,821

Questioned Costs:

\$25,520, \$2,115, \$5,229, \$6,514, \$161, \$1,821

Context:

A total of \$41,360 in interest income in excess of \$100 per program was noted that is due back to the appropriate grantor agencies.

Effect:

Noncompliance with the *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments* (34 Code of Federal Regulations Part 80.21).

Cause:

Oversight by Regional Office personnel.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2010**

Finding No.: 10-03 – Interest Earned on Federal Grant Funds (Concluded)

Recommendation:

The Regional Office should track interest earnings on federal funds so that any excess funds can be returned promptly. In addition, at the end of the grant period, unobligated or unspent interest on all grants plus any federal interest in excess of \$100 should be returned to the grantor.

Management's Response:

The Regional Office of Education #32 agrees with the finding and will remit the appropriate amounts of interest to its grantor.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2010**

Finding No.: 10-04 – Improper Support for Amounts Claimed on Expenditure Reports

Federal Program Name & Year: Title I – School Improvement and Accountability – System of Support

Project Number: 10-4331-SS

CFDA Number: 84.010A

Passed Through: Illinois State Board of Education

Federal Agency: U.S. Department of Education

Criteria/specific requirement:

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over receipts and disbursements sufficient to prevent errors and fraud in its completion of quarterly expenditure reports required for grants administered by the Illinois State Board of Education.

Condition:

- A. The Regional Office reimbursed a district, through its Title I – School Improvement and Accountability – System of Support program, from a purchase order rather than the invoice actually received. The invoice noted a TI-Nspire Navigator that had been back-ordered and was excluded from the billing which totaled \$2,355; however, the Regional Office reimbursed the district for this item since it paid the reimbursement based on the purchase order. In addition, the district purchased a second TI-Nspire Navigator when additional funds became available. The district used the invoice received for the back-ordered original purchase to request reimbursement for this second purchase, resulting in the purchase order number not matching the purchase order number on the invoice.

- B. Two reimbursements of \$4,382.50 for “business costs” and \$1,850.00 for “purchased services” did not have any supporting documentation.

Questioned Costs:

- A. N/A
- B. \$6,232.50

Context: N/A

Effect:

Lack of appropriate documentation for reimbursements could result in unintentional or intentional errors or misappropriations of assets, in which the errors or fraud could be material to the financial statements and may not be detected in a timely manner by employees in the normal course of performing their assigned duties.

Cause:

Oversight by Regional Office personnel.

Recommendation:

The Regional Office should obtain proper documentation for all reimbursements including ensuring that purchase orders and invoices agree and that reimbursements are based only on valid vendor invoices and not purchase orders.

Management’s Response:

The Regional Superintendent agrees with the finding.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
For the Year Ended June 30, 2010**

INSTANCES OF NONCOMPLIANCE:

Finding No. 10-03 – Interest Earned on Federal Grant Funds (finding details on page 12e)

MATERIAL WEAKNESSES:

Finding No. 10-03 – Interest Earned on Federal Grant Funds (finding details on page 12e)

Finding No. 10-04 – Improper Support for Amounts Claimed on Expenditure Reports (finding details on page 12g)

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the Year Ended June 30, 2010**

Corrective Action Plan

Finding No.: 10-01 – Controls Over Financial Statement Preparation

Condition:

The Regional Office of Education #32 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most 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:

- A. The prior year general ledger and the current year balance sheet, including fund balance, had not been adjusted appropriately for prior year audit adjustments.
- B. In addition, the Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenue. While the Regional Office did maintain records to indicate the balances of some accounts payable, accounts receivable, and deferred revenue, the Regional Office's financial information required several adjusting entries to present the financial statements in accordance with generally accepted accounting principles.

Plan:

The Regional Office will send its fiscal staff to various trainings to better understand accrual accounting and reporting under generally accepted accounting principles (GAAP).

Anticipated Date of Completion:

June 30, 2011

Name of Contact Person:

Dr. Kathleen Pangle, Regional Superintendent

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the Year Ended June 30, 2010**

Corrective Action Plan

Finding No.: 10-02 – Inadequate Internal Control Procedures

Condition:

During our audit, we noted the following weaknesses in the Regional Office of Education's internal control system:

- A. Disbursement checks are printed with an electronic signature and mailed by the bookkeeper without being reviewed by an individual independent of the check preparation and recording function.
- B. Lack of segregation of duties exists since the person who enters the State grant receipts into the general ledger also prepares the check for grant disbursement to the school districts without an independent review to verify the check agrees to the ISBE Financial Reimbursement Information System (FRIS).
- C. Three individuals had excessive access to the Payroll Accounting for Windows (PRWIN) system. One of these individuals was no longer employed by the Regional Office and the other two individuals had excessive access based on their job responsibilities.
- D. During testing of 14 credit card statements, we noted one instance in which an item on a statement did not have a supporting invoice and another instance in which a late charge and interest was paid.
- E. Journal entries made by the bookkeepers are not consistently reviewed. In addition, if a review is performed, the Regional Office's current procedures do not require formal documentation of the review.

Plan:

- A. Signed disbursement checks will be reviewed and mailed by an individual independent of the check preparation and recording functions.
- B. The individual who prepares the grant disbursement check will be independent of the individual who records the grant receipts from the State in the general ledger. Alternatively, if the same individual records the grant receipts and prepares the grant disbursement checks, a separate individual will review the check for agreement to the ISBE FRIS System.
- C. Access to the PRWIN system will be monitored regularly to ensure that only the appropriate individuals have access to the system.
- D. Every effort will be made to obtain supporting invoices for all charges on a credit card statement before payment is made. In addition, effort will be made to make sure payments are made on a timely basis so that late charges and interest are not charged.
- E. Journal entries will be reviewed on a regular basis with this review being formally documented by initialing the journal entry report.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the Year Ended June 30, 2010**

Corrective Action Plan

Finding No.: 10-02 – Inadequate Internal Control Procedures (Concluded)

Anticipated Date of Completion:

June 30, 2011

Name of Contact Person:

Dr. Kathleen Pangle, Regional Superintendent

Finding No.: 10-03 – Interest Earned on Federal Grant Funds

Condition:

The Regional Office had interest income in excess of \$100 related to the following programs which was due back to the grantor agency:

Title I – School Improvement and Accountability – System of Support - \$25,520

Title I – Reading First Part B SEA Funds - \$2,115

Title IV – 21st Century Community Learning Centers - \$5,229

Title II – Teacher Quality – Leadership Grant - \$6,514

Title II – Teacher Quality – Leadership Grant – System of Support - \$161

McKinney Education for Homeless Children - \$1,821

Plan:

The Regional Office of Education will remit interest income earned from federal funding in excess of \$100 to the appropriate granting agencies.

Anticipated Date of Completion:

June 30, 2011

Name of Contact Person:

Dr. Kathleen Pangle, Regional Superintendent

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the Year Ended June 30, 2010**

Corrective Action Plan

Finding No.: 10-04 – Improper Support for Amounts Claimed on Expenditure Reports

Condition:

- A. The Regional Office reimbursed a district through its Title I – School Improvement and Accountability – System of Support program from a purchase order rather than the invoice actually received. The invoice noted a TI-Nspire Navigator that had been back-ordered and was excluded from the billing which totaled \$2,355; however, the Regional Office reimbursed the district for this item since it paid the reimbursement based on the purchase order. In addition, the district purchased a second TI-Nspire Navigator when additional funds became available. The district used the invoice received for the back-ordered original purchase to request reimbursement for this second purchase, resulting in the purchase order number not matching the purchase order number on the invoice.

- B. Two reimbursements of \$4,382.50 for “business costs” and \$1,850.00 for “purchased services” did not have any supporting documentation.

Plan:

The Regional Office will ensure proper documentation is obtained for all reimbursements including ensuring that purchase orders and invoices agree and that reimbursements are based only on valid vendor invoices and not purchase orders.

Anticipated Date of Completion:

June 30, 2011

Name of Contact Person:

Dr. Kathleen Pangle, Regional Superintendent

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2010**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
None		

MANAGEMENT'S DISCUSSION AND ANALYSIS

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

The Iroquois-Kankakee Regional Office of Education #32 (ROE #32) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2010 with comparative information for the year ended June 30, 2009. Readers are encouraged to consider the information in conjunction with the ROE #32's financial statements that follow.

2010 Financial Highlights

- Within the Governmental Funds, the General Fund revenue increased by \$130,387 (13%) from \$1,030,650 in FY2009 to \$1,161,037 in FY2010. General Fund expenditures increased by \$98,896 (9%) from \$1,115,230 in FY2009 to \$1,214,126 in FY2010. These increases were due primarily to the increase in State payments made on behalf of the region.
- Within the Governmental Funds, the Special Revenue Funds revenue decreased by \$936,379 (19%) from \$4,834,527 in FY2009 to \$3,898,148 in FY2010. The Special Revenue Funds expenditures decreased by \$955,125 (20%) from \$4,834,873 in FY2009 to \$3,879,748 in FY2010. These decreases were due to the reduction in funding of various programs as well as various programs that the ROE administered in FY2009 but not in FY2010.
- Proprietary Funds revenue decreased by \$212,085 (32%) from \$656,145 in FY2009 to \$444,060 in FY2010. The Proprietary Funds expenditures decreased by \$288,330 (47%) from \$619,108 in FY2009 to \$330,778 in FY2010. These decreases were due largely to the removal of a fund that had been incorrectly classified as a proprietary fund in FY2009 and a program that ended during FY2009, as well as to the reduction in local funds in various programs.
- The ROE #32 has no long term debt.

Using This Report

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

- Management's Discussion and Analysis introduces financial statements and provides an analytical overview of the ROE #32's financial activities.
- The *government-wide financial statements* consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the ROE #32 as a whole and present an overall view of the Office's finances.
- *Fund financial statements* report the ROE #32'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 *other supplementary information* provides detailed information about the major and non-major funds.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Reporting the Iroquois-Kankakee Regional Office as a Whole

It is important to note that many grants (RESPRO, McKinney Vento Education for Homeless Children, etc.) are cooperative efforts of ROE #32 and the other ROEs in Area IV. Therefore, these figures may reflect grants that are intended to serve Iroquois-Kankakee Counties only and also grants that serve ROE #9, #11, #17, #39 and #54.

The Statement of Net Assets and the Statement of Activities

The government-wide financial statements report information about the ROE #32 as a whole. The Statement of Net Assets includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid using Generally Accepted Accounting Principles and GASB 34.

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

- Over time, increases or decreases in the net assets can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the ROE #32's overall financial condition, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the State level need to be considered.

We divide the ROE #32's activities into three broad types:

Regulatory Activities - Supported primarily by the funds of Kankakee County government and Iroquois County government through a ratified Joint Agreement effectuated in 1995. The activities include, but are not limited to, Teacher/Administrator Certification, Health/Life Safety Inspections of school facilities, General Educational Development Administration, Bus Driver Training, etc. as prescribed in the Illinois School Code, Articles 3 and 3A.

Service Activities - Supported primarily through funds appropriated by the Illinois General Assembly and distributed to the Office through the Illinois State Board of Education and through locally generated fees for service. The activities include assisting schools in all areas of school improvement, including staff development opportunities for teachers and administrators, etc. as prescribed in 105 ILCS 5/2-3.62.

Ombudsman Activities - Supported through various competitive grants and/or entitlements from various State and Federal government agencies and including private trusts/contributions. The activities supported include, but are not limited to, truancy prevention efforts, drug prevention efforts, attention to homeless children and families, out-of-school time programming, provision of education for multi-suspended or potentially expelled students, etc.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Fund Financial Statements

The fund financial statements provide detailed information about the Regional Office's funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by State law. The ROE #32 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 ROE #32'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 the year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Office's programs. The governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance.
- (2) Proprietary Funds account for resources from fees charged directly to those entities or individuals that use its services. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by government-wide financial statements but with more detail for major and non-major enterprise funds. The proprietary funds' required financial statements include a Statement of Net Assets, Statement of Revenues, Expenses and Changes in Fund Net Assets and Statement of Cash Flows.
- (3) Fiduciary Funds are used to account for assets held by the ROE #32 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.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Government-Wide Financial Analysis

As noted earlier, net assets may serve, when examined over time, as one indicator of the financial position of the ROE #32. The net assets at the end of FY2010 and FY2009 totaled \$2,535,128 and \$2,118,286, respectively. The analysis that follows provides a summary of the ROE No. 32's net assets as of June 30.

CONDENSED STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
ASSETS						
Current assets	\$1,528,873	\$1,705,841	\$1,606,588	\$1,495,683	\$3,135,461	\$3,201,524
Noncurrent assets	2,054	-	-	-	2,054	-
TOTAL ASSETS	1,530,927	1,705,841	1,606,588	1,495,683	3,137,515	3,201,524
LIABILITIES						
Current liabilities	602,380	1,080,926	7	2,312	602,387	1,083,238
TOTAL LIABILITIES	602,380	1,080,926	7	2,312	602,387	1,083,238
NET ASSETS						
Invested in capital assets, net of related debt	2,054	-	-	-	2,054	-
Restricted for teacher professional development	41,017	101,379	-	-	41,017	101,379
Unrestricted	885,476	523,536	1,606,581	1,493,371	2,492,057	2,016,907
TOTAL NET ASSETS	\$928,547	\$624,915	\$1,606,581	\$1,493,371	\$2,535,128	\$2,118,286

The ROE #32's net assets increased by \$416,842 (20%) from FY2009 to FY2010. The increase occurred in the governmental funds under the general operations fund and education funds. In addition, the Business-Type Activities' expenditures decreased and liabilities were all but eliminated. Net assets related to the Teacher Institute Fund are considered restricted for teacher professional development.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
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	\$ 49,966	\$ 31,872	\$ 444,060	\$ 656,145	\$ 494,026	\$ 688,017
Operating grants and contributions	3,217,031	4,790,328	-	-	3,217,031	4,790,328
General revenues:						
State and local sources	1,343,862	506,206	-	-	1,343,862	506,206
Interest income	8,021	26,951	10,262	15,898	18,283	42,849
On-behalf payments	607,046	509,820	-	-	607,046	509,820
Total revenues	5,225,926	5,865,177	454,322	672,043	5,680,248	6,537,220
Expenses:						
Salaries	2,061,152	2,403,078	180,719	385,126	2,241,871	2,788,204
Benefits	379,995	465,798	24,304	63,634	404,299	529,432
Purchased services	489,596	830,672	99,694	142,571	589,290	973,243
Supplies and materials	132,396	306,168	23,556	27,760	155,952	333,928
Capital expenditures	4,783	57,053	2,337	-	7,120	57,053
Payments to other governments	1,409,473	1,371,249	-	-	1,409,473	1,371,249
Miscellaneous	9,433	6,265	168	17	9,601	6,282
Depreciation	4,107	-	-	-	4,107	-
On-behalf payments	607,046	509,820	-	-	607,046	509,820
Total expenses	5,097,981	5,950,103	330,778	619,108	5,428,759	6,569,211
Income (loss) before operating transfers	127,945	(84,926)	123,544	52,935	251,489	(31,991)
Operating transfers	2,756	(25,243)	(2,756)	25,243	-	-
Change in net assets	130,701	(110,169)	120,788	78,178	251,489	(31,991)
Net assets, beginning	797,846	735,084	1,485,793	1,415,193	2,283,639	2,150,277
Net assets, ending	\$ 928,547	\$ 624,915	\$ 1,606,581	\$ 1,493,371	\$ 2,535,128	\$ 2,118,286

Governmental Fund Activities

Revenues for governmental fund activities were \$5,225,926 and expenses were \$5,097,981. Governmental revenues decreased by \$639,251 (11%) primarily due to decrease in funding for programs such as McKinney-Vento Education for Homeless Children and Youth (-\$6,482), Regional Safe School Program (-\$21,212), DHS Comprehensive Prevention & Teen REACH Programs (-\$47,409), Title I Reading First Programs (-\$353,740), Title II Teacher Quality Induction and National Board Professional Teaching Standards (NBPTS) programs (-\$102,629). In addition, programs that ended during FY2009 decreased revenues by \$559,867. These include the Learn & Serve America

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Governmental Fund Activities (Concluded)

program, Title IV 21st Century Community Learning Centers, Gifted Education, RESPRO – Standards & Accountability and the Standard-Aligned Classroom Project. This decrease in funds was offset partially by the influx of ARRA Federal Funds totaling \$258,588. Program expenditures proportionally increased or decreased to meet the funding level.

Business-Type Activities

Revenues for business-type activities were \$454,322 and expenditures were \$330,778. The decrease in revenues and expenditures is attributed to the decrease in local revenue received from our school districts for services and trainings conducted in FY2010. Also, due to the depressed economy, the amount of a local endowment, the Tallman Fund, was reduced drastically.

Financial Analysis of the ROE No. 32 Funds

As previously noted, the ROE #32 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The ROE #32's governmental funds reported combined fund balances of \$767,773.

Governmental Fund Highlights

- State funding of Regional Offices of Education has been reduced compared to the previous year.
- The dollar return on investments (certificates of deposit and short-term investments) decreased due to the lower interest rates.
- County support for the ROE #32 decreased from last year's funding level.
- There was a decrease in program revenues as several of the operating grants, such as the 21st Century Learning Centers, Learn & Serve America program, Gifted Education, RESPRO – Standards & Accountability and the Standard-Aligned Classroom Project grants ended during FY2010.

Proprietary Fund Highlights

Total proprietary fund net assets increased by \$113,210 (8%) primarily due to excess of revenues over expenditures for the proprietary funds.

Fiduciary Fund Highlights

There was an increase of \$6,662 (174%) in total fiduciary fund cash and cash equivalents for FY2010. Transactions represent mainly transfers in and out of funds under the Distributive Fund.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Budgetary Highlights

The ROE #32 annually adopts budgets for several funds. Budgets for the General Fund and Special Revenue Fund Accounts are prepared by the Regional Superintendent and serve as a guideline for activities and expenditures. The typical fiscal year for the State budget is July 1 to June 30. The Regional Superintendent annually prepares a County Support Budget and submits it to the County Board for their approval. The County Support Budget covers a fiscal year which runs from December 1 to November 30. All grant budgets are prepared by the ROE #32 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. These fiscal years vary by design of the grants. Federal Grants are typically October 1 to September 30.

Capital Assets

ROE #32's capital assets include office equipment, computers, audio-visual equipment, and office furniture. The ROE #32 maintains an inventory of capital assets which have been accumulated over time. There were no additions and \$6,262 retirements for FY2010. Depreciation expense for FY2010 was \$4,107. As of June 30, 2010, the ROE #32's capital assets remain in use with \$2,054 remaining to be depreciated in future fiscal years.

Economic Factors and the FY11 Budget

At the time these financial statements were prepared and audited, the ROE #32 was aware of several existing circumstances that could affect its financial condition in the future:

- ISBE has recommended that state funding of Regional Offices of Education remain stable in funding compared to the previous year; however, the Governor's Office has proposed elimination of this funding for FY12.
- County board support for ROE #32 is expected to be reduced by approximately 9%.
- Several federal initiatives are expected to be received in FY 2011 through the federal American Recovery & Reinvestment Act (ARRA McKinney-Vento Homeless Education Assistance Fund, ARRA Education Jobs Fund and Title I ARRA School Improvement and Accountability System of Support Fund) which should reduce the impact of the State's current fiscal deficit on the ROE's operations. The availability of competitive grants from the State or Federal Government is problematic. The future predictions are cuts in all grant programs.
- The ROE may be willing to provide oversight for the Pre-School for All Accountability Liaison.
- The growth in the region is stabilizing.

Contacting the Regional Office's Financial Management

The financial report is designed to provide a general overview of the Office's finances and accountability for the money it receives. If you have questions about the report or desire additional information, please contact the Regional Superintendent or the Chief Bookkeeper of the Iroquois-Kankakee Regional Office of Education #32, 189 E. Court Street, Suite 600, Kankakee, IL 60901.

BASIC FINANCIAL STATEMENTS

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
STATEMENT OF NET ASSETS
June 30, 2010**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 896,476	\$ 1,600,369	\$ 2,496,845
Due from other funds	-	-	-
Due from other governments	632,397	6,219	638,616
Total Current Assets	<u>1,528,873</u>	<u>1,606,588</u>	<u>3,135,461</u>
Noncurrent Assets:			
Capital assets, being depreciated, net	2,054	-	2,054
Total Noncurrent Assets	<u>2,054</u>	<u>-</u>	<u>2,054</u>
TOTAL ASSETS	<u>1,530,927</u>	<u>1,606,588</u>	<u>3,137,515</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	320,700	7	320,707
Due to other funds	-	-	-
Due to other governments	65,064	-	65,064
Deferred revenue	195,935	-	195,935
Other post-employment benefit obligation	20,681	-	20,681
Total Current Liabilities	<u>602,380</u>	<u>7</u>	<u>602,387</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,054	-	2,054
Restricted for teacher professional development	41,017	-	41,017
Unrestricted	885,476	1,606,581	2,492,057
TOTAL NET ASSETS	<u>\$ 928,547</u>	<u>\$ 1,606,581</u>	<u>\$ 2,535,128</u>

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

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary government:						
Governmental activities:						
Instructional Services						
Salaries	\$ 2,061,152	\$ 11,145	\$ 1,262,481	\$ (787,526)	\$ -	\$ (787,526)
Employee benefits	379,995	2,226	201,905	(175,864)	-	(175,864)
Purchased services	489,596	8,538	274,631	(206,427)	-	(206,427)
Supplies and materials	132,396	1,624	90,829	(39,943)	-	(39,943)
Other	9,433	1,320	-	(8,113)	-	(8,113)
Payments to other governments	1,409,473	25,113	1,384,360	-	-	-
Depreciation	4,107	-	-	(4,107)	-	(4,107)
Capital outlay	4,783	-	2,825	(1,958)	-	(1,958)
Administrative						
On-behalf payments - State	607,046	-	-	(607,046)	-	(607,046)
Total governmental activities	<u>5,097,981</u>	<u>49,966</u>	<u>3,217,031</u>	<u>(1,830,984)</u>	<u>-</u>	<u>(1,830,984)</u>
Business-type activities:						
Professional development	<u>330,778</u>	<u>444,060</u>	<u>-</u>	<u>-</u>	<u>113,282</u>	<u>113,282</u>
Total business-type activities	<u>330,778</u>	<u>444,060</u>	<u>-</u>	<u>-</u>	<u>113,282</u>	<u>113,282</u>
Total Primary Government	<u>\$ 5,428,759</u>	<u>\$ 494,026</u>	<u>\$ 3,217,031</u>	<u>(1,830,984)</u>	<u>113,282</u>	<u>(1,717,702)</u>
General revenues						
Local sources				542,293	-	542,293
State sources				801,569	-	801,569
On-behalf payments - State				607,046	-	607,046
Interest				8,021	10,262	18,283
Transfers				2,756	(2,756)	-
Total general revenues and transfers				<u>1,961,685</u>	<u>7,506</u>	<u>1,969,191</u>
CHANGE IN NET ASSETS				130,701	120,788	251,489
NET ASSETS - BEGINNING (RESTATED)				<u>797,846</u>	<u>1,485,793</u>	<u>2,283,639</u>
NET ASSETS - ENDING				<u>\$ 928,547</u>	<u>\$ 1,606,581</u>	<u>\$ 2,535,128</u>

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

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010**

	General Fund	Education Fund	Other Non-Major Funds	Eliminations	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 58,742	\$ 701,236	\$ 136,498	\$ -	\$ 896,476
Due from other funds	100,000	429,976	-	(529,976)	-
Due from other governments	104,192	528,205	-	-	632,397
TOTAL ASSETS	\$ 262,934	\$ 1,659,417	\$ 136,498	\$ (529,976)	\$ 1,528,873
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 76,176	\$ 240,058	\$ 4,466	\$ -	\$ 320,700
Due to other funds	28,764	501,212	-	(529,976)	-
Due to other governments	-	65,064	-	-	65,064
Deferred revenue	17,258	337,397	-	-	354,655
Other post-employment benefit obligation	20,681	-	-	-	20,681
Total Liabilities	142,879	1,143,731	4,466	(529,976)	761,100
Fund Balances					
Unreserved, reported in:					
Special revenue funds	-	515,686	132,032	-	647,718
General fund	120,055	-	-	-	120,055
Total Fund Balances	120,055	515,686	132,032	-	767,773
TOTAL LIABILITIES AND FUND BALANCES	\$ 262,934	\$ 1,659,417	\$ 136,498	\$ (529,976)	\$ 1,528,873

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

**REGIONAL OFFICE OF EDUCATION #32
 IROQUOIS AND KANKAKEE COUNTIES
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 June 30, 2010**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	767,773
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Some revenues will not be collected for several months after the Regional Office's fiscal yearend, they are not considered "available" revenues and are deferred in the governmental funds.</p>		158,720
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds, net of accumulated depreciation of \$24,977</p>		<u>2,054</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u><u>928,547</u></u>

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

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010**

	General Fund	Education Fund	Other Non-Major Funds	Eliminations	Total Governmental Funds
REVENUES					
Local sources	\$ 496,732	\$ 45,561	\$ 46,680	\$ -	\$ 588,973
State sources	57,259	1,626,353	3,286	-	1,686,898
State sources - payments made on behalf of region	607,046	-	-	-	607,046
Federal sources	-	2,176,268	-	-	2,176,268
Total Revenues	<u>1,161,037</u>	<u>3,848,182</u>	<u>49,966</u>	<u>-</u>	<u>5,059,185</u>
EXPENDITURES					
Instructional Services:					
Salaries	383,033	1,633,053	45,066	-	2,061,152
Employee benefits	109,825	261,170	9,000	-	379,995
Purchased services	99,831	355,242	34,523	-	489,596
Supplies and materials	8,339	117,490	6,567	-	132,396
Other	4,094	-	5,339	-	9,433
Payments to other governments	-	1,384,360	25,113	-	1,409,473
Payments made on behalf of region	607,046	-	-	-	607,046
Capital outlay	1,958	2,825	-	-	4,783
Total Expenditures	<u>1,214,126</u>	<u>3,754,140</u>	<u>125,608</u>	<u>-</u>	<u>5,093,874</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	<u>(53,089)</u>	<u>94,042</u>	<u>(75,642)</u>	<u>-</u>	<u>(34,689)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	15,442	27,252	1,937	(41,875)	2,756
Transfers out	(15,298)	(24,640)	(1,937)	41,875	-
Interest	1,813	4,495	1,713	-	8,021
Total Other Financing Sources (Uses)	<u>1,957</u>	<u>7,107</u>	<u>1,713</u>	<u>-</u>	<u>10,777</u>
NET CHANGE IN FUND BALANCES	<u>(51,132)</u>	<u>101,149</u>	<u>(73,929)</u>	<u>-</u>	<u>(23,912)</u>
FUND BALANCES - BEGINNING (RESTATED)	<u>171,187</u>	<u>414,537</u>	<u>205,961</u>	<u>-</u>	<u>791,685</u>
FUND BALANCES - ENDING	<u>\$ 120,055</u>	<u>\$ 515,686</u>	<u>\$ 132,032</u>	<u>\$ -</u>	<u>\$ 767,773</u>

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

**REGIONAL OFFICE OF EDUCATION #32
 IROQUOIS AND KANKAKEE COUNTIES
 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 \$ (23,912)

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

Governmental funds report capital outlays as expenditures and proceeds from disposals as revenue. However, in the Statement of Activities, the cost of those assets which meet capitalization requirements is allocated over their estimated useful lives and reported as depreciation expense and gains and losses are reported on disposals:

Depreciation Expense (4,107)

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

State Sources	145,296	
Federal Sources	13,424	158,720

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 130,701

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

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010**

	Business-Type Activities - Enterprise Funds					
	Life Education Local	Safe Schools Local	Truant Local	Nonmajor Proprietary Funds	Eliminations	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 228,333	\$ 846,720	\$ 246,128	\$ 279,188	\$ -	\$ 1,600,369
Due from other funds	-	-	-	742	(742)	-
Due from other governments	-	6,219	-	-	-	6,219
Total current assets	228,333	852,939	246,128	279,930	(742)	1,606,588
LIABILITIES						
Current liabilities:						
Accounts payable	-	-	-	7	-	7
Due to other funds	-	-	-	742	(742)	-
Total current liabilities	-	-	-	749	(742)	7
NET ASSETS						
Unrestricted	228,333	852,939	246,128	279,181	-	1,606,581
TOTAL NET ASSETS	\$ 228,333	\$ 852,939	\$ 246,128	\$ 279,181	\$ -	\$ 1,606,581

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

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2010**

	Business-Type Activities - Enterprise Funds					Total
	Life Education Local	Safe Schools Local	Truant Local	Nonmajor Proprietary Funds	Eliminations	
OPERATING REVENUES						
Local sources	\$ 57,667	\$ 174,456	\$ 69,728	\$ 142,209	\$ -	\$ 444,060
Total operating revenues	<u>57,667</u>	<u>174,456</u>	<u>69,728</u>	<u>142,209</u>	<u>-</u>	<u>444,060</u>
OPERATING EXPENSES						
Salaries	34,476	44,877	47,530	53,836	-	180,719
Employee benefits	2,737	8,978	7,138	5,451	-	24,304
Purchased Services	28,595	2,365	4,362	64,372	-	99,694
Supplies and materials	10,769	1,073	6,482	5,232	-	23,556
Capital outlay	599	-	-	1,738	-	2,337
Other	-	-	-	168	-	168
Total operating expenses	<u>77,176</u>	<u>57,293</u>	<u>65,512</u>	<u>130,797</u>	<u>-</u>	<u>330,778</u>
OPERATING INCOME (LOSS)	<u>(19,509)</u>	<u>117,163</u>	<u>4,216</u>	<u>11,412</u>	<u>-</u>	<u>113,282</u>
NONOPERATING REVENUES (EXPENSES)						
Transfers in	-	-	-	19,895	(19,895)	-
Transfers out	-	(32)	-	(22,619)	19,895	(2,756)
Interest	1,496	5,490	1,512	1,764	-	10,262
Total nonoperating revenues (expenses)	<u>1,496</u>	<u>5,458</u>	<u>1,512</u>	<u>(960)</u>	<u>-</u>	<u>7,506</u>
CHANGE IN NET ASSETS	(18,013)	122,621	5,728	10,452	-	120,788
TOTAL NET ASSETS - BEGINNING (RESTATED)	<u>246,346</u>	<u>730,318</u>	<u>240,400</u>	<u>268,729</u>	<u>-</u>	<u>1,485,793</u>
TOTAL NET ASSETS - ENDING	<u>\$ 228,333</u>	<u>\$ 852,939</u>	<u>\$ 246,128</u>	<u>\$ 279,181</u>	<u>\$ -</u>	<u>\$ 1,606,581</u>

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

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2010**

	Business-Type Activities - Enterprise Funds				Total
	Life Education Local	Safe Schools Local	Truant Local	Nonmajor Proprietary Funds	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 59,709	\$ 174,932	\$ 74,028	\$ 145,639	\$ 454,308
Payments to suppliers and providers of goods and services	(40,430)	(4,338)	(10,844)	(72,430)	(128,042)
Payments to employees	(37,213)	(53,855)	(54,668)	(59,287)	(205,023)
Net cash provided by (used for) operating activities	<u>(17,934)</u>	<u>116,739</u>	<u>8,516</u>	<u>13,922</u>	<u>121,243</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash transfers from other funds	-	-	-	19,895	19,895
Cash transfers to other funds	-	(32)	-	(22,619)	(22,651)
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>(32)</u>	<u>-</u>	<u>(2,724)</u>	<u>(2,756)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest	1,496	5,490	1,512	1,764	10,262
Net cash provided by (used for) investing activities	<u>1,496</u>	<u>5,490</u>	<u>1,512</u>	<u>1,764</u>	<u>10,262</u>
Net increase (decrease) in cash	(16,438)	122,197	10,028	12,962	128,749
CASH AND CASH EQUIVALENTS - BEGINNING (RESTATED)	<u>244,771</u>	<u>724,523</u>	<u>236,100</u>	<u>266,226</u>	<u>1,471,620</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 228,333</u>	<u>\$ 846,720</u>	<u>\$ 246,128</u>	<u>\$ 279,188</u>	<u>\$ 1,600,369</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating income (loss)	\$ (19,509)	\$ 117,163	\$ 4,216	\$ 11,412	\$ 113,282
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Change in assets and liabilities:					
(Increase) decrease in due from other governments	2,042	476	4,300	3,430	10,248
Increase (decrease) in accounts payable	(467)	(900)	-	(920)	(2,287)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (17,934)</u>	<u>\$ 116,739</u>	<u>\$ 8,516</u>	<u>\$ 13,922</u>	<u>\$ 121,243</u>

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

REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
June 30, 2010

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 10,488
Due from other governments	<u>853,254</u>
TOTAL ASSETS	<u><u>\$ 863,742</u></u>
LIABILITIES	
Due to other governments	<u><u>\$ 863,742</u></u>

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

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education #32 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

This summary of significant accounting policies of the Regional Office of Education #32 is presented to assist in understanding the Regional Office of Education #32's financial statements. The financial statements and notes are representations of the Regional Office of Education #32's management who is responsible for the integrity and objectivity of the financial statements. The Illinois Administrative Code, Title 23 - Subtitle A, Chapter 1, Section 110.115a, requires each Regional Office of Education to prepare annual financial statements in conformity with accounting principles generally accepted in the United States of America. These principles have been consistently applied in the preparation of the financial statements.

A. Financial Reporting Entity

The Regional Superintendent is responsible for supervision and control of school districts within the Regional Office of Education #32. This includes all aspects of supervision, reports and financial accounting of districts which are considered by State law to be in the Service Region. In addition, the Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teachers' meetings and assist in their management; evaluate the schools in the region; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the Regional Superintendent's office; and file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; 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 Regional Office of Education #32'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.

The Regional Superintendent is responsible for inspection and approval or rejection of school treasurer's bonds. The Regional Superintendent is also required to provide the State Board of Education with an affidavit showing that the treasurers of school districts under her 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 Regional Office of Education #32, or see that no payments are made unless the treasurer has filed or renewed appropriate bonds 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.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
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)

For the period ended June 30, 2010, the Regional Office of Education #32 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #32. Such activities are reported as a single major special revenue fund (Education Fund).

B. Scope of Reporting Entity

The Regional Office of Education #32's reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education #32 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Iroquois and Kankakee Counties, 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 Regional Office of Education #32 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 districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education #32 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #32 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education #32 being considered a component unit of the 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 Regional Office of Education #32'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 Regional Office of Education #32'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 Regional Office of Education #32. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Regional Office of Education #32's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Assets. 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 grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
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)

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 and proprietary 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 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 sources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and 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.

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.

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 non-major 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

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Governmental Fund Financial Statements (Concluded)

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. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. Expenditures 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.

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.

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 Regional Office of Education #32; 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 Regional Office of Education 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.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
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)

Under the terms of grant agreements, Regional Office of Education #32 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. It is Regional Office of Education #32's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

G. Fund Accounting

The Regional Office of Education #32 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 Regional Office of Education #32 uses governmental, proprietary, and fiduciary funds.

Governmental Funds

Governmental funds are those through which most governmental functions of the Regional Office of Education #32 are typically 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 Regional Office of Education #32 has presented all major funds that met the above qualifications.

The Regional Office of Education #32 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Regional Office of Education #32. It is used to account for all financial resources, which benefit all school districts in the region except those required to be accounted for in another fund. General funds include the following:

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

Regional Office of Education/ Intermediate Service Centers (ROE/ISC) Operations – This fund accounts for monies received and payment of expenditures in assisting schools in all areas of school improvement.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Fund Accounting (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 legally restricted to expenditures for specified purposes. Major special revenue funds include the following:

Education - This fund is used to account for various grant and educational enhancement programs including the following:

Addiction Prevention Comprehensive - This fund accounts for the federal, State, and local revenue received and expended under the drug prevention program developed and funded by the State Board of Education and the Illinois Department of Human Services. The school-based program focuses on prevention and coordination of school policies, curriculum, family support, and community activities to provide comprehensive addiction prevention efforts.

American Recovery and Reinvestment Act (ARRA) – State Fiscal Stabilization Fund – Education State Grants and Government Services – These funds support and restore funding for, education and early childhood programs and services and support public safety and modernization, renovation, or repair of public school facilities.

ARRA McKinney Education for Homeless Children - The fund provides educational services and strives to heighten community awareness of the need to serve the homeless population and is funded by the American Reinvestment and Recovery Act.

Child Protection Data Courts (CPDC) Project – These funds, received from the Administrative Office of the Illinois Courts (AOIC), are used to perform data collection, on-site visits, local CPDC meetings, CPDC project networking meetings, data-related activity, and technical assistance.

General State Aid - This fund accounts for grant monies received for and payment of expenditures for the regional learning supplements.

Gifted Education – This fund accounts for grant money received for and the expenditures incurred to train and assist school districts in designing programs and coursework for gifted learners.

HUD Supportive Housing Program – This fund accounts for grant money received from the U.S. Department of Housing and Urban Development for the Supportive Housing grant. Funds are used to provide case management, information and referral, and transportation services for homeless families with children, helping the families to meet their basic needs and obtain permanent housing.

Illinois Violence Prevention Authority (IVPA) Family Violence Coordinating Council – This fund accounts for funds received from IVPA to provide community awareness, coordination and training to impede family violence.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
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FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Fund Accounting (Continued)

Governmental Funds (Continued)

Learn and Serve America – These funds are used to encourage teachers to create, develop and offer service-learning opportunities, to introduce young people to a broad range of education, training, and careers, and to develop local service-learning partnerships.

McKinney Education for Homeless Children - The fund accounts for grant monies associated with a federal program designed to provide counseling and education support to homeless children and their families. This program is funded by the Stewart B. McKinney Education for Homeless Children and Youth grant.

National Board of Professional Teaching Standards Mentoring Program – This fund accounts for grant monies received for and the payment of expenditures related to professional trainings and certifications provided to teachers to achieve national board certification.

National School Breakfast – This fund accounts for the proceeds received and expended in the operations of the free breakfast program.

National School Lunch – This fund accounts for grant monies received and expended in the operations of the National School Lunch program.

Other Federal Programs (English Language Learners – ELL Grant) – This fund accounts for grant money received and expenditures incurred for trainings provided for the English Language Learners program.

Other State Programs – This fund accounts for grant monies received and expenditures incurred for various support service programs funded by the State.

Redeploy Illinois – This fund accounts for grant monies received and expenditures incurred to provide services to youth who are at high risk of being committed to the Department of Corrections. The program provides services to youth that include case management, court advocacy, education assistance, family counseling and crisis intervention.

Regional Safe Schools - This fund provides instruction services and materials for the alternative school program for at-risk youth, creating alternative placement for those students into a safe school program.

Standards Aligned Classroom – This fund accounts for revenues received and expenditures incurred in the improvement of teaching and learning.

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IROQUOIS AND KANKAKEE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Fund Accounting (Continued)

Governmental Funds (Continued)

State Free Lunch and Breakfast – This fund accounts for the proceeds received and expended in the operations of the free lunch and breakfast program.

Teachers & Administrators Mentoring Program – This fund accounts for grant money received for and expenditures incurred to support the state-wide new teacher mentoring program that includes assigning a mentor teacher to each new teacher for a period of at least two years and providing professional development designed to ensure the growth of the new teachers' knowledge and skills.

Teen Reach - This fund accounts for grant monies received for and expenditures incurred for the drug prevention program funded by the State Board of Education and the Illinois Department of Human Services. The program focuses on improving academic performance, prevent violence and risky behaviors, encourage parental involvement, and create opportunities for recreation and sports activities for the youth ages 6-17.

Title I – Reading First Part B SEA Funds - This fund provides comprehensive reading program training to Reading First coaches in order to facilitate student achievement in reading.

Title I School Improvement and Accountability System of Support – This fund supports the improvement of basic programs operated by the Regional Office of Education #32 by providing professional development for data analysis, school improvement plan/development, standards-aligned curriculum/instruction, and classroom assessment to System of Support status schools on the Academic Early Warning and Watch.

Title IIA Agreement – This fund accounts for payments received from Pembroke Community Consolidated School District #259 and expenditures incurred to provide on-site consultation and professional development services to Pembroke Community Consolidated School District #259 staff and administrators in relation to the Title IIA grant.

Title II Teacher Quality – This fund accounts for federal grant money received and expenditures incurred for improvement of instruction in the classroom.

Title II Teacher Quality – Leadership Grant – This fund accounts for grant money received for and expenditures incurred in providing training and professional development for the improvement of teacher preparation programs.

Title II Teacher Quality Leadership Grant System of Support – This fund provides professional development to assist teachers in becoming better instructional leaders.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Fund Accounting (Continued)

Governmental Funds (Continued)

Title IV 21st Century Community Learning Centers – The purpose of this fund is to create community learning centers that provide academic enrichment opportunities for children, particularly students who attend high-poverty and low performing schools.

Truants' Alternative Education – This fund provides alternative educational program services to truant students referred from local schools to the Regional Office of Education #32.

Truancy Review Board – This fund accounts for grant money received and expenditures incurred to develop and maintain a functioning Truancy Review Board (TRB). The Board will develop overall policies and procedures for identifying, reviewing, and accepting truancy cases.

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 legally restricted to expenditures for specified purposes. Nonmajor special revenue funds include the following:

Bus Driver Training - This fund accounts for State and local receipts and expenses as a result of training school district bus drivers.

General Education Development - This fund accounts for proceeds earned from students who participate in the high school equivalence program. These proceeds are used to pay the administrative expenses incurred to administer the GED program.

Institute - This fund accounts for teacher certificate registration, issuance and evaluation fees for processing certificates, and expenses of meetings of a professional nature. The Regional Superintendent uses these proceeds to pay administration expenses incurred on behalf of the teachers' institute certificates, workshops, and general meetings. All funds generated remain restricted until expended only on the aforementioned activities.

Project Care Healthy Decision – This fund accounts for revenue received and expenditures incurred in providing a suicide hotline for students.

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.

Proprietary Funds

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the Regional Office of Education #32 on a cost reimbursement basis are reported.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Fund Accounting (Continued)

Proprietary Funds (Continued)

Major Proprietary Funds – The Regional Office of Education #32 reports the following proprietary funds as major funds:

Life Education – Local – This fund accounts for local revenues received and related disbursements for the Life Education program.

Safe Schools – Local – This fund accounts for local revenues and disbursements related to the Safe School program.

Truant – Local – This fund accounts for local revenues and disbursements related to the Truant programs.

Nonmajor Proprietary Funds – The Regional Office of Education #32 reports the following nonmajor proprietary funds:

Administrator’s Academy – Local – This fund accounts for local revenues and disbursements related to the Administrators Academy Program.

Career Awareness and Development Workshop – This fund accounts for local revenues and disbursements related to the Career Awareness and Development workshop.

Children and Adolescent Local Area Network System – This fund accounts for money received by the Regional Office of Education #32 upon the closure of the local organization, C & A LANS. This fund is used to service at-risk youth.

Criminal Background Investigation – This fund accounts for the assessments received from the school districts to pay for the processing of fingerprinting the substitute teachers and expenditures incurred providing this service to the school districts.

Fluoride Fund – This fund accounts for revenues and expenses of the Fluoride Program. The objective of this program is to prevent tooth decay amount students.

Gifted Education Workshop – This fund accounts for revenues and expenses of the Gifted Education teacher development workshops.

Internet Connectivity – This fund accounts for local revenues and disbursements for the Internet Connectivity Program.

Local Induction Mentoring Training Fees – This fund accounts for local revenues and disbursements for Induction/ Mentoring Training programs.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Fund Accounting (Continued)

Proprietary Funds (Concluded)

Para-Professional Workshop Fees – This fund accounts for local revenues and disbursements related to the Para-professional Test Preparatory Course program.

RAAC Renaissance Program – This fund accounts for local revenues and disbursements related to the Regional Alternative Attendance Center Renaissance program.

Reading First Academy Workshops – This fund accounts for local revenues and disbursements related to the Illinois Reading First Academy.

Regional Alternative Attendance Center (RAAC) – This fund accounts for local revenues and disbursements related to the RAAC Activity Fund.

ROE Workshops – This fund accounts for local revenues and disbursements related to various workshops conducted by the Regional Office of Education #32 which are not accounted for in a separate fund.

SALT Activity – This fund accounts for local revenues and disbursements related to activities under the Students All Learning Together program.

School Crisis Assistance Team (SCAT) Donations – This fund accounts for donations and related disbursements for the School Crisis Assistance Team.

School Lunch Student Payments – This fund accounts for local revenues and disbursements for the Students School Lunch program.

Services Provided Goals 2000 – This fund accounts for local revenues and disbursements related to the Service Provided Goals 2000 program.

Services Provided HUD – This fund accounts for local revenues and disbursements in providing supplemental education for students from low-income families.

Supplemental Educational Services – This fund accounts for local revenues and disbursements in providing supplemental education for students from low-income families.

Teen Reach Local Program – This fund accounts for local revenues and disbursements related to the Teen Reach program.

Title I Workshops – This fund accounts for local revenues and disbursements for workshops related to the Title I School Improvement & Accountability program.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Fund Accounting (Concluded)

Fiduciary Funds

Agency Funds - Agency Funds are used to account for assets held by the Regional Office of Education #32 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds include the following:

Distributive Fund - This fund distributes federal and State funds to school districts and other entities under the oversight of the Regional Superintendent. Interest revenue earned on the custodial funds collected is part of the overall revenue of the General Fund. This treatment is in accordance with an agreement between the Regional Office of Education #32 and all the school boards within the Iroquois and Kankakee Counties Regional Office of Education #32.

Petitions and Detachment - This fund accounts for the receipts and disbursements related to petitions filed for annexation or detachment of school district boundaries.

Scholarship - This fund accounts for receipts and disbursement of scholarship awards to selected individuals.

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 consist of cash on deposit. The Regional Office of Education #32 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

J. Inventory

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

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are recorded at historical cost or estimated historical cost. Contributed assets are recorded 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. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Office Equipment and Furniture	5-10 years
Computer Equipment	3 - 5 years
Other Equipment	5-20 years

L. Interfund Receivables and Payables

The recordings of due from and due to other funds are a result of various borrowings between funds during the year.

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. Budget Information

The Regional Office of Education #32 acts as the administrative agent for certain grant programs that are accounted for within the General Fund and the Education Fund. These programs have separate budgets and are required to report to the Illinois State Board of Education and other granting agencies; however, none of the annual budgets have been legally adopted, nor are they required to do so. Certain programs within the General Fund and the Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results for the following programs are presented as supplementary information: ROE/ISC Operations, Addiction Prevention Comprehensive, ARRA McKinney Education for Homeless Children, Gifted Education, IVPA Family Violence Coordinating Council, McKinney Education for Homeless Children, National Board of Professional Teaching Standards Mentoring Program, Other Federal Programs (ELL Grant), Regional Safe Schools, Teachers and Administrators Mentoring Program, Teen Reach, Title I Reading First Part B SEA Funds, Title I School Improvement & Accountability System of Support, Title II Teacher Quality, Title II Teacher Quality Leadership Grant, Title II Teacher Leadership Grant System of Support, Truants' Alternative Program, and Truancy Review Board.

O. Compensated Absences

The Regional Office of Education #32 provides paid vacation time for its full-time employees who work all twelve months of the year. Unused vacation time does not accumulate and carryover to future calendar years. Sick pay may accumulate for full-time employees of the In-Touch Program up to a maximum of 180

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

O. Compensated Absences (Concluded)

days. Unused sick pay for these employees may be certified in writing to the next employer at the request of the employee at the time of re-employment elsewhere. Unused sick pay for those employees may be used as service credits toward the employee's retirement fund when the employee retires. Employees of all other programs may not accumulate and carryover unused sick pay to future years. There are no material accumulations of sick pay or vacation pay at June 30, 2010.

NOTE 2: CASH AND CASH EQUIVALENTS

The Regional Office of Education #32 does not have a formal investment policy. The Regional Office of Education #32 is allowed to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7.

A. Cash Deposits

At June 30, 2010, the carrying amount of the Regional Office of Education #32's government-wide and fiduciary fund deposits were \$2,496,845 and \$10,488 respectively, and the bank balances were \$2,823,434 and \$8,513, respectively.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Regional Office of Education's deposits may not be returned to it. The Regional Office of Education #32's deposit and investment policy states that in order to protect its deposits, depository institutions are to maintain collateral pledges on the Regional Office of Education #32's deposits during the term of the deposit. Collateral is required as security whenever deposits exceed the insured limits of the FDIC.

At June 30, 2010, \$366,371 of the Regional Office of Education #32's cash deposits was insured by the Federal Deposit Insurance Corporation. Another \$2,427,837 was collateralized by securities pledged by the Regional Office of Education #32's financial institution in the name of the Regional Office.

B. Investments

The Regional Office of Education #32's established investment policy follows the State of Illinois Public Funds Investment Act which authorizes the Regional Office of Education #32 to purchase certain obligations of the U.S. Treasury, federal agencies and instrumentalities; certificates of deposit and time deposits covered by Federal depository insurance; commercial paper of U.S. corporations with assets exceeding \$50,000,000 if such paper is rated at the highest classification established by at least two standard rating services; money market funds; and the Illinois Funds.

The Regional Office of Education #32 has pooled its investments. As of June 30, 2010, the Regional Office of Education #32 had investments with carrying and fair values of \$37,739 invested in the Illinois Funds Money Market Fund.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 2: CASH AND CASH EQUIVALENTS (CONCLUDED)

B. Investments (Concluded)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2010, the Illinois Funds Money Market Fund 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. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

Interest Rate Risk

The Illinois Funds Money Market Fund, created by the Illinois General Assembly, enables custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. The investment policy of the Illinois Funds Money Market Fund states that, unless authorized specifically by the Treasurer, a minimum of 75% of its investments shall have less than one-year maturity and no investment shall exceed two years maturity.

Concentration of Credit Risk

Unless specifically authorized by the Treasurer, the Illinois Funds Money Market Fund's investment policy limits investment categories to not exceed 25% of the portfolio with the exception of cash equivalents and U.S. Treasury securities. Further certificates of deposit cannot exceed 10% of any single financial institution's total deposits.

NOTE 3: DEFINED BENEFIT PENSION PLAN

Plan Description. The Regional Office of Education #32'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 #32'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 on line at www.imrf.org.

Funding Policy. As set by statute, the Regional Office of Education #32's Regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires 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 6.90% of annual covered payroll. The Regional Office of Education #32 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.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONCLUDED)

Annual Pension Cost. For 2009, the Regional Office of Education #32's annual pension cost of \$54,258 for the Regular plan was equal to the Regional Office of Education #32's required and actual contributions.

THREE YEAR TREND INFORMATION

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/09	\$ 54,258	100%	\$ 0
12/31/08	80,270	100%	0
12/31/07	78,125	100%	0

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% 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 the Regional Office of Education #32's 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 Regional Office of Education #32'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 90.49% funded. The actuarial accrued liability for benefits was \$1,858,492 and the actuarial value of assets was \$1,681,763, resulting in an unfunded actuarial accrued liability (UAAL) of \$176,729. The covered payroll (annual payroll of active employees covered by the plan) was \$786,351 and the ratio of the UAAL to the covered payroll was 22%. 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 Regional Office of Education #32 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.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONTINUED)

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 the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2010, was 9.4% 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 Regional Office of Education #32's TRS-covered employees.

- **On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #32. For the year ended June 30, 2010, the State of Illinois contributions were based on 23.38% of creditable earnings not paid from federal funds, and the Regional Office of Education #32 recognized revenue and expenditures of \$364,709 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% (\$279,633) and 13.11% (\$224,999), respectively.

The Regional Office of Education #32 makes three other types of employer contributions directly to TRS.

- **2.2 formula contributions.** Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ending June 30, 2010 were \$7,938. Contributions for the years ending June 30, 2009, and June 30, 2008, were \$9,496 and \$9,963, respectively.

Federal and trust fund contributions. When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #32, there is a statutory requirement for the Regional Office of Education #32 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. For the year ended June 30, 2010, the employer pension contribution was 23.38% of salaries paid from federal and special trust funds. For the years ended June 30, 2009 and 2008, the employer contribution was 17.08% and 13.11% of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2010, salaries totaling \$290,243 were paid from federal and special trust funds that required employer contributions of \$67,859. For the years ended June 30, 2009 and June 30, 2008, required Regional Office of Education #32 contributions were \$112,552 and \$97,236, respectively.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONCLUDED)

- **Early retirement option.** The Regional Office of Education #32 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% and applies when the member is age 55 at retirement.

For the year ended June 30, 2010, the Regional Office of Education #32 paid \$1,399 in employer contributions to TRS under the ERO programs. For the years ended June 30, 2009 and June 30, 2008, the Regional Office of Education #32 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 Regional Office of Education #32 grants salary increases over 6% and those salaries are used to calculate a retiree's final average salary, the Regional Office of Education #32 makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6%.

For the year ended June 30, 2010, the Regional Office of Education #32 paid \$0 in contributions to TRS for employer contributions due on salary increases in excess of 6%. For the year ended June 30, 2009 and June 30, 2008, the Regional Office of Education #32 paid \$0 for employer contributions due on salary increases in excess of 6%.

If Regional Office of Education #32 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, Regional Office of Education #32 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% of salary during the year ended June 30, 2010). For the year ended June 30, 2010, the Regional Office of Education #32 paid no employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2009 and June 30, 2008, the Regional Office of Education #32 paid \$0 in employer contributions granted for sick leave days.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 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 Teacher's Retirement System of the State of Illinois, P.O. 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.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 5: OTHER POST-EMPLOYMENT COMMITMENTS

A. Teacher Health Insurance Security Fund

The Regional Office of Education #32 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.

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% of the percentage of salary actually required to be paid in the previous fiscal year.

On-behalf contributions to THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #32. State contributions are intended to match contributions to the THIS Fund from active members which were 0.84% of pay during the year ended June 30, 2010. State of Illinois contributions were \$11,495 and the Regional Office of Education #32 recognized revenue and expenditures of this amount during the year.

Had the Regional Office of Education #32 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% of pay or \$13,753 and \$14,429, respectively.

Employer contributions to THIS Fund. The Regional Office of Education #32 also makes contributions to THIS Fund. The Regional Office of Education #32's contribution was 0.63% during the years ended June 30, 2010, June 30, 2009, and June 30, 2008. For the year ended June 30, 2010, the Regional Office of Education #32 paid \$8,621 to the THIS Fund. For the years ended June 30, 2009 and 2008, the Regional Office of Education #32 paid \$10,315 and \$10,821 to the THIS Fund, respectively.

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.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 5: OTHER POST-EMPLOYMENT COMMITMENTS (CONCLUDED)

B. Other Postemployment Benefits

The Regional Office of Education #32 participates in the Kankakee County Retiree postretirement medical plans (OPEB). The OPEB Plan recognizes the implicit rate subsidy as required by GASB Statement No. 45.

The actuarial valuation of liabilities under the OPEB Plan is calculated using the entry age actuarial cost method as of the November 30, 2009 actuarial valuation and is for the 12 months period from December 1, 2009 through November 30, 2010. This method requires the calculation of an unfunded actuarial accrued liability, which was approximately \$1,527,209 for Kankakee County as of November 30, 2009. The Regional Office of Education #32's portion of the unfunded actuarial accrued liability was determined to be \$20,681.

Details of the OPEB Plan are available in Kankakee County's audit report for the year ended November 30, 2009. The report may be obtained by writing to the Kankakee County Government, 192 N. East Avenue, Kankakee, IL 60901.

NOTE 6: INTERFUND RECEIVABLES AND PAYABLES

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. These balances were eliminated in the government-wide Statement of Net Assets.

Fund	Due From Other Funds	Due to Other Funds
General Fund		
General Operations	\$ 100,000	\$ -
ROE/ISC Operations	-	28,764
Education Fund		
Addiction Prevention Comprehensive	-	92,300
General State Aid	429,976	-
HUD Supportive Housing Program	-	5,022
Redeploy Illinois	-	392
Regional Safe Schools	-	110,402
Teacher & Administrators Mentoring Program	-	70,055
Teen Reach	-	80,240
Title IIA Agreement	-	15,743
Truants' Alternative Program	-	125,851
Truancy Review Board	-	1,207
Proprietary Funds		
Internet Connectivity	742	742
	<u>\$ 530,718</u>	<u>\$ 530,718</u>

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 7: DUE TO/DUE FROM OTHER GOVERNMENTAL UNITS

The Regional Office of Education #32's General Fund, Education Fund, Proprietary Fund, Agency Fund, and various grant programs have funds due to and due from various other governmental units which consist of the following:

Due from Other Governmental Units:

General Fund		
Local Governments	\$	75,428
Illinois State Board of Education		28,764
Special Revenue Fund – Education Fund		
Illinois State Board of Education		332,808
Illinois Department of Health and Human Services		173,747
Local Governments		16,628
U.S. Department of Housing and Urban Development		5,022
Proprietary Fund – Safe Schools Local		
Local Governments		6,219
Fiduciary Fund – Distributive Fund		
Illinois State Board of Education		853,254
Total	\$	<u>1,491,870</u>

Due to Other Governmental Units:

Special Revenue Fund – Education Fund		
Local Governments	\$	65,064
Fiduciary Fund – Distributive Fund		
Local School Districts		863,742
Total	\$	<u>928,806</u>

NOTE 8: CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #32 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. The following table provides a summary of changes in capital assets for the year ended June 30, 2010:

	Balance <u>July 1, 2009</u>	Additions	Deletions	Balance <u>June 30, 2010</u>
Governmental Funds				
Total Capital Assets	\$ 33,293	\$ -	\$ 6,262	\$ 27,031
Less: Accumulated Depreciation	<u>(27,132)</u>	<u>(4,107)</u>	<u>(6,262)</u>	<u>(24,977)</u>
Governmental Funds				
Investment in Capital Assets, Net	<u>\$ 6,161</u>	<u>\$ (4,107)</u>	<u>\$ -</u>	<u>\$ 2,054</u>

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 8: CAPITAL ASSETS (CONCLUDED)

Business-Type Activities

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Business-type Activities				
Total Capital Assets	\$ 10,816	\$ -	\$ -	\$ 10,816
Less: Accumulated Depreciation	(10,816)	-	-	(10,816)
Business-type Activities				
Investment in Capital Assets, Net	\$ -	\$ -	\$ -	\$ -

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$4,107 and \$0 was charged to the governmental activities and business-type activities, respectively, on the government-wide Statement of Activities for the year ended June 30, 2010. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

NOTE 9: DISTRIBUTIVE FUND INTEREST

Illinois State Board of Education (ISBE) funds received by the Regional Office of Education #32 for the Distributive Fund accrue interest for the period of time between the receipt of funds and clearance of checks to the recipient. In accordance with an agreement dated May 24, 1988 with the school district boards served, interest earned on Distributive Fund deposits is transferred to the General Fund to offset wire service and other bank charges incurred by the Distributive Fund. Distributive Fund interest earned and related charges are recognized as revenues and expenditures in the General Fund.

NOTE 10: RELATED PARTY TRANSACTIONS

Certain fixed assets used by the Regional Office of Education #32 are purchased by the Kankakee County. Ownership of these fixed assets remains with the Kankakee County and, accordingly, the cost of these assets is not included in any fund or in the Capital Assets in the financial statements.

NOTE 11: RISK MANAGEMENT

The Regional Office of Education #32 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. Regional Office of Education #32 has purchased commercial insurance to cover these risks. During the year ended June 30, 2010, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 12: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURE

The following individual funds have deficit fund balances at June 30, 2010:

General Fund	
ROE/ISC Operations	\$ 17,258
Education Fund	
Regional Safe Schools	72,602
Teachers & Administrators Mentoring Program	16,155
Teen Reach	52,705

The Regional Office of Education #32 will monitor expenses within these programs during the course of the subsequent fiscal year.

NOTE 13: ON-BEHALF PAYMENTS

The State of Illinois pays the following salaries and benefits on behalf of Regional Office of Education #32:

Regional Superintendent Salary	\$ 100,762
Regional Superintendent Fringe Benefits (Includes State paid insurance)	19,995
Assistant Regional Superintendent Salary	90,686
Assistant Regional Superintendent Fringe Benefits (Includes State paid insurance)	19,399
TRS Pension Contributions	364,709
THIS Fund Contributions	<u>11,495</u>
 Total	 <u>\$ 607,046</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 governmental fund financial statements as state revenue and expenditures.

NOTE 14: OPERATING LEASES

Lease 1: On July 1, 2007 the Regional Office of Education #32 entered into a three year lease agreement with the Kankakee Area Special Education Cooperative for rental of 1 Stuart Dr., Kankakee, Illinois beginning July 1, 2007 and terminating June 30, 2010. The lease is payable in annual installments of \$25,000. Lease expense for the office building for fiscal year 2010 was \$25,000.

Lease 2: On August 14, 2007, the Regional Office of Education #32 entered into a lease agreement with Martin Whalen Office Solutions, Inc. for rental of a copier for 5 years beginning with August 14, 2007 and terminating August 13, 2012. The lease is payable in monthly installments of \$213. Lease expense for the copier for fiscal year 2010 was \$2,556.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 14: OPERATING LEASES (CONCLUDED)

Lease 3: On October 1, 2007, the Regional Office of Education #32 entered into a lease agreement with Martin Whalen Office Solutions, Inc. for rental of a copier for 5 years beginning with October 1, 2007 and terminating September 30, 2012. The lease is payable in monthly installments of \$420. Lease expense for the copier for fiscal year 2010 was \$5,040.

Lease 4: On October 1, 2007, the Regional Office of Education #32 entered into a lease agreement with Martin Whalen Office Solutions, Inc. for rental of a copier for 5 years beginning with October 1, 2007 and terminating September 30, 2012. The lease is payable in monthly installments of \$173. Lease expense for the copier for fiscal year 2010 was \$2,076.

The Regional Office of Education #32's future minimum lease payments based on the leases detailed above are as follows:

Fiscal Year	
2011	\$ 9,672
2012	9,672
2013	2,205
	\$ 21,549

NOTE 15: TRANSFERS

Interfund transfers in/out to other funds at June 30, 2010 consist of the following individual transfers in/out to other funds in the fund statements. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities; however, the transfers between the governmental funds and the business-type funds were not eliminated.

Fund	Transfers In	Transfers Out
General Fund		
General Operations	\$ 15,298	\$ 15,298
ROE/ISC Operations	144	-
Education Fund		
ARRA General State Aid – Education	10	-
CPDC Project	224	-
General State Aid	-	14,690
Learn and Serve America	794	-
Redeploy Illinois	5	-
Teen Reach	291	-
Title I Reading First Part B SEA Funds	1,261	-
Title IIA Agreement	2,175	-
Title II Teacher Quality Leadership Grant	17,263	-
Title II Teacher Quality Leadership Grant System of Support	-	8,961
Title IV 21 st Century Community Learning Centers	5,229	989
Nonmajor Governmental Funds		
Bus Driver Training	1,937	1,937

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 15: TRANSFERS (CONCLUDED)

Fund	Transfers In	Transfers Out
Proprietary Funds		
Safe Schools Local	\$ -	\$ 32
Career Awareness and Development Workshop	-	9,197
Internet Connectivity	3,707	-
Local Induction Mentoring Training Fees	-	904
Para-Professional Workshop Fees	-	5,253
Reading First Academy Workshops	-	323
ROE Workshops	14,450	4,353
Services Provided Goals 2000	1,738	-
Services Provided HUD	-	2,589
	<u>\$ 64,526</u>	<u>\$ 64,526</u>

NOTE 16: RESTATEMENT OF NET ASSETS

The following adjustments were made to net assets due to various errors made in the prior year by the Regional Office of Education #32:

Governmental Activities	
Total Net Assets, July 1, 2009	\$ 624,915
General Fund Adjustment	181,354
Education Fund Adjustment	(12,895)
Nonmajor Special Revenue Funds Adjustment	(1,689)
Capital Asset Adjustment	6,161
Total Net Assets, July 1, 2009 - Restated	<u>\$ 797,846</u>
Business-Type Activities	
Total Net Assets, July 1, 2009	\$ 1,493,371
Nonmajor Proprietary Funds Adjustment	(7,578)
Total Net Assets, July 1, 2009 - Restated	<u>\$ 1,485,793</u>

NOTE 17: NEW ACCOUNTING PRONOUNCEMENTS

In 2010, the Regional Office of Education #32 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 #32 implemented these standards during the current year; however, GASB Statements No. 45, 51, 53, and 58 had no impact on the financial statements.

NOTE 18: SUBSEQUENT EVENTS

The Regional Office of Education #32 has evaluated subsequent events through August 09, 2011, the date which the financial statements were available to be issued.

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

**REGIONAL OFFICE OF EDUCATION #32
 IROQUOIS AND KANKAKEE COUNTIES
 ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF)
 SCHEDULE OF FUNDING PROGRESS
 For the Year Ended June 30, 2010**

UNAUDITED

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	\$1,681,763	\$1,858,492	\$176,729	90.49%	\$786,351	22.47%
12/31/08	1,560,871	1,698,885	138,014	91.88%	785,418	17.57%
12/31/07	1,604,164	1,568,491	(35,673)	102.27%	789,143	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$1,646,585. On a market basis, the funded ratio would be 88.60%.

OTHER SUPPLEMENTAL INFORMATION

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2010**

	General Operations	ROE/ISC Operations	Total
Assets			
Cash and cash equivalents	\$ 58,742	\$ -	\$ 58,742
Due from other funds	100,000	-	100,000
Due from other governments	75,428	28,764	104,192
Total Assets	\$ 234,170	\$ 28,764	\$ 262,934
Liabilities			
Accounts payable	\$ 76,176	\$ -	\$ 76,176
Due to other funds	-	28,764	28,764
Deferred revenue	-	17,258	17,258
Other post-employment benefit obligation	20,681	-	20,681
Total Liabilities	96,857	46,022	142,879
Fund Balances			
Unreserved	137,313	(17,258)	120,055
Total Fund Balances	137,313	(17,258)	120,055
Total Liabilities and Fund Balances	\$ 234,170	\$ 28,764	\$ 262,934

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2010**

	General Operations	ROE/ISC Operations	Total
Revenues:			
Local sources	\$ 496,732	\$ -	\$ 496,732
State sources	-	57,259	57,259
State sources - payments made on behalf of region	607,046	-	607,046
Total Revenues	<u>1,103,778</u>	<u>57,259</u>	<u>1,161,037</u>
Expenditures:			
Salaries	327,461	55,572	383,033
Employee benefits	99,131	10,694	109,825
Purchased services	92,959	6,872	99,831
Supplies and materials	6,885	1,454	8,339
Capital outlay	1,958	-	1,958
Other	4,094	-	4,094
Payments made on behalf of region	607,046	-	607,046
Total Expenditures	<u>1,139,534</u>	<u>74,592</u>	<u>1,214,126</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(35,756)</u>	<u>(17,333)</u>	<u>(53,089)</u>
Other Financing Sources (Uses):			
Transfer in	15,298	144	15,442
Transfer out	(15,298)	-	(15,298)
Interest	1,813	-	1,813
Total Other Financing Sources (Uses)	<u>1,813</u>	<u>144</u>	<u>1,957</u>
Net Change in Fund Balances	<u>(33,943)</u>	<u>(17,189)</u>	<u>(51,132)</u>
Fund Balances - Beginning	<u>171,256</u>	<u>(69)</u>	<u>171,187</u>
Fund Balances - Ending	<u>\$ 137,313</u>	<u>\$ (17,258)</u>	<u>\$ 120,055</u>

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period July 1, 2009 to June 30, 2010)
GENERAL FUND ACCOUNTS
ROE/ISC OPERATIONS
For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 74,517	\$ 74,517	\$ 57,259
Total Revenues	<u>74,517</u>	<u>74,517</u>	<u>57,259</u>
Expenditures:			
Salaries	54,344	54,344	55,572
Employee benefits	11,476	11,476	10,694
Purchased services	7,603	7,603	6,872
Supplies and material	1,094	1,094	1,454
Total Expenditures	<u>74,517</u>	<u>74,517</u>	<u>74,592</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(17,333)</u>
Other Financing Sources (Uses):			
Transfers in	-	-	144
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>144</u>
Net Change in Fund Balances	-	-	(17,189)
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>(69)</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,258)</u>

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2010**

	Addiction Prevention Comprehensive	ARRA General State Aid - Education	ARRA General State Aid - Government	ARRA McKinney Education for Homeless Children	CPDC Project
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 23,804	\$ -
Due from other funds	-	-	-	-	-
Due from other governments	92,300	-	-	-	-
Total Assets	\$ 92,300	\$ -	\$ -	\$ 23,804	\$ -
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	92,300	-	-	-	-
Due to other governments	-	-	-	23,704	-
Deferred revenue	-	-	-	100	-
Total Liabilities	92,300	-	-	23,804	-
Fund Balances					
Unreserved	-	-	-	-	-
Total Fund Balances	-	-	-	-	-
Total Liabilities and Fund Balances	\$ 92,300	\$ -	\$ -	\$ 23,804	\$ -

**REGIONAL OFFICE OF EDUCATION #32
 IROQUOIS AND KANKAKEE COUNTIES
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 June 30, 2010**

	General State Aid	Gifted Education	HUD Supportive Housing Program	IVPA Family Violence Coordinating Council	Learn and Serve America
Assets					
Cash and cash equivalents	\$ 214,336	\$ 26,300	\$ -	\$ 8,307	\$ -
Due from other funds	429,976	-	-	-	-
Due from other governments	-	-	5,022	-	-
Total Assets	\$ 644,312	\$ 26,300	\$ 5,022	\$ 8,307	\$ -
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	5,022	-	-
Due to other governments	-	-	-	-	-
Deferred revenue	-	26,300	-	8,307	-
Total Liabilities	-	26,300	5,022	8,307	-
Fund Balances					
Unreserved	644,312	-	-	-	-
Total Fund Balances	644,312	-	-	-	-
Total Liabilities and Fund Balances	\$ 644,312	\$ 26,300	\$ 5,022	\$ 8,307	\$ -

**REGIONAL OFFICE OF EDUCATION #32
 IROQUOIS AND KANKAKEE COUNTIES
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 June 30, 2010**

	McKinney Education for Homeless Children	National Board of Professional Teaching Standards Mentoring Program	National School Breakfast	National School Lunch	Other Federal Programs (ELL Grant)
Assets					
Cash and cash equivalents	\$ 16,089	\$ 47,523	\$ 3,085	\$ 6,161	\$ -
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total Assets	\$ 16,089	\$ 47,523	\$ 3,085	\$ 6,161	\$ -
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Due to other governments	1,821	-	-	-	-
Deferred revenue	14,268	47,523	-	-	-
Total Liabilities	16,089	47,523	-	-	-
Fund Balances					
Unreserved	-	-	3,085	6,161	-
Total Fund Balances	-	-	3,085	6,161	-
Total Liabilities and Fund Balances	\$ 16,089	\$ 47,523	\$ 3,085	\$ 6,161	\$ -

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2010**

	Other State Programs	Redeploy Illinois	Regional Safe Schools	Standards Aligned Classroom	State Free Lunch and Breakfast
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 3,597
Due from other funds	-	-	-	-	-
Due from other governments	-	392	110,402	-	-
Total Assets	\$ -	\$ 392	\$ 110,402	\$ -	\$ 3,597
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	392	110,402	-	-
Due to other governments	-	-	-	-	-
Deferred revenue	-	-	72,602	-	-
Total Liabilities	-	392	183,004	-	-
Fund Balances					
Unreserved	-	-	(72,602)	-	3,597
Total Fund Balances	-	-	(72,602)	-	3,597
Total Liabilities and Fund Balances	\$ -	\$ 392	\$ 110,402	\$ -	\$ 3,597

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2010**

	Teachers and Administrators Mentoring Program	Teen Reach	Title I Reading First Part B SEA Funds	Title I School Improvement & Accountability System of Support	Title IIA Agreement	Title II Teacher Quality
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ 10,177	\$ 220,047	\$ -	\$ -
Due from other funds	-	-	-	-	-	-
Due from other governments	96,555	80,240	-	-	15,743	-
Total Assets	\$ 96,555	\$ 80,240	\$ 10,177	\$ 220,047	\$ 15,743	\$ -
Liabilities						
Accounts payable	\$ 26,500	\$ -	\$ -	\$ 183,464	\$ -	\$ -
Due to other funds	70,055	80,240	-	-	15,743	-
Due to other governments	-	-	2,115	25,520	-	-
Deferred revenue	16,155	52,705	8,062	11,063	-	-
Total Liabilities	112,710	132,945	10,177	220,047	15,743	-
Fund Balances						
Unreserved	(16,155)	(52,705)	-	-	-	-
Total Fund Balances	(16,155)	(52,705)	-	-	-	-
Total Liabilities and Fund Balances	\$ 96,555	\$ 80,240	\$ 10,177	\$ 220,047	\$ 15,743	\$ -

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2010**

	Title II Teacher Quality Leadership Grant	Title II Teacher Quality Leadership Grant System of Support	Title IV 21st Century Community Learning Centers	Truants' Alternative Program	Truancy Review Board	Total
Assets						
Cash and cash equivalents	\$ 75,076	\$ 41,505	\$ 5,229	\$ -	\$ -	\$ 701,236
Due from other funds	-	-	-	-	-	429,976
Due from other governments	-	-	-	125,851	1,700	528,205
Total Assets	\$ 75,076	\$ 41,505	\$ 5,229	\$ 125,851	\$ 1,700	\$ 1,659,417
Liabilities						
Accounts payable	\$ -	\$ 29,594	\$ -	\$ -	\$ 500	\$ 240,058
Due to other funds	-	-	-	125,851	1,207	501,212
Due to other governments	6,514	161	5,229	-	-	65,064
Deferred revenue	68,562	11,750	-	-	-	337,397
Total Liabilities	75,076	41,505	5,229	125,851	1,707	1,143,731
Fund Balances						
Unreserved	-	-	-	-	(7)	515,686
Total Fund Balances	-	-	-	-	(7)	515,686
Total Liabilities and Fund Balances	\$ 75,076	\$ 41,505	\$ 5,229	\$ 125,851	\$ 1,700	\$ 1,659,417

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2010**

	Addiction Prevention Comprehensive	ARRA General State Aid - Education	ARRA General State Aid - Government	ARRA McKinney Education for Homeless Children	CPDC Project
Revenues:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	199,605	-	-	-	-
Federal sources	90,195	124,051	41,351	93,186	-
Total Revenues	<u>289,800</u>	<u>124,051</u>	<u>41,351</u>	<u>93,186</u>	<u>-</u>
Expenditures:					
Salaries	246,274	100,418	35,943	9,228	-
Employee benefits	36,022	15,248	5,171	2,061	-
Purchased services	6,670	4,467	237	184	224
Supplies and materials	538	4,044	-	-	-
Capital outlay	-	-	-	-	-
Payments to other governments	-	-	-	81,713	-
Total Expenditures	<u>289,504</u>	<u>124,177</u>	<u>41,351</u>	<u>93,186</u>	<u>224</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>296</u>	<u>(126)</u>	<u>-</u>	<u>-</u>	<u>(224)</u>
Other Financing Sources (Uses):					
Transfers in	-	10	-	-	224
Transfers out	-	-	-	-	-
Interest	-	60	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>70</u>	<u>-</u>	<u>-</u>	<u>224</u>
Net Change in Fund Balances	296	(56)	-	-	-
Fund Balance - Beginning (Restated)	<u>(296)</u>	<u>56</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2010**

	General State Aid	Gifted Education	HUD Supportive Housing Program	IVPA Family Violence Coordinating Council	Learn and Serve America
Revenues:					
Local sources	\$ 45,036	\$ -	\$ -	\$ -	\$ -
State sources	744,310	54,901	-	11,248	-
Federal sources	-	-	44,553	-	-
Total Revenues	<u>789,346</u>	<u>54,901</u>	<u>44,553</u>	<u>11,248</u>	<u>-</u>
Expenditures:					
Salaries	422,285	24,305	29,588	10,156	-
Employee benefits	63,264	2,207	12,456	2,337	-
Purchased services	50,033	19,928	2,525	552	-
Supplies and materials	9,458	8,834	-	19	-
Capital outlay	2,825	-	-	-	-
Payments to other governments	-	-	-	-	-
Total Expenditures	<u>547,865</u>	<u>55,274</u>	<u>44,569</u>	<u>13,064</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>241,481</u>	<u>(373)</u>	<u>(16)</u>	<u>(1,816)</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	794
Transfers out	(14,690)	-	-	-	-
Interest	3,070	373	-	-	-
Total Other Financing Sources (Uses)	<u>(11,620)</u>	<u>373</u>	<u>-</u>	<u>-</u>	<u>794</u>
Net Change in Fund Balances	229,861	-	(16)	(1,816)	794
Fund Balance - Beginning (Restated)	<u>414,451</u>	<u>-</u>	<u>16</u>	<u>1,816</u>	<u>(794)</u>
Fund Balance - Ending	<u>\$ 644,312</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2010**

	McKinney Education for Homeless Children	National Board of Professional Teaching Standards Mentoring Program	National School Breakfast	National School Lunch	Other Federal Programs (ELL Grant)
Revenues:					
Local sources	\$ -	\$ 172	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	147,018	68,827	16,809	34,570	2,000
Total Revenues	<u>147,018</u>	<u>68,999</u>	<u>16,809</u>	<u>34,570</u>	<u>2,000</u>
Expenditures:					
Salaries	48,711	45,344	-	-	-
Employee benefits	13,573	12,759	-	-	-
Purchased services	10,602	8,616	-	-	155
Supplies and materials	1,611	2,374	-	-	1,852
Capital outlay	-	-	-	-	-
Payments to other governments	72,767	-	13,760	28,705	-
Total Expenditures	<u>147,264</u>	<u>69,093</u>	<u>13,760</u>	<u>28,705</u>	<u>2,007</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(246)</u>	<u>(94)</u>	<u>3,049</u>	<u>5,865</u>	<u>(7)</u>
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Interest	100	94	18	40	7
Total Other Financing Sources (Uses)	<u>100</u>	<u>94</u>	<u>18</u>	<u>40</u>	<u>7</u>
Net Change in Fund Balances	(146)	-	3,067	5,905	-
Fund Balance - Beginning (Restated)	<u>146</u>	<u>-</u>	<u>18</u>	<u>256</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,085</u>	<u>\$ 6,161</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2010**

	Other State Programs	Redeploy Illinois	Regional Safe Schools	Standards Aligned Classroom	State Free Lunch and Breakfast
Revenues:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	4,353	132,300	-	2,168
Federal sources	-	-	-	-	-
Total Revenues	<u>-</u>	<u>4,353</u>	<u>132,300</u>	<u>-</u>	<u>2,168</u>
Expenditures:					
Salaries	-	2,145	148,458	-	-
Employee benefits	-	164	14,619	-	-
Purchased services	-	2,054	28,069	-	-
Supplies and materials	3,470	-	13,756	11	-
Capital outlay	-	-	-	-	-
Payments to other governments	-	-	-	-	-
Total Expenditures	<u>3,470</u>	<u>4,363</u>	<u>204,902</u>	<u>11</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,470)</u>	<u>(10)</u>	<u>(72,602)</u>	<u>(11)</u>	<u>2,168</u>
Other Financing Sources (Uses):					
Transfers in	-	5	-	-	-
Transfers out	-	-	-	-	-
Interest	19	5	-	-	14
Total Other Financing Sources (Uses)	<u>19</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>14</u>
Net Change in Fund Balances	(3,451)	-	(72,602)	(11)	2,182
Fund Balance - Beginning (Restated)	<u>3,451</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>1,415</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (72,602)</u>	<u>\$ -</u>	<u>\$ 3,597</u>

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2010**

	Teachers and Administrators Mentoring Program	Teen Reach	Title I Reading First Part B SEA Funds	Title I School Improvement & Accountability System of Support	Title IIA Agreement	Title II Teacher Quality
Revenues:						
Local sources	\$ -	\$ 45	\$ -	\$ -	\$ -	\$ -
State sources	221,617	-	-	-	-	-
Federal sources	-	107,935	56,438	1,051,850	62,430	292
Total Revenues	<u>221,617</u>	<u>107,980</u>	<u>56,438</u>	<u>1,051,850</u>	<u>62,430</u>	<u>292</u>
Expenditures:						
Salaries	75,097	48,582	1,068	142,483	20,120	-
Employee benefits	1,772	10,323	172	36,771	1,414	-
Purchased services	34,500	2,726	56,554	19,365	34,299	293
Supplies and materials	12,531	2,602	-	1,287	8,772	-
Capital outlay	-	-	-	-	-	-
Payments to other governments	121,850	96,476	-	851,944	-	-
Total Expenditures	<u>245,750</u>	<u>160,709</u>	<u>57,794</u>	<u>1,051,850</u>	<u>64,605</u>	<u>293</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(24,133)</u>	<u>(52,729)</u>	<u>(1,356)</u>	<u>-</u>	<u>(2,175)</u>	<u>(1)</u>
Other Financing Sources (Uses):						
Transfers in	-	291	1,261	-	2,175	-
Transfers out	-	-	-	-	-	-
Interest	380	-	95	-	-	1
Total Other Financing Sources (Uses)	<u>380</u>	<u>291</u>	<u>1,356</u>	<u>-</u>	<u>2,175</u>	<u>1</u>
Net Change in Fund Balances	(23,753)	(52,438)	-	-	-	-
Fund Balance - Beginning (Restated)	<u>7,598</u>	<u>(267)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (16,155)</u>	<u>\$ (52,705)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2010**

	Title II Teacher Quality Leadership Grant	Title II Teacher Quality Leadership Grant System of Support	Title IV 21st Century Community Learning Centers	Truants' Alternative Program	Truancy Review Board	Total
Revenues:						
Local sources	\$ 83	\$ -	\$ -	\$ 225	\$ -	\$ 45,561
State sources	-	-	-	255,851	-	1,626,353
Federal sources	77,221	147,542	-	-	10,000	2,176,268
Total Revenues	<u>77,304</u>	<u>147,542</u>	<u>-</u>	<u>256,076</u>	<u>10,000</u>	<u>3,848,182</u>
Expenditures:						
Salaries	31,292	24,029	(826)	162,151	6,202	1,633,053
Employee benefits	3,762	5,346	-	20,145	1,584	261,170
Purchased services	37,185	1,088	1	33,677	1,238	355,242
Supplies and materials	4,805	394	241	39,897	994	117,490
Capital outlay	-	-	-	-	-	2,825
Payments to other governments	360	116,785	-	-	-	1,384,360
Total Expenditures	<u>77,404</u>	<u>147,642</u>	<u>(584)</u>	<u>255,870</u>	<u>10,018</u>	<u>3,754,140</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(100)</u>	<u>(100)</u>	<u>584</u>	<u>206</u>	<u>(18)</u>	<u>94,042</u>
Other Financing Sources (Uses):						
Transfers in	17,263	-	5,229	-	-	27,252
Transfers out	-	(8,961)	(989)	-	-	(24,640)
Interest	100	100	-	-	19	4,495
Total Other Financing Sources (Uses)	<u>17,363</u>	<u>(8,861)</u>	<u>4,240</u>	<u>-</u>	<u>19</u>	<u>7,107</u>
Net Change in Fund Balances	17,263	(8,961)	4,824	206	1	101,149
Fund Balance - Beginning (Restated)	<u>(17,263)</u>	<u>8,961</u>	<u>(4,824)</u>	<u>(206)</u>	<u>(8)</u>	<u>414,537</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7)</u>	<u>\$ 515,686</u>

**REGIONAL OFFICE OF EDUCATION #32
 IROQUOIS AND KANKAKEE COUNTIES
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2009 to June 30, 2010)
 EDUCATION FUND ACCOUNTS
 ADDICTION PREVENTION COMPREHENSIVE
 For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 199,300	\$ 199,300	\$ 199,605
Federal sources	90,195	90,195	90,195
Total Revenues	<u>289,495</u>	<u>289,495</u>	<u>289,800</u>
Expenditures:			
Salaries	238,286	238,286	246,274
Employee benefits	47,574	47,574	36,022
Purchased services	3,200	3,200	6,670
Supplies and materials	435	435	538
Total Expenditures	<u>289,495</u>	<u>289,495</u>	<u>289,504</u>
Net Change in Fund Balances	-	-	296
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>(296)</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #32
 IROQUOIS AND KANKAKEE COUNTIES
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of August 31, 2009 to June 30, 2011)
 EDUCATION FUND ACCOUNTS
 ARRA MCKINNEY EDUCATION FOR HOMELESS CHILDREN
 For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 126,209	\$ 126,209	\$ 93,186
Total Revenues	<u>126,209</u>	<u>126,209</u>	<u>93,186</u>
Expenditures:			
Salaries	9,701	9,701	9,228
Employee benefits	1,551	1,551	2,061
Purchased services	221	221	184
Payments to other governments	114,736	114,736	81,713
Total Expenditures	<u>126,209</u>	<u>126,209</u>	<u>93,186</u>
Net Change in Fund Balance	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #32
 IROQUOIS AND KANKAKEE COUNTIES
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of May 20, 2009 to August 31, 2010)
 EDUCATION FUND ACCOUNTS
 GIFTED EDUCATION
 For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 89,352	\$ 89,352	\$ 54,901
Total Revenues	<u>89,352</u>	<u>89,352</u>	<u>54,901</u>
Expenditures:			
Salaries	42,929	28,844	24,305
Employee benefits	4,091	2,575	2,207
Purchased services	33,703	40,139	19,928
Supplies and materials	8,629	17,794	8,834
Total Expenditures	<u>89,352</u>	<u>89,352</u>	<u>55,274</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(373)</u>
Other Financing Sources (Uses):			
Interest	<u>-</u>	<u>-</u>	<u>373</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>373</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**REGIONAL OFFICE OF EDUCATION #32
 IROQUOIS AND KANKAKEE COUNTIES
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of December 15, 2008 to December 31, 2010)
 EDUCATION FUND ACCOUNTS
 IVPA FAMILY VIOLENCE COORDINATING COUNCIL
 For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 19,500	\$ 19,500	\$ 11,248
Total Revenues	<u>19,500</u>	<u>19,500</u>	<u>11,248</u>
Expenditures:			
Salaries	13,625	13,625	10,156
Employee benefits	2,329	2,329	2,337
Purchased services	3,126	3,126	552
Supplies and materials	420	420	19
Total Expenditures	<u>19,500</u>	<u>19,500</u>	<u>13,064</u>
Net Change in Fund Balance	-	-	(1,816)
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>1,816</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #32
 IROQUOIS AND KANKAKEE COUNTIES
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 2, 2009 to September 30, 2010)
 EDUCATION FUND ACCOUNTS
 MCKINNEY EDUCATION FOR HOMELESS CHILDREN
 For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 161,286	\$ 161,286	\$ 147,018
Total Revenues	<u>161,286</u>	<u>161,286</u>	<u>147,018</u>
Expenditures:			
Salaries	58,616	58,316	48,711
Employee benefits	15,577	15,177	13,573
Purchased services	13,344	12,644	10,602
Supplies and materials	965	2,365	1,611
Payments to other governments	72,784	72,784	72,767
Total Expenditures	<u>161,286</u>	<u>161,286</u>	<u>147,264</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(246)</u>
Other Financing Sources (Uses):			
Interest	-	-	100
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>100</u>
Net Change in Fund Balance	-	-	(146)
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>146</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2009 to August 31, 2010)**

**EDUCATION FUND ACCOUNTS
NATIONAL BOARD OF PROFESSIONAL TEACHING STANDARDS MENTORING PROGRAM
For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Local sources	\$ -	\$ -	\$ 172
Federal sources	120,000	120,000	68,827
Total Revenues	<u>120,000</u>	<u>120,000</u>	<u>68,999</u>
Expenditures:			
Salaries	46,350	46,350	45,344
Employee benefits	12,180	12,180	12,759
Purchased services	57,470	57,470	8,616
Supplies and materials	4,000	4,000	2,374
Total Expenditures	<u>120,000</u>	<u>120,000</u>	<u>69,093</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(94)</u>
Other Financing Sources (Uses):			
Interest	-	-	94
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>94</u>
Net Change in Fund Balance	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #32
 IROQUOIS AND KANKAKEE COUNTIES
 BUDGETARY COMPARISON SCHEDULE
 (For the period July 1, 2009 through June 30, 2010)
 EDUCATION FUND ACCOUNTS
 OTHER FEDERAL PROGRAMS (ELL GRANT)
 For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 2,000	\$ 2,000	\$ 2,000
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
Expenditures:			
Purchased services	100	100	155
Supplies and materials	1,900	1,900	1,852
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>2,007</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(7)</u>
Other Financing Sources (Uses):			
Interest	-	-	7
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>7</u>
Net Change in Fund Balance	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #32
 IROQUOIS AND KANKAKEE COUNTIES
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2009 to June 30, 2010)
 EDUCATION FUND ACCOUNTS
 REGIONAL SAFE SCHOOLS
 For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 204,902	\$ 204,902	\$ 132,300
Total Revenues	<u>204,902</u>	<u>204,902</u>	<u>132,300</u>
Expenditures:			
Salaries	143,091	143,091	148,458
Employee benefits	14,606	14,606	14,619
Purchased services	28,636	28,636	28,069
Supplies and materials	18,569	18,569	13,756
Total Expenditures	<u>204,902</u>	<u>204,902</u>	<u>204,902</u>
Net Change in Fund Balances	-	-	(72,602)
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (72,602)</u>

REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of October 1, 2009 to August 31, 2010)
EDUCATION FUND ACCOUNTS
TEACHERS AND ADMINISTRATORS MENTORING PROGRAM
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
State sources	\$ 181,988	\$ 181,988	\$ 221,617
Total Revenues	<u>181,988</u>	<u>181,988</u>	<u>221,617</u>
Expenditures:			
Salaries	51,800	59,420	75,097
Employee benefits	751	751	1,772
Purchased services	30,237	21,157	34,500
Supplies and materials	6,200	10,740	12,531
Payments to other governments	93,000	89,920	121,850
Total Expenditures	<u>181,988</u>	<u>181,988</u>	<u>245,750</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(24,133)</u>
Other Financing Sources (Uses):			
Interest	-	-	380
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>380</u>
Net Change in Fund Balances	-	-	(23,753)
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>7,598</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,155)</u>

**REGIONAL OFFICE OF EDUCATION #32
 IROQUOIS AND KANKAKEE COUNTIES
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2009 to June 30, 2010)
 EDUCATION FUND ACCOUNTS
 TEEN REACH
 For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Local sources	\$ -	\$ -	\$ 45
State sources	39,281	39,281	-
Federal sources	121,359	121,359	107,935
Total Revenues	<u>160,640</u>	<u>160,640</u>	<u>107,980</u>
Expenditures:			
Salaries	47,660	47,660	48,582
Employee benefits	12,585	12,585	10,323
Purchased services	1,475	1,475	2,726
Supplies and materials	838	838	2,602
Payments to other governments	98,082	98,082	96,476
Total Expenditures	<u>160,640</u>	<u>160,640</u>	<u>160,709</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(52,729)</u>
Other Financing Sources (Uses):			
Transfers in	<u>-</u>	<u>-</u>	<u>291</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>291</u>
Net Change in Fund Balances	-	-	(52,438)
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>(267)</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (52,705)</u>

**REGIONAL OFFICE OF EDUCATION #32
 IROQUOIS AND KANKAKEE COUNTIES
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of March 31, 2010 to August 31, 2010)
 EDUCATION FUND ACCOUNTS
 TITLE I READING FIRST PART B SEA FUNDS
 For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 84,969	\$ 84,969	\$ 56,438
Total Revenues	<u>84,969</u>	<u>84,969</u>	<u>56,438</u>
Expenditures:			
Salaries	3,407	1,068	1,068
Employee benefits	713	172	172
Purchased services	79,799	70,779	56,554
Supplies and materials	1,050	12,950	-
Total Expenditures	<u>84,969</u>	<u>84,969</u>	<u>57,794</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(1,356)</u>
Other Financing Sources (Uses):			
Transfers in	-	-	1,261
Interest	-	-	95
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,356</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #32
 IROQUOIS AND KANKAKEE COUNTIES
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of September 1, 2009 to June 30, 2010)
 EDUCATION FUND ACCOUNTS
 TITLE I SCHOOL IMPROVEMENT & ACCOUNTABILITY SYSTEM OF SUPPORT
 For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 1,062,413	\$ 1,062,413	\$ 1,051,850
Total Revenues	<u>1,062,413</u>	<u>1,062,413</u>	<u>1,051,850</u>
Expenditures:			
Salaries	179,137	168,537	142,483
Employee benefits	48,719	48,719	36,771
Purchased services	9,186	17,786	19,365
Supplies and materials	2,000	4,000	1,287
Payments to other governments	823,371	823,371	851,944
Total Expenditures	<u>1,062,413</u>	<u>1,062,413</u>	<u>1,051,850</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #32
 IROQUOIS AND KANKAKEE COUNTIES
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2009 to June 30, 2010)
 EDUCATION FUND ACCOUNTS
 TITLE II TEACHER QUALITY
 For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 292	\$ 292	\$ 292
Total Revenues	<u>292</u>	<u>292</u>	<u>292</u>
Expenditures:			
Purchased services	292	292	293
Total Expenditures	<u>292</u>	<u>292</u>	<u>293</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(1)</u>
Other Financing Sources (Uses):			
Interest	-	-	1
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of August 4, 2009 to September 30, 2010)
EDUCATION FUND ACCOUNTS
TITLE II TEACHER QUALITY LEADERSHIP GRANT
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Local sources	\$ -	\$ -	\$ 83
Federal sources	145,783	145,783	77,221
Total Revenues	<u>145,783</u>	<u>145,783</u>	<u>77,304</u>
Expenditures:			
Salaries	17,800	41,200	31,292
Employee benefits	2,622	4,464	3,762
Purchased services	97,681	58,919	37,185
Supplies and materials	26,600	24,840	4,805
Capital outlay	-	5,000	-
Payments to other governments	1,080	11,360	360
Total Expenditures	<u>145,783</u>	<u>145,783</u>	<u>77,404</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(100)</u>
Other Financing Sources (Uses):			
Transfers in	-	-	17,263
Interest	-	-	100
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>17,363</u>
Net Change in Fund Balances	-	-	17,263
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>(17,263)</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #32
 IROQUOIS AND KANKAKEE COUNTIES
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of September 1, 2009 to June 30, 2010)
 EDUCATION FUND ACCOUNTS
 TITLE II TEACHER QUALITY LEADERSHIP GRANT SYSTEM OF SUPPORT
 For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 159,292	\$ 159,292	\$ 147,542
Total Revenues	<u>159,292</u>	<u>159,292</u>	<u>147,542</u>
Expenditures:			
Salaries	26,414	26,414	24,029
Employee benefits	5,834	5,834	5,346
Purchased services	463	463	1,088
Supplies and materials	475	475	394
Payments to other governments	126,106	126,106	116,785
Total Expenditures	<u>159,292</u>	<u>159,292</u>	<u>147,642</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(100)</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	(8,961)
Interest	-	-	100
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(8,861)</u>
Net Change in Fund Balances	-	-	(8,961)
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>8,961</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #32
 IROQUOIS AND KANKAKEE COUNTIES
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2009 to June 30, 2010)
 EDUCATION FUND ACCOUNTS
 TRUANTS' ALTERNATIVE PROGRAM
 For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Local sources	\$ -	\$ -	\$ 225
State sources	259,632	259,632	255,851
Total Revenues	<u>259,632</u>	<u>259,632</u>	<u>256,076</u>
Expenditures:			
Salaries	169,345	158,624	162,151
Employee benefits	25,174	19,336	20,145
Purchased services	37,040	34,224	33,677
Supplies and materials	28,073	47,448	39,897
Total Expenditures	<u>259,632</u>	<u>259,632</u>	<u>255,870</u>
Net Change in Fund Balances	-	-	206
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>(206)</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #32
 IROQUOIS AND KANKAKEE COUNTIES
 BUDGETARY COMPARISON SCHEDULE
 (For the Period of July 1, 2009 to June 30, 2010)
 EDUCATION FUND ACCOUNTS
 TRUANCY REVIEW BOARD
 For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 10,000	\$ 10,000	\$ 10,000
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Expenditures:			
Salaries	6,200	6,200	6,202
Employee benefits	1,300	1,300	1,584
Purchased services	530	530	1,238
Supplies and materials	1,970	1,970	994
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>10,018</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(18)</u>
Other Financing Sources (Uses):			
Interest	-	-	19
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>19</u>
Net Change in Fund Balances	-	-	1
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>(8)</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7)</u>

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2010**

	<u>Bus Driver Training</u>	<u>General Education Development</u>	<u>Institute</u>	<u>Project Care Healthy Decision</u>	<u>Supervisory</u>	<u>Total</u>
Assets						
Cash and cash equivalents	\$ 14,157	\$ 77,273	\$ 41,017	\$ 4,051	\$ -	\$ 136,498
Total Assets	<u>\$ 14,157</u>	<u>\$ 77,273</u>	<u>\$ 41,017</u>	<u>\$ 4,051</u>	<u>\$ -</u>	<u>\$ 136,498</u>
Liabilities:						
Accounts payable	\$ -	\$ 4,466	\$ -	\$ -	\$ -	\$ 4,466
Fund Balances:						
Unreserved	<u>14,157</u>	<u>72,807</u>	<u>41,017</u>	<u>4,051</u>	<u>-</u>	<u>132,032</u>
Total Liabilities and Fund Balances	<u>\$ 14,157</u>	<u>\$ 77,273</u>	<u>\$ 41,017</u>	<u>\$ 4,051</u>	<u>\$ -</u>	<u>\$ 136,498</u>

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2010**

	Bus Driver Training	General Education Development	Institute	Project Care Healthy Decision	Supervisory	Total
Revenue:						
Local sources	\$ 4,073	\$ 16,605	\$ 26,002	\$ -	\$ -	\$ 46,680
State sources	1,286	-	-	-	2,000	3,286
Total Revenues	<u>5,359</u>	<u>16,605</u>	<u>26,002</u>	<u>-</u>	<u>2,000</u>	<u>49,966</u>
Expenditures:						
Salaries	713	-	44,353	-	-	45,066
Employee benefits	107	-	8,893	-	-	9,000
Purchased services	4,124	3,221	25,178	-	2,000	34,523
Supplies and materials	608	2,291	3,668	-	-	6,567
Other	-	-	5,339	-	-	5,339
Payments to other governments	25,113	-	-	-	-	25,113
Total Expenditures	<u>30,665</u>	<u>5,512</u>	<u>87,431</u>	<u>-</u>	<u>2,000</u>	<u>125,608</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(25,306)</u>	<u>11,093</u>	<u>(61,429)</u>	<u>-</u>	<u>-</u>	<u>(75,642)</u>
Other Financing Sources (Uses):						
Transfers in	1,937	-	-	-	-	1,937
Transfers out	(1,937)	-	-	-	-	(1,937)
Interest	171	449	1,067	26	-	1,713
Total Other Financing Sources (Uses)	<u>171</u>	<u>449</u>	<u>1,067</u>	<u>26</u>	<u>-</u>	<u>1,713</u>
Net Change in Fund Balances	(25,135)	11,542	(60,362)	26	-	(73,929)
Fund Balance - Beginning	<u>39,292</u>	<u>61,265</u>	<u>101,379</u>	<u>4,025</u>	<u>-</u>	<u>205,961</u>
Fund Balance - Ending	<u>\$ 14,157</u>	<u>\$ 72,807</u>	<u>\$ 41,017</u>	<u>\$ 4,051</u>	<u>\$ -</u>	<u>\$ 132,032</u>

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
June 30, 2010**

	Administrator's Academy Local	Career Awareness and Development Workshop	Children and Adolescent Local Area Network System	Criminal Background Investigation	Fluoride Fund	Gifted Education Workshop
Assets						
Cash and cash equivalents	\$ 32,135	\$ 1	\$ 776	\$ 1,095	\$ 2,346	\$ 5,510
Due from other funds	-	-	-	-	-	-
Total Assets	\$ 32,135	\$ 1	\$ 776	\$ 1,095	\$ 2,346	\$ 5,510
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-
Net Assets						
Unreserved	32,135	1	776	1,095	2,346	5,510
Total Net Assets	\$ 32,135	\$ 1	\$ 776	\$ 1,095	\$ 2,346	\$ 5,510

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
June 30, 2010**

	<u>Internet Connectivity</u>	<u>Local Induction Mentoring Training Fees</u>	<u>Para- Professional Workshop Fees</u>	<u>RAAC Renaissance Program</u>	<u>Reading First Academy Workshops</u>	<u>Regional Alternative Attendance Center (RAAC)</u>
Assets						
Cash and cash equivalents	\$ -	\$ 20,926	\$ 400	\$ 66	\$ 26,793	\$ 1,010
Due from other funds	742	-	-	-	-	-
Total Assets	<u>\$ 742</u>	<u>\$ 20,926</u>	<u>\$ 400</u>	<u>\$ 66</u>	<u>\$ 26,793</u>	<u>\$ 1,010</u>
Liabilities						
Accounts payable	\$ -	\$ 7	\$ -	\$ -	\$ -	\$ -
Due to other funds	742	-	-	-	-	-
Total Liabilities	<u>742</u>	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets						
Unreserved	-	20,919	400	66	26,793	1,010
Total Net Assets	<u>\$ -</u>	<u>\$ 20,919</u>	<u>\$ 400</u>	<u>\$ 66</u>	<u>\$ 26,793</u>	<u>\$ 1,010</u>

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
June 30, 2010**

	ROE Workshops	SALT Activity	School Crisis Assistance Team (SCAT) Donations	School Lunch Student Payments	Services Provided Goals 2000	Services Provided HUD
Assets						
Cash and cash equivalents	\$ 59,303	\$ 2,151	\$ 2,546	\$ 3,644	\$ -	\$ -
Due from other funds	-	-	-	-	-	-
Total Assets	\$ 59,303	\$ 2,151	\$ 2,546	\$ 3,644	\$ -	\$ -
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-
Net Assets						
Unreserved	59,303	2,151	2,546	3,644	-	-
Total Net Assets	\$ 59,303	\$ 2,151	\$ 2,546	\$ 3,644	\$ -	\$ -

**REGIONAL OFFICE OF EDUCATION #32
 IROQUOIS AND KANKAKEE COUNTIES
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 June 30, 2010**

	<u>Supplemental Educational Services</u>	<u>Teen Reach Local Program</u>	<u>Title I Workshops</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 112,023	\$ 266	\$ 8,197	\$ 279,188
Due from other funds	-	-	-	742
Total Assets	<u>\$ 112,023</u>	<u>\$ 266</u>	<u>\$ 8,197</u>	<u>\$ 279,930</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 7
Due to other funds	-	-	-	742
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>749</u>
Net Assets				
Unreserved	<u>112,023</u>	<u>266</u>	<u>8,197</u>	<u>279,181</u>
Total Net Assets	<u><u>\$ 112,023</u></u>	<u><u>\$ 266</u></u>	<u><u>\$ 8,197</u></u>	<u><u>\$ 279,181</u></u>

**REGIONAL OFFICE OF EDUCATION #32
 IROQUOIS AND KANKAKEE COUNTIES
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 For the year ended June 30, 2010**

	Administrator's Academy Local	Career Awareness and Development Workshop	Children and Adolescent Local Area Network System	Criminal Background Investigation	Fluoride Fund	Gifted Education Workshop
Operating Revenues						
Local sources	\$ 18,265	\$ 60	\$ -	\$ 15,644	\$ 2,830	\$ 5,500
Total Operating Revenues	<u>18,265</u>	<u>60</u>	<u>-</u>	<u>15,644</u>	<u>2,830</u>	<u>5,500</u>
Operating Expenses						
Salaries	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-
Purchased services	12,761	-	-	15,250	224	19
Supplies and materials	601	-	-	-	1,371	-
Capital outlay	-	-	-	-	-	-
Other	-	-	-	-	16	-
Total Operating Expenses	<u>13,362</u>	<u>-</u>	<u>-</u>	<u>15,250</u>	<u>1,611</u>	<u>19</u>
Operating Income (Loss)	<u>4,903</u>	<u>60</u>	<u>-</u>	<u>394</u>	<u>1,219</u>	<u>5,481</u>
Nonoperating Revenues (Expenses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	(9,197)	-	-	-	-
Interest	209	-	5	11	7	29
Total Nonoperating Revenues (Expenses)	<u>209</u>	<u>(9,197)</u>	<u>5</u>	<u>11</u>	<u>7</u>	<u>29</u>
Change in Net Assets	5,112	(9,137)	5	405	1,226	5,510
Net Assets - Beginning (Restated)	<u>27,023</u>	<u>9,138</u>	<u>771</u>	<u>690</u>	<u>1,120</u>	<u>-</u>
Net Assets - Ending	<u>\$ 32,135</u>	<u>\$ 1</u>	<u>776</u>	<u>\$ 1,095</u>	<u>2,346</u>	<u>\$ 5,510</u>

REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
For the year ended June 30, 2010

	Internet Connectivity	Local Induction Mentoring Training Fees	Para- Professional Workshop Fees	RAAC Renaissance Program	Reading First Academy Workshops	Regional Alternative Attendance Center (RAAC)
Operating Revenues						
Local sources	\$ -	\$ 10,298	\$ -	\$ -	\$ 1,115	\$ 715
Total Operating Revenues	<u>-</u>	<u>10,298</u>	<u>-</u>	<u>-</u>	<u>1,115</u>	<u>715</u>
Operating Expenses						
Salaries	-	6,763	-	-	-	-
Employee benefits	-	1,857	-	-	-	-
Purchased services	973	321	-	-	314	-
Supplies and materials	-	-	-	-	1,584	-
Capital outlay	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Operating Expenses	<u>973</u>	<u>8,941</u>	<u>-</u>	<u>-</u>	<u>1,898</u>	<u>-</u>
Operating Income (Loss)	<u>(973)</u>	<u>1,357</u>	<u>-</u>	<u>-</u>	<u>(783)</u>	<u>715</u>
Nonoperating Revenues (Expenses)						
Transfers in	3,707	-	-	-	-	-
Transfers out	-	(904)	(5,253)	-	(323)	-
Interest	-	168	37	-	170	3
Total Nonoperating Revenues (Expenses)	<u>3,707</u>	<u>(736)</u>	<u>(5,216)</u>	<u>-</u>	<u>(153)</u>	<u>3</u>
Change in Net Assets	2,734	621	(5,216)	-	(936)	718
Net Assets - Beginning (Restated)	<u>(2,734)</u>	<u>20,298</u>	<u>5,616</u>	<u>66</u>	<u>27,729</u>	<u>292</u>
Net Assets - Ending	<u>\$ -</u>	<u>\$ 20,919</u>	<u>\$ 400</u>	<u>\$ 66</u>	<u>\$ 26,793</u>	<u>\$ 1,010</u>

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
For the year ended June 30, 2010**

	ROE Workshops	SALT Activity	School Crisis Assistance Team (SCAT) Donations	School Lunch Student Payments	Services Provided Goals 2000
Operating Revenues					
Local sources	\$ 16,790	\$ 963	\$ -	\$ 1,549	\$ -
Total Operating Revenues	<u>16,790</u>	<u>963</u>	<u>-</u>	<u>1,549</u>	<u>-</u>
Operating Expenses					
Salaries	-	-	-	-	-
Employee benefits	-	-	-	-	-
Purchased services	16,929	100	-	1,219	-
Supplies and materials	723	98	-	-	-
Capital outlay	-	-	-	-	1,738
Other	152	-	-	-	-
Total Operating Expenses	<u>17,804</u>	<u>198</u>	<u>-</u>	<u>1,219</u>	<u>1,738</u>
Operating Income (Loss)	<u>(1,014)</u>	<u>765</u>	<u>-</u>	<u>330</u>	<u>(1,738)</u>
Nonoperating Revenues (Expenses)					
Transfers in	14,450	-	-	-	1,738
Transfers out	(4,353)	-	-	-	-
Interest	300	11	16	23	-
Total Nonoperating Revenues (Expenses)	<u>10,397</u>	<u>11</u>	<u>16</u>	<u>23</u>	<u>1,738</u>
Change in Net Assets	9,383	776	16	353	-
Net Assets - Beginning (Restated)	<u>49,920</u>	<u>1,375</u>	<u>2,530</u>	<u>3,291</u>	<u>-</u>
Net Assets - Ending	<u>\$ 59,303</u>	<u>\$ 2,151</u>	<u>\$ 2,546</u>	<u>\$ 3,644</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
For the year ended June 30, 2010**

	Services Provided HUD	Supplemental Educational Services	Teen Reach Local Program	Title I Workshops	Total
Operating Revenues					
Local sources	\$ 2,578	\$ 60,020	\$ -	\$ 5,882	\$ 142,209
Total Operating Revenues	<u>2,578</u>	<u>60,020</u>	<u>-</u>	<u>5,882</u>	<u>142,209</u>
Operating Expenses					
Salaries	-	47,073	-	-	53,836
Employee benefits	-	3,594	-	-	5,451
Purchased services	-	15,730	-	532	64,372
Supplies and materials	-	855	-	-	5,232
Capital outlay	-	-	-	-	1,738
Other	-	-	-	-	168
Total Operating Expenses	<u>-</u>	<u>67,252</u>	<u>-</u>	<u>532</u>	<u>130,797</u>
Operating Income (Loss)	<u>2,578</u>	<u>(7,232)</u>	<u>-</u>	<u>5,350</u>	<u>11,412</u>
Nonoperating Revenues (Expenses)					
Transfers in	-	-	-	-	19,895
Transfers out	(2,589)	-	-	-	(22,619)
Interest	11	723	1	40	1,764
Total Nonoperating Revenues (Expenses)	<u>(2,578)</u>	<u>723</u>	<u>1</u>	<u>40</u>	<u>(960)</u>
Change in Net Assets	-	(6,509)	1	5,390	10,452
Net Assets - Beginning (Restated)	<u>-</u>	<u>118,532</u>	<u>265</u>	<u>2,807</u>	<u>268,729</u>
Net Assets - Ending	<u>\$ -</u>	<u>\$ 112,023</u>	<u>\$ 266</u>	<u>\$ 8,197</u>	<u>\$ 279,181</u>

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2010**

	Administrator's Academy Local	Career Awareness and Development Workshop	Children and Adolescent Local Area Network System	Criminal Background Investigation	Fluoride Fund	Gifted Education Workshop
Cash Flows from Operating Activities						
Receipts from customers	\$ 18,265	\$ 60	\$ -	\$ 15,644	\$ 2,830	\$ 5,500
Payments to suppliers and providers of goods and services	(13,502)	-	-	(15,250)	(1,611)	(19)
Payments to employees	-	-	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	<u>4,763</u>	<u>60</u>	<u>-</u>	<u>394</u>	<u>1,219</u>	<u>5,481</u>
Cash Flows from Noncapital Financing Activities						
Cash transfers from other funds	-	-	-	-	-	-
Cash transfers to other funds	-	(9,197)	-	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>-</u>	<u>(9,197)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities						
Interest	209	-	5	11	7	29
Net Cash Provided by (Used for) Investing Activities	<u>209</u>	<u>-</u>	<u>5</u>	<u>11</u>	<u>7</u>	<u>29</u>
Net Increase (Decrease) in Cash	4,972	(9,137)	5	405	1,226	5,510
Cash and Cash Equivalents - Beginning (Restated)	<u>27,163</u>	<u>9,138</u>	<u>771</u>	<u>690</u>	<u>1,120</u>	<u>-</u>
Cash and Cash Equivalents - Ending	<u>\$ 32,135</u>	<u>\$ 1</u>	<u>\$ 776</u>	<u>\$ 1,095</u>	<u>\$ 2,346</u>	<u>\$ 5,510</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities						
Operating income (loss)	\$ 4,903	\$ 60	\$ -	\$ 394	\$ 1,219	\$ 5,481
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Change in assets and liabilities:						
(Increase) decrease in due from other governments	-	-	-	-	-	-
Increase (decrease) in accounts payable	(140)	-	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ 4,763</u>	<u>\$ 60</u>	<u>\$ -</u>	<u>\$ 394</u>	<u>\$ 1,219</u>	<u>\$ 5,481</u>

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2010**

	Internet Connectivity	Local Induction Mentoring Training Fees	Para- Professional Workshop Fees	RAAC Renaissance Program	Reading First Academy Workshops	Regional Alternative Attendance Center (RAAC)
Cash Flows from Operating Activities						
Receipts from customers	\$ -	\$ 13,298	\$ -	\$ -	\$ 1,545	\$ 715
Payments to suppliers and providers of goods and services	(973)	(2,179)	-	-	(1,898)	-
Payments to employees	-	(6,763)	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	<u>(973)</u>	<u>4,356</u>	<u>-</u>	<u>-</u>	<u>(353)</u>	<u>715</u>
Cash Flows from Noncapital Financing Activities						
Cash transfers from other funds	3,707	-	-	-	-	-
Cash transfers to other funds	-	(904)	(5,253)	-	(323)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>3,707</u>	<u>(904)</u>	<u>(5,253)</u>	<u>-</u>	<u>(323)</u>	<u>-</u>
Cash Flows from Investing Activities						
Interest	-	168	37	-	170	3
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>168</u>	<u>37</u>	<u>-</u>	<u>170</u>	<u>3</u>
Net Increase (Decrease) in Cash	2,734	3,620	(5,216)	-	(506)	718
Cash and Cash Equivalents - Beginning (Restated)	<u>(2,734)</u>	<u>17,306</u>	<u>5,616</u>	<u>66</u>	<u>27,299</u>	<u>292</u>
Cash and Cash Equivalents - Ending	<u>\$ -</u>	<u>\$ 20,926</u>	<u>\$ 400</u>	<u>\$ 66</u>	<u>\$ 26,793</u>	<u>\$ 1,010</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities						
Operating income (loss)	\$ (973)	\$ 1,357	\$ -	\$ -	\$ (783)	\$ 715
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Change in assets and liabilities:						
(Increase) decrease in due from other governments	-	3,000	-	-	430	-
Increase (decrease) in accounts payable	-	(1)	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ (973)</u>	<u>\$ 4,356</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (353)</u>	<u>\$ 715</u>

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2010**

	ROE Workshops	SALT Activity	School Crisis Assistance Team (SCAT) Donations	School Lunch Student Payments	Services Provided Goals 2000
Cash Flows from Operating Activities					
Receipts from customers	\$ 16,790	\$ 963	\$ -	\$ 1,549	\$ -
Payments to suppliers and providers of goods and services	(18,560)	(198)	-	(1,219)	(1,738)
Payments to employees	-	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	<u>(1,770)</u>	<u>765</u>	<u>-</u>	<u>330</u>	<u>(1,738)</u>
Cash Flows from Noncapital Financing Activities					
Cash transfers from other funds	14,450	-	-	-	1,738
Cash transfers to other funds	(4,353)	-	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>10,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,738</u>
Cash Flows from Investing Activities					
Interest	300	11	16	23	-
Net Cash Provided by (Used for) Investing Activities	<u>300</u>	<u>11</u>	<u>16</u>	<u>23</u>	<u>-</u>
Net Increase (Decrease) in Cash	8,627	776	16	353	-
Cash and Cash Equivalents - Beginning (Restated)	<u>50,676</u>	<u>1,375</u>	<u>2,530</u>	<u>3,291</u>	<u>-</u>
Cash and Cash Equivalents - Ending	<u>\$ 59,303</u>	<u>\$ 2,151</u>	<u>\$ 2,546</u>	<u>\$ 3,644</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Operating income (loss)	\$ (1,014)	\$ 765	\$ -	\$ 330	\$ (1,738)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Change in assets and liabilities:					
(Increase) decrease in due from other governments	-	-	-	-	-
Increase (decrease) in accounts payable	(756)	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ (1,770)</u>	<u>\$ 765</u>	<u>\$ -</u>	<u>\$ 330</u>	<u>\$ (1,738)</u>

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2010**

	Services Provided HUD	Supplemental Educational Services	Teen Reach Local Program	Title I Workshops	Total
Cash Flows from Operating Activities					
Receipts from customers	\$ 2,578	\$ 60,020	\$ -	\$ 5,882	\$ 145,639
Payments to suppliers and providers of goods and services	-	(20,202)	-	(532)	(77,881)
Payments to employees	-	(47,073)	-	-	(53,836)
Net Cash Provided by (Used for) Operating Activities	<u>2,578</u>	<u>(7,255)</u>	<u>-</u>	<u>5,350</u>	<u>13,922</u>
Cash Flows from Noncapital Financing Activities					
Cash transfers from other funds	-	-	-	-	19,895
Cash transfers to other funds	(2,589)	-	-	-	(22,619)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(2,589)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,724)</u>
Cash Flows from Investing Activities					
Interest	11	723	1	40	1,764
Net Cash Provided by (Used for) Investing Activities	<u>11</u>	<u>723</u>	<u>1</u>	<u>40</u>	<u>1,764</u>
Net Increase (Decrease) in Cash	-	(6,532)	1	5,390	12,962
Cash and Cash Equivalents - Beginning (Restated)	-	118,555	265	2,807	266,226
Cash and Cash Equivalents - Ending	<u>\$ -</u>	<u>\$ 112,023</u>	<u>\$ 266</u>	<u>\$ 8,197</u>	<u>\$ 279,188</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Operating income (loss)	\$ 2,578	\$ (7,232)	\$ -	\$ 5,350	\$ 11,412
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Change in assets and liabilities:					
(Increase) decrease in due from other governments	-	-	-	-	3,430
Increase (decrease) in accounts payable	-	(23)	-	-	(920)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 2,578</u>	<u>\$ (7,255)</u>	<u>\$ -</u>	<u>\$ 5,350</u>	<u>\$ 13,922</u>

**REGIONAL OFFICE OF EDUCATION #32
 IROQUOIS AND KANKAKEE COUNTIES
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 June 30, 2010**

	<u>Distributive</u>	<u>Petitions and Detachment</u>	<u>Scholarship</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 8,513	\$ 45	\$ 1,930	\$ 10,488
Due from other governments	853,254	-	-	853,254
Total Assets	<u>\$ 861,767</u>	<u>\$ 45</u>	<u>\$ 1,930</u>	<u>\$ 863,742</u>
Liabilities				
Due to other governments	<u>\$ 861,767</u>	<u>\$ 45</u>	<u>\$ 1,930</u>	<u>\$ 863,742</u>

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2010**

	<u>Balance</u> <u>July 01, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>Distributive Fund</u>				
Assets				
Cash and cash equivalents	\$ 975	\$ 4,508,230	\$ 4,500,692	\$ 8,513
Due from other governments	-	5,361,484	4,508,230	853,254
Total Assets	<u>\$ 975</u>	<u>\$ 9,869,714</u>	<u>\$ 9,008,922</u>	<u>\$ 861,767</u>
Liabilities				
Due to other governments	<u>\$ 975</u>	<u>\$ 9,869,714</u>	<u>\$ 9,008,922</u>	<u>\$ 861,767</u>
 <u>Petitions and Detachment Fund</u>				
Assets				
Cash and cash equivalents	<u>\$ 933</u>	<u>\$ -</u>	<u>\$ 888</u>	<u>\$ 45</u>
Liabilities				
Due to other governments	<u>\$ 933</u>	<u>\$ -</u>	<u>\$ 888</u>	<u>\$ 45</u>
 <u>Scholarship Fund</u>				
Assets				
Cash and cash equivalents	<u>\$ 1,918</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 1,930</u>
Liabilities				
Due to other governments	<u>\$ 1,918</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 1,930</u>
 <u>Total</u>				
Assets				
Cash and cash equivalents	\$ 3,826	\$ 4,508,242	\$ 4,501,580	\$ 10,488
Due from other governments	-	5,361,484	4,508,230	853,254
Total Assets	<u>\$ 3,826</u>	<u>\$ 9,869,726</u>	<u>\$ 9,009,810</u>	<u>\$ 863,742</u>
Liabilities				
Due to other governments	<u>\$ 3,826</u>	<u>\$ 9,869,726</u>	<u>\$ 9,009,810</u>	<u>\$ 863,742</u>

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES
DISTRIBUTIVE FUND
For the Year Ended June 30, 2010**

DISTRIBUTIONS	Acct. No.	Total	I-KAN ROE #32	Iroquois Area Del #370	Kankakee Career Center	Kankakee Regional System #120
State Funds						
General State Aid - Sec. 18-8	3001	744,310	744,310			
Voc. Ed. - Career and Technical Ed Improvement	3220	517,596		44,341		473,255
Voc. Ed. - Agricultural Education	3235	26,696		12,489		14,207
Gifted Education	3350	89,352	89,352			
State Free Lunch & Breakfast	3360	2,714	2,714			
Transportation - Regular	3500	24,092			24,092	
ROE School Bus Driver Training	3520	1,286	1,286			
Truants Alternative/Operational Ed.	3695	218,589	218,589			
Regional Safe Schools Program	3696	185,317	185,317			
ROE/ESC Operations	3730	80,604	80,604			
Supervisory Expense	3745	2,000	2,000			
Teachers and Administrators Mentoring	3982	178,086	178,086			
Other State Programs	3999	88,927	88,927			
Total State Funds		2,159,569	1,591,185	56,830	24,092	487,462
Federal Funds						
National School Lunch Program	4210	29,717	29,717			
School Breakfast Program	4220	14,761	14,761			
IASA - Title I - School Improvement and Accountability	4331	1,023,525	1,023,525			
Title I - Reading First Part B SEA Funds	4337	223,778	223,778			
V.E. - Perkins - Title IIC - Secondary	4745	292,975		47,456		245,519
ARRA - General State Aid - Education SFSF	4850	124,052	124,052			
ARRA - McKinney Education for Homeless Children	4862	116,853	116,853			
ARRA - General State Aid - Government SFSF	4870	41,351	41,351			
McKinney Education for Homeless Children	4920	158,361	158,361			
Title II - Teacher Quality	4932	292	292			
IASA - Title II - Teacher Quality - Leadership	4935	320,997	320,997			
Other Federal Programs	4999	2,000	2,000			
Total Federal Funds		2,348,662	2,055,687	47,456	-	245,519
TOTAL DISTRIBUTIONS		\$ 4,508,231	\$ 3,646,872	\$ 104,286	\$ 24,092	\$ 732,981

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010**

Federal Grantor/ Pass-Through Grantor/ <u>Program or Cluster Title</u>	CFDA Number	ISBE Project # (1st 8 digits) or Contract #	Federal Expenditures <u>7/1/09 - 6/30/10</u>
U. S. Department of Education			
passed through Pembroke Community Consolidated School District #259			
Improving Teacher Quality State Grants			
Title IIA Agreement	84.367A	N/A	\$ <u>62,430</u> (M)
U. S. Department of Education			
passed through Illinois State Board of Education			
Title I Grants to Local Educational Agencies			
System of Support Title I - School Improvement & Accountability	84.010A	10-4331-SS	<u>1,051,850</u> (M)
Education for Homeless Children and Youth Cluster			
Education for Homeless Children and Youth, Recovery Act			
ARRA McKinney Education for Homeless Children	84.387A	10-4862-00	<u>93,186</u>
Education for Homeless Children and Youth			
McKinney Education for Homeless Children	84.196A	10-4920-00	146,103
McKinney Education for Homeless Children	84.196A	09-4920-00	915
			<u>147,018</u>
Education for Homeless Children and Youth Cluster			<u>240,204</u>
State Fiscal Stabilization (SFSF) Cluster			
State Fiscal Stabilization Fund (SFSF) - Education States Grants, Recovery Act (Education Stabilization Fund)			
ARRA General State Aid - Education SFSF	84.394A	10-4850-92	84,008
ARRA General State Aid - Education SFSF	84.394A	10-4850-93	40,043
			<u>124,051</u>
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act (Education Stabilization Fund)			
ARRA General State Aid - Government SFSF	84.397A	10-4870-92	28,003
ARRA General State Aid - Government SFSF	84.397A	10-4870-93	13,348
			<u>41,351</u>
State Fiscal Stabilization (SFSF) Cluster			<u>165,402</u>
Reading First State Grants			
Title I - Reading First Part B SEA Funds	84.357A	10-4337-00	<u>56,438</u>
Improving Teacher Quality State Grants			
Title II - Teacher Quality	84.367A	10-4932-00	292 (M)
Title II - Teacher Quality - Leadership Grant	84.367A	10-4935-00	77,221 (M)
National Board of Professional Teaching Standards Mentoring Program	84.367A	MY08722	68,827 (M)
System of Support Title II - Teacher Quality - Leadership Grant	84.367A	10-4935-SS	147,542 (M)
			<u>293,882</u>
English Language Acquisition Grants			
Other Federal Programs - English Language Learning Title III	84.365	10-4999-PD	<u>2,000</u>
Total U. S. Department of Education			
 passed through Illinois State Board of Education			<u>1,809,776</u>

REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)
For the Year Ended June 30, 2010

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>ISBE Project # (1st 8 digits) or Contract #</u>	<u>Federal Expenditures 7/1/09 - 6/30/10</u>
U. S. Department of Education			
passed through the Illinois Department of Health and Human Services			
Safe and Drug-Free Schools and Communities State Grants			
Drug Free Schools	84.186	11GL269000	<u>13,195</u>
Total U. S. Department of Education			<u>1,885,401</u>
U.S. Department of Health and Human Services			
passed through the Illinois Department of Health and Human Services			
Temporary Assistance for Needy Families			
Teen Reach	93.558	11GL269000	121,359
Block Grants for Prevention and Treatment of Substance Abuse			
Addiction Prevention Comprehensive	93.959	11GL269000	<u>77,000</u>
Total U.S. Department of Health and Human Services			<u>198,359</u>
U. S. Department of Agriculture			
passed through Illinois State Board of Education			
School Nutrition Cluster			
School Breakfast Program			
School Breakfast Program	10.553	10-4220-00	12,273
School Breakfast Program	10.553	09-4220-00	<u>4,536</u>
			<u>16,809</u>
National School Lunch Program			
National School Lunch Program	10.555	10-4210-00	25,054
National School Lunch Program	10.555	09-4210-00	<u>9,516</u>
			<u>34,570</u>
School Nutrition Cluster			<u>51,379</u>
Total U. S. Department of Agriculture			<u>51,379</u>
U. S. Department of Housing and Urban Development			
Supportive Housing Program			
HUD Supportive Housing Program	14.235	IL0282B5T120801	<u>44,553</u>
U.S. Department of Justice			
passed through the Illinois Department of Health and Human Services			
Title V - Delinquency Prevention Program			
Truancy Review Board	16.548	11GL269000	<u>9,507</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,189,199</u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
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 Regional Office of Education #32 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, Regional Office of Education #32 provided federal awards to subrecipients as follows:

Program Title: System of Support Title I – School Improvement & Accountability
Federal CFDA #: 84.010A
Amount provided to subrecipients: \$851,944

Program Title: Improving Teacher Quality State Grants
Federal CFDA #: 84.367A
Amount provided to subrecipients: \$117,145

NOTE 3: DESCRIPTION OF MAJOR FEDERAL PROGRAM

System of Support Title I – School Improvement and Accountability

This program supports the improvement of basic programs operated by the Regional Office of Education #32 by providing professional development for data analysis, school improvement plan and development, Standards-Aligned curriculum and instruction, and classroom assessment to System of Support Status schools on the Academic Early Warning and Watch lists.

Title II Teacher Quality

This program supports the improvement of instruction in the classroom.

Title IIA Agreement

This program represents an agreement between the Regional Office of Education #32 and Pembroke Community Consolidated School District #259 for the Regional Office of Education #32 to provide staff and administrators, on site consultation, and professional development services to Pembroke Community Consolidated School District #259 in relation to the Title II Teacher Quality program.

**REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010**

NOTE 3: DESCRIPTION OF MAJOR FEDERAL PROGRAM (CONCLUDED)

Title II Teacher Quality – Leadership Grant

This program provides training and professional development for the improvement of teacher preparation programs.

System of Support – Title II Teacher Quality Leadership Grant

This program provides professional development to assist teachers in becoming better instructional leaders.

National Board of Professional Teaching Standards Mentoring Program

This program provides professional trainings and certifications to teachers to achieve national board certification.

NOTE 4: NON-CASH ASSISTANCE

None

NOTE 5: AMOUNT OF INSURANCE

None

NOTE 6: LOANS OR LOAN GUARANTEES OUTSTANDING

None