

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

**FINANCIAL AUDIT**  
(In Accordance with the Single Audit Act  
and OMB Circular A-133)  
For the Year Ended June 30, 2013

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

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

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

**OFFICIALS**

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Regional Superintendent

Dr. Darlene Ruscitti  
(Current and during audit period)

Assistant Regional Superintendent

Dr. Joseph Gust  
(Current and during audit period)

Offices are located at:

421 North County Farm Road  
Wheaton, Illinois 60187-3999

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

**COMPLIANCE REPORT SUMMARY**

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The compliance 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 internal controls do not contain scope limitations, disclaimers, or other significant nonstandard language.

**SUMMARY OF AUDIT FINDINGS**

| <u>Number of</u>                                     | <u>This Audit</u> | <u>Prior Audit</u> |
|--|-------------------|--------------------|
| Audit findings                                       | 4                 | 6                  |
| Repeated audit findings                              | 4                 | 5                  |
| Prior recommendations implemented<br>or not repeated | 2                 | 1                  |

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

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

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

| <u>Item No.</u> | <u>Page</u> | <u>Description</u>                            | <u>Finding Type</u>    |
|-----------------|-------------|---|------------------------|
| 2013-001        | 16          | Controls over financial statement preparation | Significant Deficiency |
| 2013-002        | 18          | Inadequate internal control procedures        | Material Weakness      |

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

COMPLIANCE REPORT SUMMARY - CONTINUED

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SUMMARY OF FINDINGS AND QUESTIONED COSTS - continued

FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

|          |    |  |                                     |
|----------|----|--|-------------------------------------|
| 2013-003 | 20 | Expenditure reports do not agree to general ledger | Material Weakness                   |
| 2013-004 | 23 | Inadequate documentation of payroll expenditures   | Material Weakness and noncompliance |

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

| <u>Item No.</u> | <u>Page</u> | <u>Description</u>                                 | <u>Finding Type</u>                 |
|-----------------|-------------|--|-------------------------------------|
| 2013-003        | 20          | Expenditure reports do not agree to general ledger | Material Weakness and noncompliance |
| 2013-004        | 23          | Inadequate documentation of payroll expenditures   | Material Weakness and noncompliance |

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

COMPLIANCE REPORT SUMMARY - CONTINUED

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

| <u>Item No.</u> | <u>Description</u>   | <u>Finding Type</u> |
|-----------------|--|---------------------|
| 12-05           | Payment of unallowable costs and improper maintenance of records | Material Weakness   |
| 12-06           | Improper application of matching principle                       | Material Weakness   |

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

| <u>Item No.</u> | <u>Description</u>   | <u>Finding Type</u>                 |
|-----------------|--|-------------------------------------|
| 12-05           | Payment of unallowable costs and improper maintenance of records | Material Weakness and noncompliance |

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

**COMPLIANCE REPORT SUMMARY - CONTINUED**

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EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Regional Office personnel at a formal exit teleconference on January 7, 2015. Attending were Darlene Ruscitti, Regional Superintendent, Jeremy Dotson, Finance Director, Helen Swanson, ROE Finance Service Providers, Thomas R. Krehbiel, Partner and Danielle Caldwell, Senior from Sikich LLP, and Kelly Mittelstaedt, from the Office of the Auditor General. Responses to the recommendations were provided by the Regional Office of Education on December 17, 2014.



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

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

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

## **INDEPENDENT AUDITORS' REPORT**

Honorable William G. Holland  
Auditor General  
State of Illinois

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

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the DuPage County Regional Office of Education No. 19, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the DuPage County Regional Office of Education No. 19's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the DuPage County Regional Office of Education No. 19, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

The DuPage County Regional Office of Education No. 19 adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* during the year ended June 30, 2013. Statement No. 63 added new classifications on the statements of net position and changed net assets to net position. The adoption of this statement had no effect on any of the DuPage County Regional Office of Education No. 19's net positions or fund balances as of and for the year ended June 30, 2013. Our opinions are not modified with respect to this matter.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 35 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the DuPage County Regional Office of Education No. 19's basic financial statements. The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements and Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements and Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the

combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated January 14, 2015 on our consideration of the DuPage County Regional Office of Education No. 19's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the DuPage County Regional Office of Education No. 19's internal control over financial reporting and compliance.

*Sikich LLP*

Springfield, Illinois  
January 14, 2015

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

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the DuPage County Regional Office of Education No. 19, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the DuPage County Regional Office of Education No. 19's basic financial statements and have issued our report thereon dated January 14, 2015.

**Internal Control Over Financial Reporting**

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

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the DuPage County Regional Office of Education No. 19's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in finding 2013-002 through 2013-004 in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in finding 2013-001 in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the DuPage County Regional Office of Education No. 19's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-004 (Early Childhood Block Grant and ROE/ISC Operations).

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

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

### **Purpose of this Report**

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

*Sikich LLP*

Springfield, Illinois  
January 14, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Honorable William G. Holland  
Auditor General  
State of Illinois

**Report on Compliance for Each Major Federal Program**

We have audited the DuPage County Regional Office of Education No. 19's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the DuPage County Regional Office of Education No. 19's major federal programs for the year ended June 30, 2013. The DuPage County Regional Office of Education No. 19's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the DuPage County Regional Office of Education No. 19's major federal programs based on our audit of the types of compliance requirements referred to above. 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 DuPage County Regional Office of Education No. 19'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the DuPage County Regional Office of Education No. 19's compliance.

### **Basis for Qualified Opinion on Title I- Grants to Local Education Agencies**

As described in items 2013-003 and 2013-004 in the accompanying Schedule of Findings and Questioned Costs, the DuPage County Regional Office of Education No. 19 did not comply with the requirements regarding allowable cost principles and reporting that are applicable to its Title I- Grants to Local Education Agencies. Compliance with such requirements is necessary, in our opinion, for the DuPage County Regional Office of Education No. 19 to comply with the requirements applicable to that program.

### **Qualified Opinion on Title I- Grants to Local Education Agencies**

In our opinion, except for the noncompliance described in the preceding paragraph, the DuPage County Regional Office of Education No. 19 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Title I- Grants to Local Education Agencies for the year ended June 30, 2013.

### **Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2013-004 (WIA Youth Activities). Our opinion on each major federal program is not modified with respect to these matters.

The DuPage County Regional Office of Education No. 19's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The DuPage County Regional Office of Education No. 19's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the DuPage County Regional Office of Education No. 19 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our audit of compliance, we considered the DuPage County Regional Office of Education No. 19's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 DuPage County Regional Office of Education No. 19'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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not 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 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 2013-003 and 2013-004 to be material weaknesses.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purposes.

*Sikich LLP*

Springfield, Illinois  
January 14, 2015

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

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

For the Year Ended June 30, 2013

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**Financial Statements**

Type of auditor’s report issued: *unmodified*

Internal control over financial reporting:

Material weakness(es) identified?   x   yes        no

Significant deficiency(ies) identified?   x   yes        no

Noncompliance material to financial statements noted?   x   yes        no

**Federal Awards**

Internal control over federal major programs:

Material weakness(es) identified?   x   yes        no

Significant deficiency(ies) identified?        yes   x   no

Type of auditor’s report issued on compliance for federal major programs: *qualified*

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133?   x   yes        no

Identification of federal major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u>    |
|-----------------------|--|
| 84.010A               | Title I – Grants to Local Education Agencies |

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

Auditee qualified as low-risk auditee?        yes   X   no

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS**

For the Year Ended June 30, 2013

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**FINDING 2013-001** – Controls over financial statement preparation (Repeat of prior year finding 12-01 and 11-01)

**CRITERIA/SPECIFIC REQUIREMENT:**

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

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

**CONDITION:**

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

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

**EFFECT:**

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

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS**

For the Year Ended June 30, 2013

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**FINDING 2013-001** – Controls over financial statement preparation (Repeat of prior year finding 12-01 and 11-01) – **Continued**

**CAUSE:**

An audit adjustment was proposed in the amount of \$14,250 to remove a receivable included on the Regional Office of Education receivable listing and general ledger account.

**RECOMMENDATION:**

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

**MANAGEMENT'S RESPONSE:**

The Regional Office will continue its relationship with a private Certified Public Accounting Company to prepare (GAAP based) financial statements that include all disclosures required by the Governmental Accounting Standards Board. The Project Managers will play a key role because they will be responsible along with the Finance Office in the review of their respective financial documents. These reviews will be completed at the end of each quarter. In addition, the Regional Office's accounting personnel will receive training in detecting disclosure omissions and misstatements in a timely manner with the final review completed by the Business Manager.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS**

For the Year Ended June 30, 2013

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**FINDING 2013-002** – Inadequate internal control procedures (Repeat of prior year finding 12-02 and 11-02)

**CRITERIA/SPECIFIC REQUIREMENT:**

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

**CONDITION:**

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

- There is a lack of segregation of duties in the cash disbursements and accounting process. The fiscal staff has full, unrestricted access to the accounting software and also can affix the Regional Superintendent's electronic signature to checks.
- The Regional Office did not adhere to its policy of requiring the Regional Superintendent's approval of purchases. In 14 of 65 (22%) instances, purchase orders were not completed or signed by the Regional Superintendent.
- In 2 of 65 (3%) expenditures examined, the Regional Office failed to provide adequate supporting documentation.
- In 4 of 65 (6%) expenditures examined, the Regional Office charged the expenditures to an incorrect account.

**EFFECT:**

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

**CAUSE:**

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

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS**

For the Year Ended June 30, 2013

---

**FINDING 2013-002** – Inadequate internal control procedures (Repeat of prior year finding 12-02 and 11-02) – **Continued**

**RECOMMENDATION:**

The Regional Office should adequately segregate duties so that one individual is not involved in all aspects of the disbursement process. Additionally, the Regional Office should implement a system of internal controls that ensures expenditures are properly approved, supported and posted to the correct account before disbursements are made and posted to the accounting software.

**MANAGEMENT'S RESPONSE:**

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

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS**

For the Year Ended June 30, 2013

---

**FINDING 2013-003** – Expenditure reports do not agree to general ledger (Repeat of prior year finding 12-03 and 11-03)

**Federal Program Name:** Title I – Grants to Local Educational Agencies

**Project No:** 2013-4331-SS

**CFDA No:** 84.010A

**Passed Through:** Will County Regional Office of Education No. 56

**Federal Agency:** U.S. Department of Education

**State Program Name:** Early Childhood Block Grant and ROE/ISC Operations

**Project No:** 2013-3705-01, 2013-3730-00

**Passed Through:** Illinois State Board of Education

**CRITERIA/SPECIFIC REQUIREMENT:**

Expenditure reports and reimbursement requests for education programs submitted to the Will County Regional Office of Education No. 56 and the Illinois State Board of Education (ISBE) should agree with the expenditures reported on the Regional Office of Education No. 19's general ledger.

Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* (2 CFR Part 225), establishes principles and standards for determining costs for federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments and federally recognized Indian tribal governments. To be allowable under federal awards, costs must meet certain general criteria. Those criteria, among other things, require the expenditures to be allocable, reasonable, and supported by adequate documentation.

**CONDITION:**

A comparison of reimbursement requests submitted to the Will County Regional Office of Education No. 56 revealed instances where the amounts requested for reimbursement did not agree to the general ledger amounts. Additionally, a comparison of expenditure reports to the DuPage County Regional Office of Education No. 19's (Regional Office) general ledger revealed instances where the totals on the final 2013 expenditure reports submitted to the Illinois State Board of Education did not agree with the Regional Office's general ledger. The following instances were noted:

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS**

For the Year Ended June 30, 2013

---

**FINDING 2013-003** – Expenditure reports do not agree to general ledger (Repeat of prior year finding 12-03 and 11-03) – **Continued**

- In 2 of 6 (33%) monthly reimbursement requests examined that were submitted to the Will County Regional Office of Education No. 56 for the Title I - Grants to Local Educational Agencies, the requests did not agree to general ledger detail in total and/or by category. The July 2012 reimbursement request reported expenditures related to salaries of \$8,907 and employee benefits of \$2,886 while the general ledger reported salaries and employee benefits expenditures of \$7,735 and \$1,855, respectively, a total difference of \$2,203. The March 2013 reimbursement request reported expenditures related to employee benefits of \$1,147 while the general ledger reported employee benefits expenditures of \$813, a difference of \$334. Total unsupported costs were \$2,537.
- The expenditure report submitted to ISBE for the Early Childhood Block Grant program (2013-3705-01) reported total expenditures related to employee benefits of \$24,173 while the general ledger reported total employee benefits expenditures of \$22,555, a total difference of \$1,618.
- The expenditure report submitted to ISBE for the ROE/ISC Operations program (2013-3730-00) reported total expenditures related to purchased services of \$3,039 while the general ledger reported total purchased services expenditures of \$2,776, a difference of \$263.

**CONTEXT:**

A sample of final expenditure reports and reimbursement requests related to programs expending federal and State funds were examined, noting that the records maintained by the Regional Office did not support the amount of expenditures reported to funding sources.

**QUESTIONED COSTS:**

CFDA #84.010A -      \$2,537



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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS**

For the Year Ended June 30, 2013

---

**FINDING 2013-003** – Expenditure reports do not agree to general ledger (Repeat of prior year finding 12-03 and 11-03) – **Continued**

**EFFECT:**

Inaccurate expenditure reports and reimbursement requests were submitted, which could lead to granting agencies requesting reimbursements or adjusting the fiscal year 2014 grant amounts.

**CAUSE:**

According to Regional Office officials, the Regional Office personnel responsible for expenditure reports and reimbursement requests prepared the reports based on numbers that were not adjusted for year-end entries and previous audit entries.

**RECOMMENDATION:**

The Regional Office personnel responsible for preparing the expenditure reports and reimbursement requests should ensure all expenditure reports and reimbursement requests are supported by the appropriate documentation and by the adjusted general ledger maintained in the Regional Office's accounting software.

**MANAGEMENT'S RESPONSE:**

The Regional Office will require quarterly reviews to be completed by each of the Project Managers to review and correct items charged to the grant in error. Any necessary journal entries will be written promptly and adequately explained and identified to the proper year on the general ledger report. A reconciliation will be prepared thoroughly documenting the differences between the expenditure report and the general ledger report, including all accruals for the previous year and upcoming year. The Regional Office of Education is currently working to make the year end entries and the previous audit adjustments to the financial and general ledger systems in a more timely manner.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS**

For the Year Ended June 30, 2013

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**FINDING 2013-004** – Inadequate documentation of payroll expenditures (Repeat of prior year finding 12-04 and 11-04)

**Federal Program Name:** WIA Youth Activities, Title I – Grants to Local Educational Agencies

**Project No:** PY2010-01, 2013-4331-SS

**CFDA No:** 17.259, 84.010A

**Passed Through:** DuPage County Economic Development and Planning, Will County  
Regional Office of Education No. 56

**Federal Agency:** U.S. Department of Labor, U.S. Department of Education

**CRITERIA/SPECIFIC REQUIREMENT:**

Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, establishes principles and standards for determining costs for federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments and federally recognized Indian tribal governments. To be allowable under federal awards, costs must meet certain general criteria. Those criteria, among other things, require the expenditures must be allocable, reasonable, and supported by adequate documentation.

Part 4 of the OMB Circular A-133 Compliance Supplement for the Department of Education prescribes that employee time and effort distribution records must be maintained to document the portion of time and effort dedicated to the single cost objective and each program or other cost objective supported by non-consolidated Federal funds or other revenue sources. Time-and-effort requirements vary under different circumstances:

- Charges to federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with the generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit. (OMB Circular A-87, Attachment B, paragraphs 8.h.(1))
- Where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee and supervisory official having firsthand knowledge of the work performed by the employee. (OMB Circular A-87, Attachment B, paragraphs 8.h.(3))

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS**

For the Year Ended June 30, 2013

---

**FINDING 2013-004** – Inadequate documentation of payroll expenditures (Repeat of prior year finding 12-04 and 11-04) – **Continued**

- Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the following standards unless another substitute system has been approved by the cognizant federal agency:
  - a. They must reflect an after the fact distribution of the actual activity of each employee;
  - b. They must account for the total activity for which each employee is compensated;
  - c. They must be prepared at least monthly and must coincide with one or more pay periods;
  - d. They must be signed by the employee; and
  - e. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards but may be used for interim accounting purposes provided that:
    - The governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed;
    - At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and
    - The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.

(OMB Circular A-87, Attachment B, paragraphs 8.h. (4), (5), and (6))

**CONDITION:**

During review of 16 payroll transactions for 12 separate employees, auditors noted that 5 of 16 (31%) payroll transactions were not adequately supported by personnel activity reports or equivalent documentation. Further, the Regional Office does not have a system in place to allocate the salaries of individuals that assist in the administration of multiple programs.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS**

For the Year Ended June 30, 2013

---

**FINDING 2013-004** – Inadequate documentation of payroll expenditures (Repeat of prior year finding 12-04 and 11-04) – **Continued**

**QUESTIONED COSTS:**

Not determinable

**CONTEXT:**

The salaries and benefits expenditures for the Regional Office for fiscal year 2013 totaled \$1,670,660 of which \$113,710 pertains to WIA Youth Activities and \$152,691 pertains to Title I - Grants to Local Educational Agencies.

**EFFECT:**

Failure to document authorized pay rates and to prepare personnel activity reports does not provide a sufficient basis for the allocation of actual payroll charges incurred by the program, which may result in a program being over or under charged for salary and benefits. Also, noncompliance with the Allowable Costs/Cost Principles of OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* may result in the federal funds being expended for unallowable purposes.

**CAUSE:**

The Regional Office does not have established policies and procedures regarding salaries and benefits that incorporates the requirements of Allowable Costs/Cost Principles of OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* for compensation for personnel services.

**RECOMMENDATION:**

The Regional Office should develop and implement adequate policies and procedures to ensure compliance with the Allowable Costs/Cost Principles of OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* for compensation for personnel services. These policies and procedures should include requiring staff involved in multiple programs to submit and sign personnel activity reports by program or a time and effort report by program. The Regional Office should also establish a payroll cost allocation procedure that allows for computation and comparison of actual time charged with budgeted or pre-determined allocation rates on a regular basis. Payroll charges by program should be based on the time devoted and identified specifically to the performance of those programs.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS**

For the Year Ended June 30, 2013

---

**FINDING 2013-004** – Inadequate documentation of payroll expenditures (Repeat of prior year finding 12-04 and 11-04) – **Continued**

**MANAGEMENT’S RESPONSE:**

The Payroll Cost Allocation Policy 4:51 was written June 2013 and implemented after a series of meetings for training purposes with all employee groups and service providers (consultants) in October 2013 with implementation for the time sheets effective November 2013. The meetings were to insure compliance with all of the requirements of the OMB Circular A-87. Furthermore, time logs then also were required to be provided on a monthly basis to indicate the work done by each person whether employee or service provider. In order to obtain consistency for the time logs, the DuPage County Chief Auditor was consulted in developing a work log specifically for the Regional Office; in addition, the Illinois State Board of Education was also contacted for their Cost Allocation process, with implementation July 2015.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION III – FEDERAL AWARDS**

For the Year Ended June 30, 2013

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**INSTANCES OF NONCOMPLIANCE:**

Finding 2013-003 – Expenditure reports do not agree to general ledger (finding details on pages 20-22)

Finding 2013-004 – Inadequate documentation of payroll expenditures (finding details on pages 23-26)

**MATERIAL WEAKNESSES:**

Finding 2013-003 – Expenditure reports do not agree to general ledger (finding details on pages 20-22)

Finding 2013-004 – Inadequate documentation of payroll expenditures (finding details on pages 23-26)

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

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

For the Year Ended June 30, 2013

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**Corrective Action Plan**

**FINDING 2013-001** – Controls over financial statement preparation (Repeat of prior year finding 12-01 and 11-01)

**CONDITION:**

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

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

**PLAN:**

The Regional Office will continue their relationship with a private Certified Public Accountant to prepare (GAAP based) financial statements that include all disclosures required by the Governmental Accounting Standards Board. The Project Managers will play a key role as they will be responsible along with the Finance Office in the review of their respective financial documents. These reviews will be done every quarter. In addition, the Regional Office's accounting personnel will receive training in detecting misstatements and disclosure omissions in a timely manner, with the final review completed by the Business Manager.

**ANTICIPATED DATE OF COMPLETION:**

December 31, 2014

**CONTACT PERSON:**

Dr. Darlene Ruscitti, Regional Superintendent

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

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

For the Year Ended June 30, 2013

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**Corrective Action Plan**

**FINDING 2013-002** – Inadequate internal control procedures (Repeat of prior year finding 12-02 and 11-02)

**CONDITION:**

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

- There is a lack of segregation of duties in the cash disbursements and accounting process. The fiscal staff has full, unrestricted access to the accounting software and also can affix the Regional Superintendent's electronic signature to checks.
- The Regional Office did not adhere to its policy of requiring the Regional Superintendent's approval of purchases. In 14 of 65 (22%) instances, purchase orders were not completed or signed by the Regional Superintendent.
- In 2 of 65 (3%) expenditures examined, the Regional Office failed to provide adequate supporting documentation.
- In 4 of 65 (6%) expenditures examined, the Regional Office charged the expenditures to an incorrect account.

**PLAN:**

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



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

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

For the Year Ended June 30, 2013

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**Corrective Action Plan**

**FINDING 2013-002** – Inadequate internal control procedures (Repeat of prior year finding 12-02 and 11-02) – **continued**

**ANTICIPATED DATE OF COMPLETION:**

May 31, 2015

**CONTACT PERSON:**

Dr. Darlene Ruscitti, Regional Superintendent

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

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

For the Year Ended June 30, 2013

---

**Corrective Action Plan**

**FINDING 2013-003** – Expenditure reports do not agree to general ledger (Repeat of prior year finding 12-03 and 11-03)

**CONDITION:**

A comparison of reimbursement requests submitted to the Will County Regional Office of Education No. 56 revealed instances where the amounts requested for reimbursement did not agree to the general ledger amounts. Additionally, a comparison of expenditure reports to the DuPage County Regional Office of Education No. 19's (Regional Office) general ledger revealed instances where the totals on the final 2013 expenditure reports submitted to the Illinois State Board of Education did not agree with the Regional Office's general ledger. The following instances were noted:

- In 2 of 6 (33%) monthly reimbursement requests examined that were submitted to the Will County Regional Office of Education No. 56 for the Title I - Grants to Local Educational Agencies, the requests did not agree to general ledger detail in total and/or by category. The July 2012 reimbursement request reported expenditures related to salaries of \$8,907 and employee benefits of \$2,886 while the general ledger reported salaries and employee benefits expenditures of \$7,735 and \$1,855, respectively, a total difference of \$2,203. The March 2013 reimbursement request reported expenditures related to employee benefits of \$1,147 while the general ledger reported employee benefits expenditures of \$813, a difference of \$334. Total unsupported costs were \$2,537.
- The expenditure report submitted to ISBE for the Early Childhood Block Grant program (2013-3705-01) reported total expenditures related to employee benefits of \$24,173 while the general ledger reported total employee benefits expenditures of \$22,555, a total difference of \$1,618.
- The expenditure report submitted to ISBE for the ROE/ISC Operations program (2013-3730-00) reported total expenditures related to purchased services of \$3,039 while the general ledger reported total purchased services expenditures of \$2,776, a difference of \$263.

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

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

For the Year Ended June 30, 2013

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**Corrective Action Plan**

**FINDING 2013-003** – Expenditure reports do not agree to general ledger (Repeat of prior year finding 12-03 and 11-03) – **Continued**

**PLAN:**

The Regional Office will require quarterly reviews to be completed by each of the Project Managers to review and correct items charged to the grant in error. Any necessary journal entries will be written promptly and adequately explained and identified to the proper year on the general ledger report. A reconciliation will be prepared thoroughly documenting the differences between the expenditure report and the general ledger report, including all accruals for the previous year and upcoming year. General Ledger accounts specifying the correct grant year have been implemented after the delivery of the fiscal year 2011 audit.

**ANTICIPATED DATE OF COMPLETION:**

March 31, 2015

**CONTACT PERSON:**

Dr. Darlene Ruscitti, Regional Superintendent

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

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

For the Year Ended June 30, 2013

---

**Corrective Action Plan**

**FINDING 2013-004** – Inadequate documentation of payroll expenditures (Repeat of prior year finding 12-04 and 11-04)

**CONDITION:**

During review of 16 payroll transactions for 12 separate employees, auditors noted that 5 of 16 (31%) payroll transactions were not adequately supported by personnel activity reports or equivalent documentation. Further, the Regional Office does not have a system in place to allocate the salaries of individuals that assist in the administration of multiple programs.

**PLAN:**

The Payroll Cost Allocation Policy 4:51 was written June 2013 and implemented after a series of meetings for training purposes with all employee groups and service providers (consultants) in October 2013 with implementation for the time sheets effective November 2013. The meetings were to insure compliance with all of the requirements of the OMB Circular A-87. Furthermore, time logs then also were required to be provided on a monthly basis to indicate the work done by each person whether employee or service provider. In order to obtain consistency for the time logs, the DuPage County Chief Auditor was consulted in developing a work log specifically for the Regional Office; in addition, the Illinois State Board of Education has also been contacted for their Cost Allocation process, with implementation July 2015.

**ANTICIPATED DATE OF COMPLETION:**

July 1, 2015

**CONTACT PERSON:**

Dr. Darlene Ruscitti, Regional Superintendent

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

For the Year Ended June 30, 2013

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| <b><u>Finding No.</u></b> | <b><u>Condition</u></b>  | <b><u>Current Status</u></b> |
|---------------------------|--|------------------------------|
| 12-01                     | Controls over financial statement preparation                    | Repeated                     |
| 12-02                     | Inadequate internal control procedures                           | Repeated                     |
| 12-03                     | Expenditure reports do not agree to general ledger               | Repeated                     |
| 12-04                     | Inadequate documentation of payroll expenditures                 | Repeated                     |
| 12-05                     | Payment of unallowable costs and improper maintenance of records | Not Repeated                 |
| 12-06                     | Improper application of matching principle                       | Not Repeated                 |

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2013

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DuPage County Regional Office of Education No. 19 (Regional Office) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the Regional Office's financial statements, which follow.

This report will include past year financial activity, along with fiscal year 2013 activity, making comparisons of the financial position and results of operations more meaningful.

**2013 FINANCIAL HIGHLIGHTS**

General Fund balance decreased from \$106,944 in fiscal year 2012 to \$(423,716) in fiscal year 2013. General Fund revenues decreased from \$4,804,024 in fiscal year 2012 to \$4,588,222 in fiscal year 2013, which is mostly attributable to decreases in General State Aid and American Recovery and Reinvestment Act of 2009 (ARRA) funding. General Fund expenditures increased from \$5,020,473 in fiscal year 2012 to \$5,129,682 in fiscal year 2013 due to an increase in the on-behalf payments made.

Education Fund balance increased from \$600,132 in fiscal year 2012 to \$681,795 in fiscal year 2013. Education Fund revenues slightly decreased from \$2,678,489 in fiscal year 2012 to \$2,527,464 in fiscal year 2013. Education Fund expenditures slightly increased from \$2,446,960 in fiscal year 2012 to \$2,453,735 in fiscal year 2013. The Education Fund is primarily made up of grants the Regional Office receives which can vary greatly from year to year as some programs are discontinued while other see a funding increase.

**USING THIS ANNUAL REPORT**

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2013

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

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

The Statement of Net Position and the Statement of Activities

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

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

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

**Fund Financial Statements**

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

The Office has three kinds of fund classifications:

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2013

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

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

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

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

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

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

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of financial position. The Regional Office's net position at the end of fiscal year 2012 totaled \$3,949,833. At the end of fiscal year 2013, the net position totaled \$3,707,765. The analysis that follows provides a summary of the Regional Office's net position at June 30, 2013 and 2012.



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

JUNE 30, 2013

**CONDENSED STATEMENT OF NET POSITION**  
**June 30, 2013 and 2012**

|   | Governmental<br>Activities |                     | Business-type<br>Activities |                     | Total               |                     |
|---|----------------------------|---------------------|-----------------------------|---------------------|---------------------|---------------------|
|   | 2013                       | 2012                | 2013                        | 2012                | 2013                | 2012                |
| <b>ASSETS</b>                             |                            |                     |                             |                     |                     |                     |
| Current assets                            | \$ 2,148,926               | \$ 2,478,090        | \$ 1,754,729                | \$ 1,742,805        | \$ 3,903,655        | \$ 4,220,895        |
| Capital assets, net of<br>depreciation    | <u>294,292</u>             | <u>319,819</u>      | <u>471</u>                  | <u>-</u>            | <u>294,763</u>      | <u>319,819</u>      |
| <b>TOTAL ASSETS</b>                       | <u>2,443,218</u>           | <u>2,797,909</u>    | <u>1,755,200</u>            | <u>1,742,805</u>    | <u>4,198,418</u>    | <u>4,540,714</u>    |
| <b>LIABILITIES</b>                        |                            |                     |                             |                     |                     |                     |
| Current liabilities                       | 289,618                    | 408,007             | 167,722                     | 175,628             | 457,340             | 583,635             |
| Noncurrent liabilities                    | <u>33,313</u>              | <u>7,246</u>        | <u>-</u>                    | <u>-</u>            | <u>33,313</u>       | <u>7,246</u>        |
| <b>TOTAL LIABILITIES</b>                  | <u>322,931</u>             | <u>415,253</u>      | <u>167,722</u>              | <u>175,628</u>      | <u>490,653</u>      | <u>590,881</u>      |
| <b>NET POSITION</b>                       |                            |                     |                             |                     |                     |                     |
| Net investment in<br>capital assets       | 245,284                    | 291,971             | 471                         | -                   | 245,755             | 291,971             |
| Restricted for<br>educational<br>purposes | 2,298,719                  | 1,983,741           | -                           | -                   | 2,298,719           | 1,983,741           |
| Unrestricted                              | <u>(423,716)</u>           | <u>106,944</u>      | <u>1,587,007</u>            | <u>1,567,177</u>    | <u>1,163,291</u>    | <u>1,674,121</u>    |
| <b>TOTAL NET POSITION</b>                 | <u>\$ 2,120,287</u>        | <u>\$ 2,382,656</u> | <u>\$ 1,587,478</u>         | <u>\$ 1,567,177</u> | <u>\$ 3,707,765</u> | <u>\$ 3,949,833</u> |

The Regional Office's net position decreased by \$242,068 from Fiscal Year 2012 to Fiscal Year 2013. This decrease was primarily due to a decrease in State General State Aid and American Recovery and Reinvestment Act of 2009 (ARRA) funding.

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

JUNE 30, 2013

The following analysis shows the changes in net position for the years ended June 30, 2013 and 2012.

**CHANGES IN NET POSITION**  
**For the Years Ended June 30, 2013 and 2012**

|  | Governmental<br>Activities |                     | Business-type<br>Activities |                     | Total               |                     |
|--|----------------------------|---------------------|-----------------------------|---------------------|---------------------|---------------------|
|  | 2013                       | 2012                | 2013                        | 2012                | 2013                | 2012                |
| Revenues:                                      |                            |                     |                             |                     |                     |                     |
| Program revenues:                              |                            |                     |                             |                     |                     |                     |
| Charges for services                           | \$ 503,836                 | \$ 23,962           | \$ 1,133,618                | \$ 1,391,060        | \$ 1,637,454        | \$ 1,415,022        |
| Operating grants & contributions               | 4,319,733                  | 5,487,488           | -                           | -                   | 4,319,733           | 5,487,488           |
| Total Program revenues                         | <u>4,823,569</u>           | <u>5,511,450</u>    | <u>1,133,618</u>            | <u>1,391,060</u>    | <u>5,957,187</u>    | <u>6,902,510</u>    |
| General revenues:                              |                            |                     |                             |                     |                     |                     |
| Local sources and Miscellaneous                | -                          | 784,023             | -                           | -                   | -                   | 784,023             |
| State Sources                                  | 2,612,006                  | -                   | -                           | -                   | 2,612,006           | -                   |
| Investment income                              | 1,555                      | 1,314               | 4,790                       | 5,143               | 6,345               | 6,457               |
| On-behalf payments                             | -                          | 1,494,511           | -                           | -                   | -                   | 1,494,511           |
| Total General revenues                         | <u>2,613,561</u>           | <u>2,279,848</u>    | <u>4,790</u>                | <u>5,143</u>        | <u>2,618,351</u>    | <u>2,284,991</u>    |
| Total Revenues                                 | <u>7,437,130</u>           | <u>7,791,298</u>    | <u>1,138,408</u>            | <u>1,396,203</u>    | <u>8,575,538</u>    | <u>9,187,501</u>    |
| Expenses:                                      |                            |                     |                             |                     |                     |                     |
| Salaries                                       | 1,245,932                  | 1,184,294           | 115,800                     | 114,045             | 1,361,732           | 1,298,339           |
| Benefits                                       | 291,840                    | 284,717             | 17,089                      | 13,853              | 308,929             | 298,570             |
| Purchased services                             | 1,162,845                  | 1,217,791           | 604,586                     | 727,855             | 1,767,431           | 1,945,646           |
| Supplies and materials                         | 86,426                     | 106,155             | 8,285                       | 21,340              | 94,711              | 127,495             |
| Capital expenditures                           | 1,368                      | 8,903               | -                           | -                   | 1,368               | 8,903               |
| Depreciation                                   | 92,348                     | 110,220             | 118                         | -                   | 92,466              | 110,220             |
| Transfers-payments to other governmental units | 2,991,898                  | 3,271,920           | 370,608                     | 397,226             | 3,362,506           | 3,669,146           |
| Other objects                                  | 17,023                     | 595                 | 1,621                       | 2,495               | 18,644              | 3,090               |
| On-behalf payments                             | 1,809,819                  | 1,494,511           | -                           | -                   | 1,809,819           | 1,494,511           |
| Total expenses                                 | <u>7,699,499</u>           | <u>7,679,106</u>    | <u>1,118,107</u>            | <u>1,276,814</u>    | <u>8,817,606</u>    | <u>8,955,920</u>    |
| Revenue over (under) expenditures              | (262,369)                  | 112,192             | 20,301                      | 119,389             | (242,068)           | 231,581             |
| Other financing sources (uses)                 |                            |                     |                             |                     |                     |                     |
| Transfers                                      | -                          | 17,400              | -                           | (17,400)            | -                   | -                   |
| Change in net position                         | (262,369)                  | 129,592             | 20,301                      | 101,989             | (242,068)           | 231,581             |
| Net Position – beginning                       | 2,382,656                  | 2,223,404           | 1,567,177                   | 1,470,316           | 3,949,833           | 3,693,720           |
| Prior period adjustment                        | -                          | 29,660              | -                           | (5,128)             | -                   | 24,532              |
| Net Position – ending, Restated                | <u>\$ 2,120,287</u>        | <u>\$ 2,382,656</u> | <u>\$ 1,587,478</u>         | <u>\$ 1,567,177</u> | <u>\$ 3,707,765</u> | <u>\$ 3,949,833</u> |

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

JUNE 30, 2013

---

**Governmental Activities**

Revenues for governmental activities were \$7,437,130 and expenses were \$7,699,499. The net decrease of \$262,369 was primarily due to a decrease in State General State Aid and American Recovery and Reinvestment Act of 2009 (ARRA) funding.

**Business-Type Activities**

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

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

As previously noted, the Regional Office uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office's governmental funds reported combined fund balances of \$1,819,982 compared to last year's ending fund balance of \$2,014,365. The primary reason for the decrease in combined fund balances in fiscal year 2013 was due decreased General State Aid and American Recovery and Reinvestment Act of 2009 (ARRA) funding.

**Governmental Fund Highlights**

- The Regional Office had a decrease in grant funds received from the Illinois State Board of Education at the end of Fiscal Year 2013.

**Budgetary Highlights**

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

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

JUNE 30, 2013

---

**Capital Assets and Long-term Debt**

Capital Assets of the Regional Office include office equipment, computers, audio-visual equipment, and office furniture. The Regional Office maintains an inventory of capital assets which have been accumulated over time. The Regional Office's capital asset balance for fiscal year 2013 is \$294,763, which is the total original cost of the capital assets less accumulated depreciation. More detailed information about capital assets is available in the notes to the financial statements.

The ROE has entered into lease agreements as lessee for financing the acquisition of its copiers. The present value of minimum lease payments at June 30, 2012 was \$27,848, which was increased during fiscal year 2013 by \$21,160, resulting in a balance of \$49,008 at June 30, 2013. Additional information on the Regional Office's capital leases can be found in Note 4 on page 66 of this report.

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

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

- The State of Illinois Foundation level is expected to remain the same as the previous year; however, the distribution proration will decrease to 88.2%.
- The interest rate on investments remains low.
- Several grants have had their funding levels reduced for the upcoming year.
- The number of students served by the Regional Office is expected to remain at a constant level.

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

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

## **BASIC FINANCIAL STATEMENTS**

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

STATEMENT OF NET POSITION

June 30, 2013

|  | <b>Primary Government</b>          |                                     | <b>Total</b>        |
|--|------------------------------------|-------------------------------------|---------------------|
|  | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> |                     |
| <b>ASSETS</b>                          |                                    |                                     |                     |
| Current assets:                        |                                    |                                     |                     |
| Cash and cash equivalents              | \$ 2,540,553                       | \$ 795,762                          | \$ 3,336,315        |
| Accounts receivable                    | 107                                | 190                                 | 297                 |
| Due from other governments             | 518,063                            | 39,397                              | 557,460             |
| Due from (to) other funds              | (918,093)                          | 918,093                             | -                   |
| Prepaid expenses                       | 8,296                              | 1,287                               | 9,583               |
| <b>Total current assets</b>            | <b>2,148,926</b>                   | <b>1,754,729</b>                    | <b>3,903,655</b>    |
| Non-current assets:                    |                                    |                                     |                     |
| Capital assets, being depreciated, net | 294,292                            | 471                                 | 294,763             |
| <b>Total assets</b>                    | <b>2,443,218</b>                   | <b>1,755,200</b>                    | <b>4,198,418</b>    |
| <b>LIABILITIES</b>                     |                                    |                                     |                     |
| Current liabilities:                   |                                    |                                     |                     |
| Accounts payable                       | 22,172                             | 6,874                               | 29,046              |
| Accrued expenses                       | 141,528                            | 1,752                               | 143,280             |
| Due to other governments               | 110,223                            | 60,441                              | 170,664             |
| Unearned revenue                       | -                                  | 98,655                              | 98,655              |
| Lease payable, current portion         | 15,695                             | -                                   | 15,695              |
| <b>Total current liabilities</b>       | <b>289,618</b>                     | <b>167,722</b>                      | <b>457,340</b>      |
| Non-current liabilities:               |                                    |                                     |                     |
| Lease payable, non-current portion     | 33,313                             | -                                   | 33,313              |
| <b>Total liabilities</b>               | <b>322,931</b>                     | <b>167,722</b>                      | <b>490,653</b>      |
| <b>NET POSITION</b>                    |                                    |                                     |                     |
| Net investment in capital assets       | 245,284                            | 471                                 | 245,755             |
| Unrestricted                           | (423,716)                          | 1,587,007                           | 1,163,291           |
| Restricted for educational purposes    | 2,298,719                          | -                                   | 2,298,719           |
| <b>Total net position</b>              | <b>\$ 2,120,287</b>                | <b>\$ 1,587,478</b>                 | <b>\$ 3,707,765</b> |

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

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19

STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

| FUNCTIONS/PROGRAMS                     | Program Revenues    |                         |  | Net (Expenses) Revenues<br>and Changes in Net Position |                             |                     |
|--|---------------------|-------------------------|--|--|-----------------------------|---------------------|
|  | Expenses            | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Primary Government                                     |                             |                     |
|  |                     |                         |  | Governmental<br>Activities                             | Business-Type<br>Activities | Total               |
| Primary government:                    |                     |                         |  |  |                             |                     |
| Governmental activities:               |                     |                         |  |  |                             |                     |
| Education:                             |                     |                         |  |  |                             |                     |
| Salaries                               | \$ 1,245,932        | \$ -                    | \$ 552,181                               | \$ (693,751)   | \$ -                        | \$ (693,751)        |
| Benefits                               | 291,840             | -                       | 125,496                                  | (166,344)  | -                           | (166,344)           |
| Purchased services                     | 1,162,845           | 308,121                 | 527,082                                  | (327,642)  | -                           | (327,642)           |
| Supplies and materials                 | 86,426              | -                       | 50,198                                   | (36,228)   | -                           | (36,228)            |
| Payments to other governments          | 2,991,898           | 195,715                 | 1,229,858                                | (1,566,325)  | -                           | (1,566,325)         |
| Other objects                          | 17,023              | -                       | 25,099                                   | 8,076  | -                           | 8,076               |
| Capital outlay                         | 1,368               | -                       | -  | (1,368)  | -                           | (1,368)             |
| Depreciation and disposition losses    | 92,348              | -                       | -  | (92,348)   | -                           | (92,348)            |
| Administrative:                        |                     |                         |  |  |                             |                     |
| On-behalf payments                     | 1,809,819           | -                       | 1,809,819                                | -  | -                           | (1,809,819)         |
| Total governmental activities          | 7,699,499           | 503,836                 | 4,319,733                                | (2,875,930)  | -                           | (4,685,749)         |
| Business-type activities:              |                     |                         |  |  |                             |                     |
| Professional Development               | 1,118,107           | 1,133,618               | -  | -  | 15,511                      | 15,511              |
| <b>Total primary government</b>        | <b>\$ 8,817,606</b> | <b>\$ 1,637,454</b>     | <b>\$ 4,319,733</b>                      | <b>(2,875,930)</b>                                     | <b>15,511</b>               | <b>(2,860,419)</b>  |
| General revenues:                      |                     |                         |  |  |                             |                     |
| State sources                          |                     |                         |  | 2,612,006  | -                           | 2,612,006           |
| Investment income                      |                     |                         |  | 1,555  | 4,790                       | 6,345               |
| Total general revenues                 |                     |                         |  | 2,613,561  | 4,790                       | 2,618,351           |
| <b>CHANGE IN NET POSITION</b>          |                     |                         |  | (262,369)  | 20,301                      | (242,068)           |
| <b>NET POSITION, BEGINNING OF YEAR</b> |                     |                         |  | 2,382,656  | 1,567,177                   | 3,949,833           |
| <b>NET POSITION, END OF YEAR</b>       |                     |                         |  | <b>\$ 2,120,287</b>                                    | <b>\$ 1,587,478</b>         | <b>\$ 3,707,765</b> |

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

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2013

|   | <u>General<br/>Fund</u> | <u>Special Revenue</u>    |                           |                                     | <u>Total<br/>Governmental<br/>Funds</u> |
|---|-------------------------|---------------------------|---------------------------|-------------------------------------|---|
|   |                         | <u>Institute<br/>Fund</u> | <u>Education<br/>Fund</u> | <u>Other<br/>Nonmajor<br/>Funds</u> |   |
| <b>ASSETS</b>                                       |                         |                           |                           |                                     |   |
| Cash and cash equivalents                           | \$ 175,813              | \$ 1,378,166              | \$ 801,958                | \$ 184,616                          | \$ 2,540,553                            |
| Accounts receivable                                 | 62                      | -                         | -                         | 45                                  | 107                                     |
| Due from other governments                          | 23,256                  | 830                       | 493,953                   | 24                                  | 518,063                                 |
| Due from other funds                                | 4,576                   | 13,956                    | -                         | 478                                 | 19,010                                  |
| Prepaid expenses                                    | 4,398                   | -                         | 3,898                     | -                                   | 8,296                                   |
| <b>TOTAL ASSETS</b>                                 | <u>\$ 208,105</u>       | <u>\$ 1,392,952</u>       | <u>\$ 1,299,809</u>       | <u>\$ 185,163</u>                   | <u>\$ 3,086,029</u>                     |
| <b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>       |                         |                           |                           |                                     |   |
| <b>LIABILITIES</b>                                  |                         |                           |                           |                                     |   |
| Accounts payable                                    | \$ 9,253                | \$ -                      | \$ 12,919                 | \$ -                                | \$ 22,172                               |
| Accrued expenses                                    | 17,979                  | -                         | 123,549                   | -                                   | 141,528                                 |
| Due to other governments                            | 4,746                   | -                         | 105,477                   | -                                   | 110,223                                 |
| Due to other funds                                  | 599,843                 | 16,197                    | 321,063                   | -                                   | 937,103                                 |
| Unearned revenue                                    | -                       | -                         | 55,006                    | 15                                  | 55,021                                  |
| Total liabilities                                   | <u>631,821</u>          | <u>16,197</u>             | <u>618,014</u>            | <u>15</u>                           | <u>1,266,047</u>                        |
| <b>FUND BALANCE (DEFICIT)</b>                       |                         |                           |                           |                                     |   |
| Nonspendable  | 4,398                   | -                         | 3,898                     | -                                   | 8,296                                   |
| Restricted  | -                       | 1,376,755                 | 775,578                   | 185,148                             | 2,337,481                               |
| Assigned  | 128,178                 | -                         | -                         | -                                   | 128,178                                 |
| Unassigned  | (556,292)               | -                         | (97,681)                  | -                                   | (653,973)                               |
| Total fund balance (deficit)                        | <u>(423,716)</u>        | <u>1,376,755</u>          | <u>681,795</u>            | <u>185,148</u>                      | <u>1,819,982</u>                        |
| <b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b> | <u>\$ 208,105</u>       | <u>\$ 1,392,952</u>       | <u>\$ 1,299,809</u>       | <u>\$ 185,163</u>                   | <u>\$ 3,086,029</u>                     |

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



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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

June 30, 2013

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|   |           |                                |
|---|-----------|--------------------------------|
| <b>Total fund balance of governmental funds</b>   | \$        | 1,819,982                      |
| Amounts reported for governmental activities in the<br>Statement of Net Position are different because:   |           |                                |
| Capital assets used in governmental activities are not<br>financial resources and, therefore, are not reported<br>in the funds.   |           | 294,292                        |
| Capital lease obligations are not due and payable in the<br>current period and, therefore, are not reported as<br>liabilities in the funds.   |           | (49,008)                       |
| Receivables not collected within 60 days of year end are<br>not available soon enough to pay for the current<br>period's expenditures and, therefore, are deferred in<br>the funds. |           | <u>55,021</u>                  |
| <b>Net position of governmental activities</b>  | <b>\$</b> | <b><u><u>2,120,287</u></u></b> |

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

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2013

|  | Special Revenue     |                     |                   |                            | Total<br>Governmental<br>Funds |
|--|---------------------|---------------------|-------------------|----------------------------|--------------------------------|
|  | General<br>Fund     | Institute<br>Fund   | Education<br>Fund | Other<br>Nonmajor<br>Funds |                                |
| <b>REVENUES:</b>   |                     |                     |                   |                            |                                |
| Local sources  | \$ 166,397          | \$ 305,662          | \$ 422,363        | \$ 31,762                  | \$ 926,184                     |
| State sources  | 2,612,006           | -                   | 1,066,484         | 3,764                      | 3,682,254                      |
| Federal sources  | -                   | -                   | 1,038,617         | -                          | 1,038,617                      |
| Interest income  | -                   | 1,555               | -                 | -                          | 1,555                          |
| On-behalf payments   | 1,809,819           | -                   | -                 | -                          | 1,809,819                      |
| Total revenues   | <u>4,588,222</u>    | <u>307,217</u>      | <u>2,527,464</u>  | <u>35,526</u>              | <u>7,458,429</u>               |
| <b>EXPENDITURES:</b>   |                     |                     |                   |                            |                                |
| Education:   |                     |                     |                   |                            |                                |
| Salaries   | 321,367             | -                   | 924,565           | -                          | 1,245,932                      |
| Benefits   | 65,825              | -                   | 226,015           | -                          | 291,840                        |
| Purchased services   | 319,725             | 23,022              | 806,830           | 13,268                     | 1,162,845                      |
| Supplies and materials   | 14,281              | 255                 | 71,806            | 84                         | 86,426                         |
| Payments to other governments  | 2,540,277           | 51,263              | 400,358           | -                          | 2,991,898                      |
| Other objects  | 285                 | -                   | 14,312            | -                          | 14,597                         |
| On-behalf payments   | 1,809,819           | -                   | -                 | -                          | 1,809,819                      |
| Capital outlay   | 58,103              | -                   | 9,849             | 237                        | 68,189                         |
| Total expenditures   | <u>5,129,682</u>    | <u>74,540</u>       | <u>2,453,735</u>  | <u>13,589</u>              | <u>7,671,546</u>               |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>(541,460)</u>    | <u>232,677</u>      | <u>73,729</u>     | <u>21,937</u>              | <u>(213,117)</u>               |
| <b>OTHER FINANCING SOURCES (USES):</b>                               |                     |                     |                   |                            |                                |
| Proceeds of capital lease obligations                                | 45,823              | -                   | -                 | -                          | 45,823                         |
| Repayment of long-term lease payable                                 | (15,454)            | -                   | (9,209)           | -                          | (24,663)                       |
| Financing cost   | (1,796)             | -                   | (630)             | -                          | (2,426)                        |
| Transfers in   | 71,729              | -                   | 17,773            | -                          | 89,502                         |
| Transfers out  | (89,502)            | -                   | -                 | -                          | (89,502)                       |
| Total other financing sources (uses)                                 | <u>10,800</u>       | <u>-</u>            | <u>7,934</u>      | <u>-</u>                   | <u>18,734</u>                  |
| <b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>                          | <u>(530,660)</u>    | <u>232,677</u>      | <u>81,663</u>     | <u>21,937</u>              | <u>(194,383)</u>               |
| <b>FUND BALANCE,<br/>BEGINNING OF YEAR</b>                           | <u>106,944</u>      | <u>1,144,078</u>    | <u>600,132</u>    | <u>163,211</u>             | <u>2,014,365</u>               |
| <b>FUND BALANCE (DEFICIT), END OF YEAR</b>                           | <u>\$ (423,716)</u> | <u>\$ 1,376,755</u> | <u>\$ 681,795</u> | <u>\$ 185,148</u>          | <u>\$ 1,819,982</u>            |

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

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

GOVERNMENTAL FUNDS

Year Ended June 30, 2013

**Net change in fund balance** \$ (194,383)

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

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

|                                     |                 |          |
|-------------------------------------|-----------------|----------|
| Capital outlay                      | \$ 66,821       |          |
| Depreciation and disposition losses | <u>(92,348)</u> | (25,527) |

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

|   |               |          |
|---|---------------|----------|
| Fiscal year 2012 deferred revenue recognized<br>in fiscal year 2013 | (76,320)      |          |
| Fiscal year 2013 deferred revenue                                   | <u>55,021</u> | (21,299) |

Some of the capital assets aquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. The capital leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.

(45,823)

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

24,663

**Change in net position of governmental activities** \$ (262,369)

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

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2013

|  | <u>Business Type Activities - Enterprise Funds</u>    |                           |  |                     |
|--|---|---------------------------|--|---------------------|
|  | <u>Major Funds</u>                                    |                           | <u>Nonmajor Fund</u>                             |                     |
|  | <u>Teacher Inservice<br/>for DuPage<br/>Educators</u> | <u>Local<br/>Services</u> | <u>Criminal<br/>Background<br/>Investigation</u> | <u>Total</u>        |
| <b>ASSETS</b>                          |   |                           |  |                     |
| Current assets:                        |   |                           |  |                     |
| Cash and cash equivalents              | \$ 267,610  | \$ 490,831                | \$ 37,321  | \$ 795,762          |
| Accounts receivable                    | -   | 190                       | -  | 190                 |
| Due from other governments             | -   | 27,748                    | 11,649   | 39,397              |
| Due from other funds                   | 5,109   | 936,050                   | 117  | 941,276             |
| Prepaid expenses                       | -   | 532                       | 755  | 1,287               |
| Total current assets                   | 272,719   | 1,455,351                 | 49,842   | 1,777,912           |
| Noncurrent assets:                     |   |                           |  |                     |
| Capital assets, being depreciated, net | -   | 471                       | -  | 471                 |
| <b>TOTAL ASSETS</b>                    | <u>272,719</u>  | <u>1,455,822</u>          | <u>49,842</u>                                    | <u>1,778,383</u>    |
| <b>LIABILITIES</b>                     |   |                           |  |                     |
| Current liabilities:                   |   |                           |  |                     |
| Accounts Payable                       | 2,568   | 4,306                     | -  | 6,874               |
| Accrued Expenses                       | -   | 1,752                     | -  | 1,752               |
| Due to other governments               | 53,490  | 4,400                     | 2,551  | 60,441              |
| Due to other funds                     | 5,080   | 5,498                     | 12,605   | 23,183              |
| Unearned revenue                       | 98,655  | -                         | -  | 98,655              |
| <b>TOTAL LIABILITIES</b>               | <u>159,793</u>  | <u>15,956</u>             | <u>15,156</u>                                    | <u>190,905</u>      |
| <b>NET POSITION</b>                    |   |                           |  |                     |
| Net investment in capital asset:       |   |                           |  |                     |
| Unrestricted                           | -   | 471                       | -  | 471                 |
|  | <u>112,926</u>  | <u>1,439,395</u>          | <u>34,686</u>                                    | <u>1,587,007</u>    |
| <b>TOTAL NET POSITION</b>              | <u>\$ 112,926</u>                                     | <u>\$ 1,439,866</u>       | <u>\$ 34,686</u>                                 | <u>\$ 1,587,478</u> |

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

**DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2013

|  | <b><u>Business Type Activities - Enterprise Funds</u></b>    |                                  |   |                     |
|--|--|----------------------------------|---|---------------------|
|  | <b><u>Major Funds</u></b>                                    |                                  | <b><u>Nonmajor Fund</u></b>                             |                     |
|  | <b><u>Teacher Inservice<br/>for DuPage<br/>Educators</u></b> | <b><u>Local<br/>Services</u></b> | <b><u>Criminal<br/>Background<br/>Investigation</u></b> | <b><u>Total</u></b> |
| <b>OPERATING REVENUES:</b>                     |  |                                  |   |                     |
| Local sources                                  | \$ 432,121   | \$ 626,769                       | \$ 74,728   | \$ 1,133,618        |
| <b>OPERATING EXPENSES:</b>                     |  |                                  |   |                     |
| Salaries                                       | -  | 115,800                          | -   | 115,800             |
| Benefits                                       | 1,479  | 15,610                           | -   | 17,089              |
| Purchased services                             | 63,391   | 487,491                          | 53,704  | 604,586             |
| Supplies and materials                         | 1,805  | 6,306                            | 174   | 8,285               |
| Payment to other governments                   | 370,608  | -                                | -   | 370,608             |
| Other objects                                  | -  | 1,621                            | -   | 1,621               |
| Depreciation                                   | -  | 118                              | -   | 118                 |
| Total operating expenses                       | <u>437,283</u>   | <u>626,946</u>                   | <u>53,878</u>   | <u>1,118,107</u>    |
| <b>OPERATING INCOME (LOSS)</b>                 | (5,162)  | (177)                            | 20,850  | 15,511              |
| <b>NONOPERATING REVENUES</b>                   |  |                                  |   |                     |
| Interest revenue                               | <u>174</u>   | <u>4,616</u>                     | <u>-</u>  | <u>4,790</u>        |
| <b>CHANGE IN NET POSITION BEFORE TRANSFERS</b> | (4,988)  | 4,439                            | 20,850  | 20,301              |
| Transfers in                                   | -  | 11,136                           | -   | 11,136              |
| Transfers out                                  | <u>(11,136)</u>  | <u>-</u>                         | <u>-</u>  | <u>(11,136)</u>     |
| Total transfers                                | <u>(11,136)</u>  | <u>11,136</u>                    | <u>-</u>  | <u>-</u>            |
| <b>CHANGE IN NET POSITION</b>                  | (16,124)   | 15,575                           | 20,850  | 20,301              |
| <b>NET POSITION, BEGINNING OF YEAR</b>         | <u>129,050</u>   | <u>1,424,291</u>                 | <u>13,836</u>   | <u>1,567,177</u>    |
| <b>NET POSITION, END OF YEAR</b>               | <u>\$ 112,926</u>  | <u>\$ 1,439,866</u>              | <u>\$ 34,686</u>  | <u>\$ 1,587,478</u> |

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

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2013

|  | <b>Business-Type<br/>Activities<br/>Enterprise Funds</b> |                           |  | <b>Total</b>      |
|--|--|---------------------------|--|-------------------|
|  | <b>Major Funds</b>                                       |                           | <b>Nonmajor Fund</b>                             |                   |
|  | <b>Teacher Inservice<br/>for DuPage<br/>Educators</b>    | <b>Local<br/>Services</b> | <b>Criminal<br/>Background<br/>Investigation</b> |                   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |  |                           |  |                   |
| Receipts for workshops and services  | \$ 425,246   | \$ 666,299                | \$ 74,210  | \$ 1,165,755      |
| Payments to suppliers and providers of goods and services  | (433,027)  | (501,845)                 | (42,875)   | (977,747)         |
| Payments to employees  | (1,479)  | (131,238)                 | -  | (132,717)         |
| Net cash provided by (used in) operating activities  | <u>(9,260)</u>   | <u>33,216</u>             | <u>31,335</u>                                    | <u>55,291</u>     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>  |  |                           |  |                   |
| Interfund loans  | -  | (917,354)                 | 4,847  | (912,507)         |
| Transfers from (to) other funds  | (11,136)   | 11,136                    | -  | -                 |
| Net cash provided by (used in) noncapital financing activities   | <u>(11,136)</u>  | <u>(906,218)</u>          | <u>4,847</u>                                     | <u>(912,507)</u>  |
| <b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>   |  |                           |  |                   |
| Purchase of capital assets   | -  | (589)                     | -  | (589)             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |  |                           |  |                   |
| Interest   | 174  | 4,616                     | -  | 4,790             |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>   | (20,222)   | (868,975)                 | 36,182   | (853,015)         |
| <b>CASH AND CASH EQUIVALENTS,<br/>BEGINNING OF YEAR</b>  | <u>287,832</u>   | <u>1,359,806</u>          | <u>1,139</u>                                     | <u>1,648,777</u>  |
| <b>CASH AND CASH EQUIVALENTS,<br/>END OF YEAR</b>  | <u>\$ 267,610</u>  | <u>\$ 490,831</u>         | <u>\$ 37,321</u>                                 | <u>\$ 795,762</u> |
| <b>Reconciliation of operating income (loss) to net cash<br/>provided by (used in) operating activities:</b> |  |                           |  |                   |
| Operating income (loss)  | \$ (5,162)   | \$ (177)                  | \$ 20,850  | \$ 15,511         |
| Adjustments to reconcile operating income (loss)<br>to net cash provided by (used in) operating activities:  |  |                           |  |                   |
| Depreciation   | -  | 118                       | -  | 118               |
| Effects of changes in assets and liabilities:  |  |                           |  |                   |
| Accounts receivable  | -  | (190)                     | -  | (190)             |
| Due from other governments   | -  | 39,865                    | (518)  | 39,347            |
| Prepaid expenses   | -  | (41)                      | 8,452  | 8,411             |
| Accounts payable   | 967  | (6,186)                   | -  | (5,219)           |
| Accrued expenses   | -  | 172                       | -  | 172               |
| Due to other governments   | 1,810  | (200)                     | 2,551  | 4,161             |
| Deferred revenue   | (6,875)  | (145)                     | -  | (7,020)           |
| <b>Net cash provided by (used in) operating activities</b>   | <u>\$ (9,260)</u>  | <u>\$ 33,216</u>          | <u>\$ 31,335</u>                                 | <u>\$ 55,291</u>  |

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

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

**STATEMENT OF FIDUCIARY NET POSITION**

**FIDUCIARY FUNDS**

June 30, 2013

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|                           | <b><u>Agency<br/>Funds</u></b> |
|---------------------------|--------------------------------|
| <b>ASSETS</b>             |                                |
| Cash and cash equivalents | \$ <u>23,533</u>               |
| <b>LIABILITIES</b>        |                                |
| Due to other governments  | \$ <u>23,533</u>               |

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

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

**A. Reporting Entity**

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

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

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

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



**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS**

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

**A. Reporting Entity (Continued)**

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

For the period ended June 30, 2013, the ROE applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education No. 19.

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

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

These are the only activities considered to be part of (controlled by or dependent on) the ROE, as determined by the application of the criteria set forth in Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity. The criteria for inclusion of an entity include, but are not limited to, legal standing, fiscal dependency, imposition of will, and potential for financial benefit or burden. In 2013, DuPage County Regional Office of Education No. 19 implemented Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 3*.

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

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

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS**

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

**A. Reporting Entity (Continued)**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities are supported by intergovernmental revenues and are reported separate from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay current liabilities. The ROE considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements, but are recognized as current revenues in the government-wide financial statements. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

The ROE reports the following major governmental funds:

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

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

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

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

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

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

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

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

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

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

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS**

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

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

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

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

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

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS**

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

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

- Supervisory - These funds are an annual appropriation of State common school funds for the expenses incurred in providing supervisory services.

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

The ROE reported the following proprietary funds as major funds:

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

The ROE reported the following proprietary fund as nonmajor:

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

**Fiduciary Funds**

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

The ROE utilizes the following agency fund:

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

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS**

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

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

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

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

**E. Cash and Cash Equivalents**

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

**F. Due From Other Governments**

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

**G. Capital Assets**

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

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



**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS**

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

**G. Capital Assets (Continued)**

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

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

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

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

**H. Equity**

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

Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and related debt.

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

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

Fund balance is the difference between assets and liabilities in a Governmental Fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

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

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS**

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

**H. Equity (Continued)**

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

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

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

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

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

**I. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, gains, losses, and other changes in fund balance during the reporting period. Actual results could differ from those estimates.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS**

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

**J. Interfund Activity**

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

**K. Budgetary Data**

The ROE did not formally adopt a budget for the year ended June 30, 2013 and is not legally required to do so. The Illinois State Board of Education requires budgets for certain State and federal programs. These budgets were used to prepare Budgetary Comparison Schedules for the following programs:

Special Revenue Funds:

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

**L. New Accounting Pronouncements**

In 2013, DuPage County Regional Office of Education No. 19 implemented Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*; GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The Regional Office of Education No. 19 implemented these standards during the current year; however, GASB Statement No. 60 and 61 had no impact on the financial statements. The implementation of GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2 - CASH AND CASH EQUIVALENTS**

The *Illinois Compiled Statutes* authorize the ROE to invest in U.S. Government, State of Illinois, and municipal securities; certificates of deposit or time savings deposits insured by the FDIC; mortgage notes, bonds, or debentures issued by the Federal Housing Administration; bonds and other obligations of the Federal National Mortgage Association; commercial paper rated within the three highest classifications by at least two standard rating services; credit union shares; and the Illinois Funds.

Bank Deposits

*Custodial Credit Risk* - Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the ROE's deposits may not be returned to it. The ROE does not have a formal investment policy to guard against custodial credit risk for deposits with financial institutions. At June 30, 2013, the bank balance of the ROE totaled \$4,134,873. As of June 30, 2013, \$5,452 of the ROE's deposits of \$4,134,873 were exposed to custodial credit risk, as they were uninsured and uncollateralized.

Investments

The ROE does not have a formal investment policy but requires funds to be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2.

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

*Interest Rate Risk* - The interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of the investment, the greater the sensitivity of its fair value to changes in market interest rates. The ROE's policy for reducing its exposure to the risk is to structure the ROE's portfolio so that securities mature to meet the ROE's cash requirements for ongoing operations. As of June 30, 2013, all of the ROE's investments have investment maturities of less than three months.

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

**DUPAGE COUNTY**  
**REGIONAL OFFICE OF EDUCATION NO. 19**  
**NOTES TO FINANCIAL STATEMENTS**

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

*Credit Risk* - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The ROE's policy for managing its exposure to the risk is to limit investments to those allowable by the Illinois Public Funds Investment Act. As of June 30, 2013, the ROE's investments in repurchase agreement, money market funds and the Illinois Funds investment pool were rated AAA, AAA, and AAAM, respectively, using the Standard and Poor's rating scale.

*Concentration of Credit Risk* - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single user. The ROE does not have a policy that specifically addresses concentration of risk. As of June 30, 2013, the ROE had approximately 85% of its investment portfolio in repurchase agreements with a local bank that was fully collateralized by U.S. agency obligations. The investment in money market funds, which is 10% of total investments, consists only of short-term U.S. Treasury securities. The investment in the Illinois Funds investment pool is subject to the Illinois Fund's investment policy, which limits investment categories to not exceed 25% of the portfolio, with the exception of cash equivalents and U.S. Treasury securities.

**NOTE 3 - CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2013 is as follows:

|                                | <u>June 30,</u><br><u>2012</u> | <u>Additions</u>   | <u>Deletions</u>  | <u>June 30,</u><br><u>2013</u> |
|--------------------------------|--------------------------------|--------------------|-------------------|--------------------------------|
| Governmental Funds:            |                                |                    |                   |                                |
| Furniture and equipment        | \$ 954,910                     | \$ 66,821          | \$ (237,500)      | \$ 784,231                     |
| Building improvements          | 103,300                        | -                  | -                 | 103,300                        |
| Total capital assets           | <u>1,058,210</u>               | <u>66,821</u>      | <u>(237,500)</u>  | <u>887,531</u>                 |
| Less: accumulated depreciation |                                |                    |                   |                                |
| Furniture and equipment        | 676,906                        | 82,496             | (232,813)         | 526,589                        |
| Building improvements          | 61,485                         | 5,165              | -                 | 66,650                         |
| Total accumulated depreciation | <u>738,391</u>                 | <u>87,661</u>      | <u>(232,813)</u>  | <u>593,239</u>                 |
| Capital assets, net            | <u>\$ 319,819</u>              | <u>\$ (20,840)</u> | <u>\$ (4,687)</u> | <u>\$ 294,292</u>              |
| Proprietary Funds:             |                                |                    |                   |                                |
| Furniture and equipment        | \$ -                           | \$ 589             | \$ -              | \$ 589                         |
| Less: accumulated depreciation |                                |                    |                   |                                |
| Furniture and equipment        | -                              | 118                | -                 | 118                            |
| Capital assets, net            | <u>\$ -</u>                    | <u>\$ 471</u>      | <u>\$ -</u>       | <u>\$ 471</u>                  |

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 3 - CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged as follows:

|                                  |                  |
|----------------------------------|------------------|
| Governmental Funds:              |                  |
| Depreciation expense - Education | \$ 87,661        |
| Proprietary Funds:               |                  |
| Depreciation expense             | <u>118</u>       |
| Total depreciation expense       | <u>\$ 87,779</u> |

**NOTE 4 - LEASE COMMITMENTS**

The following is a summary of changes in lease commitments for the year ended June 30, 2013:

|                       | <u>June 30,</u><br><u>2012</u> | <u>Additions</u> | <u>Deletions</u> | <u>June 30,</u><br><u>2013</u> | <u>Due</u><br><u>within</u><br><u>one year</u> |
|-----------------------|--------------------------------|------------------|------------------|--------------------------------|--|
| Governmental Funds:   |                                |                  |                  |                                |  |
| Capital lease payable | \$ 27,848                      | \$ 45,823        | \$ 24,663        | \$ 49,008                      | \$ 15,695                                      |

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

The present value of future minimum lease payments and total minimum annual lease payments for capital leases recorded in the government-wide statement of net position at June 30, 2013 were as follows:

| <u>Year Ending June 30,</u>             | <u>Amount</u>    |
|---|------------------|
| 2014                                    | \$ 17,819        |
| 2015                                    | 10,440           |
| 2016                                    | 10,440           |
| 2017                                    | 10,440           |
| 2018                                    | <u>5,220</u>     |
| Total minimum lease payments            | 54,359           |
| Less: amount representing interest      | <u>5,351</u>     |
| Present value of minimum lease payments | <u>\$ 49,008</u> |

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 4 - LEASE COMMITMENTS (CONTINUED)**

Assets under capital lease amounted to \$88,749, and the related accumulated depreciation amounted to \$43,098.

The ROE leases office space for its Lombard and Addison operations. The agreements provide for a renewal option to extend up to June 30, 2015, and annual increases in future minimum lease payments do not exceed 5%. See Note 13 for information on subsequent events. Also, the agreements generally require the ROE to pay executor costs. Rental expense for the year ended June 30, 2013 was \$205,507.

At June 30, 2013 future minimum payments under noncancelable operating leases with remaining terms in excess of one year were as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u>       |
|-----------------------------|---------------------|
| 2014                        | \$ 153,273          |
| 2015                        | 261,867             |
| 2016                        | 213,148             |
| 2017                        | 213,148             |
| 2018                        | 213,148             |
| 2019                        | <u>108,594</u>      |
| Total                       | <u>\$ 1,163,178</u> |

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

Teachers' Retirement System of the State of Illinois

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

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

**DUPAGE COUNTY**  
**REGIONAL OFFICE OF EDUCATION NO. 19**  
**NOTES TO FINANCIAL STATEMENTS**

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

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

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

- **On-behalf Contributions.** The State of Illinois makes employer pension contributions on behalf of the DuPage County Regional Office of Education No. 19. For the year ended June 30, 2013, the State of Illinois contributions were based on 28.05 percent of creditable earnings not paid from federal funds, and the DuPage County Regional Office of Education No. 19 recognized revenue and expenditures of \$287,955 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2012 and June 30, 2011, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 24.91 percent (\$235,845) and 23.10 percent (\$167,816), respectively.

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

- **2.2 Formula Contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2013 were \$4,768. Contributions for the years ending June 30, 2012 and June 30, 2011, were \$4,361 and \$3,103, respectively.
- **Federal and Special Trust Fund Contributions.** When TRS members are paid from federal and special trust funds administered by the DuPage County Regional Office of Education No. 19, there is a statutory requirement for the DuPage County Regional Office of Education No. 19 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.



**DUPAGE COUNTY**  
**REGIONAL OFFICE OF EDUCATION NO. 19**  
**NOTES TO FINANCIAL STATEMENTS**

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

For the year ended June 30, 2013, the employer pension contribution was 28.05 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2012 and 2011, the employer contribution was 24.91 and 23.10 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2013, salaries totaling \$204,528 were paid from federal and special trust funds that required employer contributions of \$57,370. For the years ended June 30, 2012 and June 30, 2011, required employer contributions were \$28,504 and \$25,518, respectively.

- **Early Retirement Option (ERO).** The DuPage County Regional Office of Education No. 19 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member. The maximum employer ERO contribution under the current program is 117.5 percent and applies when the member is age 55 at retirement. For the years ended June 30, 2013, June 30, 2012 and June 30, 2011, the DuPage County Regional Office of Education No. 19 paid no employer contributions under the ERO program.
- **Salary increases over 6 percent and excess sick leave.** If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases up to 6 percent. For the years ended June 30, 2013, June 30, 2012, and June 30, 2011, the DuPage County Regional Office of Education No. 19 did not make any employer contributions to TRS for salary increases in excess of 6 percent.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.83 percent of salary during the year ended June 30, 2013). For the years ended June 30, 2013, June 30, 2012, and June 30, 2011, the DuPage County Regional Office of Education No. 19 did not make any employer contributions to TRS for sick leave days granted in excess of the normal annual allotment.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2012. The report for the year ended June 30, 2013, is expected to be available in late 2013.

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

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS**

DuPage County Health Plan

The Dupage County Regional Office of Education No. 19 participates in the DuPage County Health Insurance Plan (OPEB Plan) that provides limited health-care insurance for certain eligible retired employees. The OPEB Plan provides an explicit premium study to certain employees who meet eligibility conditions, and other coverage to certain employees as a function of their early retirement agreements. Membership in the OPEB Plan consists of 3,197 total members, out of which 17 members are employees of the DuPage County Regional Office of Education No. 19.

The actuarial valuation of liabilities under the OPEB Plan is calculated using the entry age actuarial cost method as of the November 30, 2012 actuarial valuation. This method requires the calculation of an unfunded actuarial accrued liability, OPEB cost and OPEB obligation for DuPage County which amounted to \$10,240,463, \$585,450 and \$91,749 as of November 30, 2012, respectively. The DuPage County Regional Office of Education No. 19's portion of the unfunded actuarial accrued liability is not separately determinable from the DuPage County actuarial study.

The DuPage County Regional Office of Education No. 19 has estimated its portion of the DuPage County's net OPEB obligation using the ratio of full-time equivalent employees of the DuPage County Regional Office of Education No. 19 employees who participate in the OPEB Plan (0.53% of total members), the ROE estimated the net OPEB liability was determined to be very minimal.

Details of the OPEB Plan are available in DuPage County's audit report for the year ended November 30, 2012. The report may be obtained by writing to the Finance Department, DuPage County, 421 North County Farm Road, Wheaton, Illinois 60187.

Teachers Health Insurance Security Fund

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

**DUPAGE COUNTY**  
**REGIONAL OFFICE OF EDUCATION NO. 19**  
**NOTES TO FINANCIAL STATEMENTS**

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

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

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

- **On-behalf contributions to THIS Fund.** The State of Illinois makes employer retiree health insurance contributions on behalf of the DuPage County Regional Office of Education No. 19. State contributions are intended to match contributions to THIS Fund from active members which were 0.92 percent of pay during the year ended June 30, 2013. State of Illinois contributions were \$7,563, and the DuPage County Regional Office of Education No. 19 recognized revenue and expenditures of this amount during the year. State contributions intended to match active member contributions during the years ended June 30, 2012 and June 30, 2011 were 0.88 percent of pay, both years. State contributions on behalf of the DuPage County Regional Office of Education No. 19 employees were \$6,617 and \$4,708, respectively.
- **Employer contributions to THIS Fund.** The DuPage County Regional Office of Education No. 19 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.69 percent during the year ended June 30, 2013 and 0.66 percent during the years ended June 30, 2012 and June 30, 2011. For the year ended June 30, 2013, the DuPage County Regional Office of Education No. 19 paid \$5,672 to the THIS Fund. For the years ended June 30, 2012 and June 30, 2011, the DuPage County Regional Office of Education No. 19 paid \$4,963 and \$3,531 to the THIS Fund, respectively, which was 100 percent of the required contribution.

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The 2013 report is listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE 7 - ON-BEHALF PAYMENTS**

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

|   |                            |
|---|----------------------------|
| Regional Superintendent - salary  | \$ 107,640                 |
| Regional Superintendent - benefits<br>(includes state paid insurance)           | 6,782                      |
| Assistant Regional Superintendent - salary                                      | 96,888                     |
| Assistant Regional Superintendent - benefits<br>(includes state paid insurance) | 34,350                     |
| TRS on-behalf payments  | 287,955                    |
| THIS on-behalf payments   | 7,563                      |
| Salaries and benefits of office employees paid by<br>DuPage County              | 801,641                    |
| Other operating expenses  | <u>467,000</u>             |
| <b>Total on-behalf payments</b>   | <b><u>\$ 1,809,819</u></b> |

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

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

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

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

**Due From Other Governments**

Governmental Funds:

|                                   |           |
|-----------------------------------|-----------|
| General Fund                      |           |
| Local governments                 | \$ 23,256 |
| Institute Fund                    | 830       |
| Local governments                 |           |
| Education Fund                    |           |
| Illinois State Board of Education | 136,197   |
| Local governments                 | 357,756   |

**DUPAGE COUNTY**  
**REGIONAL OFFICE OF EDUCATION NO. 19**  
**NOTES TO FINANCIAL STATEMENTS**

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

|  |                          |
|--|--------------------------|
| Nonmajor Special Revenue Funds         |                          |
| Local governments                      | 24                       |
| Proprietary Funds:                     |                          |
| Local Services                         |                          |
| Local governments                      | \$ 27,748                |
| Criminal Background Investigation      |                          |
| Local government                       | <u>11,649</u>            |
| <b>Total</b>                           | <u><u>\$ 557,460</u></u> |
| <b><u>Due To Other Governments</u></b> |                          |
| Governmental Funds:                    |                          |
| General Fund                           |                          |
| Local governments                      | \$ 4,746                 |
| Education Fund                         |                          |
| Illinois State Board of Education      | 28,770                   |
| Local governments                      | 76,707                   |
| Proprietary Funds:                     |                          |
| Teacher Inservice for DuPage Educators |                          |
| Local governments                      | 53,490                   |
| Local Services                         |                          |
| Local governments                      | 4,400                    |
| Criminal Background Investigation      |                          |
| Local governments                      | 2,551                    |
| Agency Funds:                          |                          |
| DuPage Career Education Center (DCEC)  |                          |
| Local governments                      | <u>23,533</u>            |
| <b>Total</b>                           | <u><u>\$ 194,197</u></u> |

**DUPAGE COUNTY  
REGIONAL OFFICE OF EDUCATION NO. 19  
NOTES TO FINANCIAL STATEMENTS**

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

Interfund receivables and payables, primarily made to cover cash deficits within pooled cash accounts, as of June 30, 2013 were:

|  | <u><b>Due From</b></u>   | <u><b>Due To</b></u>     |
|--|--------------------------|--------------------------|
| General Fund                           | \$ 4,576                 | \$ 599,843               |
| Institute Fund                         | 13,956                   | 16,197                   |
| Education Fund                         | -                        | 321,063                  |
| Nonmajor Special Revenue Funds         | 478                      | -                        |
| Teacher Inservice for DuPage Educators | 5,109                    | 5,080                    |
| Local Services                         | 936,050                  | 5,498                    |
| Criminal Background Investigation      | 117                      | 12,605                   |
| <b>Total</b>                           | <u><u>\$ 960,286</u></u> | <u><u>\$ 960,286</u></u> |

**NOTE 10 - TRANSFERS**

Transfers are generally made to provide supplemental funding or move resources from the fund required to collect the resources to the fund required to expend the resources. The following is the detail of interfund transfers as of June 30, 2013:

|  | <u><b>Transfers In</b></u> | <u><b>Transfers Out</b></u> |
|--|----------------------------|-----------------------------|
| General Fund                                 |                            |                             |
| ROE Operations                               | \$ -                       | \$ 17,773                   |
| Regional Safe Schools and General State Aid  | -                          | 71,729                      |
| Truant Minors in Need of Supervision (TMINS) | 71,729                     | -                           |
| Education Fund                               |                            |                             |
| Early Childhood Parenting Program            | 6,040                      | -                           |
| Technology for Success                       | 3,328                      | -                           |
| ROE/ISC Operations                           | 8,405                      | -                           |
| Proprietary Funds                            |                            |                             |
| Teacher Inservice for DuPage Educators       | -                          | 11,136                      |
| Local Services                               | 11,136                     | -                           |
| <b>Total</b>                                 | <u><u>\$ 100,638</u></u>   | <u><u>\$ 100,638</u></u>    |

**DUPAGE COUNTY**  
**REGIONAL OFFICE OF EDUCATION NO. 19**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 11 - DEFICIT FUND BALANCES**

At June 30, 2013, the following funds had deficit fund balances. They are expected to correct themselves in 2014, through payments from the State and transfers from local funds.

|   |              |
|---|--------------|
| General Fund  |              |
| ROE Operations  | \$ (548,101) |
| Truant Minors in Need of Supervision (TMINS)                          | (50,263)     |
| Education Fund  |              |
| Truants' Alternative Program  | (17,896)     |
| McKinney Education for Homeless Children                              | (3,330)      |
| Workforce Investment Act  | \$ (17,401)  |
| National Board Professional Preparation and Teacher<br>Support System | (2,458)      |
| Preschool for All   | (4,373)      |
| Reading Improvement   | (5,500)      |
| Gifted Education  | (11,962)     |
| Career & Technical Education Improvement                              | (1,823)      |
| School Improvement  | (6,040)      |
| Response to Intervention  | (14,573)     |
| Title II Teacher Quality Leadership                                   | (11,700)     |

**NOTE 12 - RISK MANAGEMENT**

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

**NOTE 13 - SUBSEQUENT EVENTS**

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

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

## **SUPPLEMENTAL INFORMATION**



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

COMBINING SCHEDULE OF ACCOUNTS

GENERAL FUND ACCOUNTS

June 30, 2013

|   | <u>Reading<br/>First</u> | <u>ROE<br/>Operations</u> | <u>Regional Safe<br/>Schools and<br/>General State Aid</u> | <u>Area I</u>   | <u>Truant Minors in<br/>Need of<br/>Supervision<br/>(TMINS)</u> | <u>Total</u>      |
|---|--------------------------|---------------------------|--|-----------------|---|-------------------|
| <b>ASSETS</b>   |                          |                           |  |                 |   |                   |
| Cash and cash equivalents                               | \$ 47,270                | \$ -                      | \$ 126,412   | \$ 2,131        | \$ -  | \$ 175,813        |
| Accounts receivable                                     | -                        | 62                        | -  | -               | -   | 62                |
| Due from other governments                              | -                        | 23,256                    | -  | -               | -   | 23,256            |
| Due from other funds                                    | -                        | 4,576                     | -  | -               | -   | 4,576             |
| Prepaid expenses  | -                        | 4,054                     | -  | -               | 344   | 4,398             |
| <b>TOTAL ASSETS</b>                                     | <u>\$ 47,270</u>         | <u>\$ 31,948</u>          | <u>\$ 126,412</u>  | <u>\$ 2,131</u> | <u>\$ 344</u>   | <u>\$ 208,105</u> |
| <b>LIABILITIES AND<br/>FUND BALANCE (DEFICIT)</b>       |                          |                           |  |                 |   |                   |
| <b>LIABILITIES</b>                                      |                          |                           |  |                 |   |                   |
| Accounts payable  | \$ 800                   | \$ 8,453                  | \$ -   | \$ -            | \$ -  | \$ 9,253          |
| Accrued expenses  | -                        | 11,354                    | -  | -               | 6,625   | 17,979            |
| Due to other governments                                | -                        | 4,381                     | 365  | -               | -   | 4,746             |
| Due to other funds                                      | -                        | 555,861                   | -  | -               | 43,982  | 599,843           |
| Total liabilities                                       | <u>800</u>               | <u>580,049</u>            | <u>365</u>   | <u>-</u>        | <u>50,607</u>   | <u>631,821</u>    |
| <b>FUND BALANCE (DEFICIT)</b>                           |                          |                           |  |                 |   |                   |
| Nonspendable  | -                        | 4,054                     | -  | -               | 344   | 4,398             |
| Assigned  | -                        | -                         | 126,047  | 2,131           | -   | 128,178           |
| Unassigned  | 46,470                   | (552,155)                 | -  | -               | (50,607)  | (556,292)         |
| Total fund balance (deficit)                            | <u>46,470</u>            | <u>(548,101)</u>          | <u>126,047</u>   | <u>2,131</u>    | <u>(50,263)</u>   | <u>(423,716)</u>  |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCE (DEFICIT)</b> | <u>\$ 47,270</u>         | <u>\$ 31,948</u>          | <u>\$ 126,412</u>  | <u>\$ 2,131</u> | <u>\$ 344</u>   | <u>\$ 208,105</u> |

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19

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

GENERAL FUND ACCOUNTS

For the Year Ended June 30, 2013

|  | <u>Reading<br/>First</u> | <u>ROE<br/>Operations</u> | <u>Regional Safe<br/>Schools and<br/>General State Aid</u> | <u>Area I</u>   | <u>Truant Minors in<br/>Need of<br/>Supervision<br/>(TMINS)</u> | <u>Totals</u>       |
|--|--------------------------|---------------------------|--|-----------------|---|---------------------|
| <b>REVENUES:</b>   |                          |                           |  |                 |   |                     |
| Local sources  | \$ -                     | \$ 164,416                | \$ -   | \$ 1,875        | \$ 106  | \$ 166,397          |
| State sources  | -                        | -                         | 2,612,006  | -               | -   | 2,612,006           |
| On-behalf payments   | -                        | 1,809,819                 | -  | -               | -   | 1,809,819           |
| Total revenues   | <u>-</u>                 | <u>1,974,235</u>          | <u>2,612,006</u>   | <u>1,875</u>    | <u>106</u>  | <u>4,588,222</u>    |
| <b>EXPENDITURES:</b>   |                          |                           |  |                 |   |                     |
| Education:   |                          |                           |  |                 |   |                     |
| Salaries   | -                        | 246,185                   | -  | -               | 75,182  | 321,367             |
| Benefits   | -                        | 55,594                    | -  | -               | 10,231  | 65,825              |
| Purchased services   | 7,200                    | 302,646                   | -  | 1,093           | 8,786   | 319,725             |
| Supplies and material:   | -                        | 13,747                    | -  | -               | 534   | 14,281              |
| Payments to other government   | -                        | -                         | 2,540,277  | -               | -   | 2,540,277           |
| Other objects  | -                        | 285                       | -  | -               | -   | 285                 |
| On-behalf payments   | -                        | 1,809,819                 | -  | -               | -   | 1,809,819           |
| Capital outlay   | -                        | 58,103                    | -  | -               | -   | 58,103              |
| Total expenditures   | <u>7,200</u>             | <u>2,486,379</u>          | <u>2,540,277</u>   | <u>1,093</u>    | <u>94,733</u>   | <u>5,129,682</u>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>(7,200)</u>           | <u>(512,144)</u>          | <u>71,729</u>  | <u>782</u>      | <u>(94,627)</u>   | <u>(541,460)</u>    |
| <b>OTHER FINANCING SOURCES (USES):</b>                               |                          |                           |  |                 |   |                     |
| Proceeds of capital lease obligations                                | -                        | 45,823                    | -  | -               | -   | 45,823              |
| Repayment of long-term lease payable                                 | -                        | (15,454)                  | -  | -               | -   | (15,454)            |
| Financing cost   | -                        | (1,796)                   | -  | -               | -   | (1,796)             |
| Transfers in   | -                        | -                         | -  | -               | 71,729  | 71,729              |
| Transfers out  | -                        | (17,773)                  | (71,729)   | -               | -   | (89,502)            |
| Total other financing sources (uses)                                 | <u>-</u>                 | <u>10,800</u>             | <u>(71,729)</u>  | <u>-</u>        | <u>71,729</u>   | <u>10,800</u>       |
| <b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>                          | <u>(7,200)</u>           | <u>(501,344)</u>          | <u>-</u>   | <u>782</u>      | <u>(22,898)</u>   | <u>(530,660)</u>    |
| <b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>                     | <u>53,670</u>            | <u>(46,757)</u>           | <u>126,047</u>   | <u>1,349</u>    | <u>(27,365)</u>   | <u>106,944</u>      |
| <b>FUND BALANCE (DEFICIT), END OF YEAR</b>                           | <u>\$ 46,470</u>         | <u>\$ (548,101)</u>       | <u>\$ 126,047</u>  | <u>\$ 2,131</u> | <u>\$ (50,263)</u>  | <u>\$ (423,716)</u> |

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

COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND ACCOUNTS

June 30, 2013

|   | <u>Regional Safe<br/>Schools</u> | <u>Early Childhood<br/>Parenting<br/>Program</u> | <u>Truants'<br/>Alternative<br/>Program</u> | <u>McKinney<br/>Education for<br/>Homeless<br/>Children</u> | <u>Workforce<br/>Investment Act</u> |
|---|----------------------------------|--|---|---|-------------------------------------|
| <b>ASSETS</b>   |                                  |  |   |   |                                     |
| Cash and cash equivalents                               | \$ 559,780                       | \$ 4,611   | \$ -  | \$ -  | \$ 1,204                            |
| Due from other governments                              | 54,437                           | 9,425  | -   | -   | 24,356                              |
| Prepaid expenses  | <u>1,888</u>                     | <u>344</u>                                       | <u>-</u>                                    | <u>-</u>  | <u>333</u>                          |
| <b>TOTAL ASSETS</b>                                     | <b><u>\$ 616,105</u></b>         | <b><u>\$ 14,380</u></b>                          | <b><u>\$ -</u></b>                          | <b><u>\$ -</u></b>  | <b><u>\$ 25,893</u></b>             |
| <b>LIABILITIES AND<br/>FUND BALANCE (DEFICIT)</b>       |                                  |  |   |   |                                     |
| <b>LIABILITIES</b>                                      |                                  |  |   |   |                                     |
| Accounts payable  | \$ 1,219                         | \$ -   | \$ -  | \$ -  | \$ -                                |
| Accrued expenses  | 88,693                           | 10,505   | -   | -   | 18,279                              |
| Due to other governments                                | 7,012                            | -  | 4,050                                       | 153   | -                                   |
| Due to other funds                                      | -                                | -  | 13,846                                      | 3,177   | -                                   |
| Unearned revenue  | <u>-</u>                         | <u>-</u>   | <u>-</u>                                    | <u>-</u>  | <u>25,015</u>                       |
| Total liabilities                                       | <u>96,924</u>                    | <u>10,505</u>                                    | <u>17,896</u>                               | <u>3,330</u>  | <u>43,294</u>                       |
| <b>FUND BALANCE (DEFICIT)</b>                           |                                  |  |   |   |                                     |
| Nonspendable  | 1,888                            | 344  | -   | -   | 333                                 |
| Restricted  | 517,293                          | 3,531  | -   | -   | -                                   |
| Unassigned  | <u>-</u>                         | <u>-</u>   | <u>(17,896)</u>                             | <u>(3,330)</u>  | <u>(17,734)</u>                     |
| Total fund balance (deficit)                            | <u>519,181</u>                   | <u>3,875</u>                                     | <u>(17,896)</u>                             | <u>(3,330)</u>  | <u>(17,401)</u>                     |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCE (DEFICIT)</b> | <b><u>\$ 616,105</u></b>         | <b><u>\$ 14,380</u></b>                          | <b><u>\$ -</u></b>                          | <b><u>\$ -</u></b>  | <b><u>\$ 25,893</u></b>             |

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

COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND ACCOUNTS

June 30, 2013

|   | <u>System of<br/>Support<br/>(RESPRO)</u> | <u>Technology for<br/>Success</u> | <u>National Board<br/>Professional<br/>Preparation and<br/>Teacher Support<br/>System</u> | <u>Social Emotional<br/>Learning Standards<br/>Professional<br/>Development<br/>Program (SEL-PDP)</u> | <u>Preschool<br/>for All</u> | <u>Reading<br/>Improvement</u> | <u>Illinois New<br/>Principal<br/>Mentoring</u> |
|---|---|-----------------------------------|---|---|------------------------------|--------------------------------|---|
| <b>ASSETS</b>   |   |                                   |   |   |                              |                                |   |
| Cash and cash equivalents                               | \$ -                                      | \$ 4,236                          | \$ -  | \$ 17,985   | \$ -                         | \$ -                           | \$ 21,533                                       |
| Due from other governments                              | 305,566                                   | 15,729                            | -   | -   | -                            | -                              | -   |
| Prepaid expenses  | <u>513</u>                                | <u>266</u>                        | <u>-</u>  | <u>-</u>  | <u>-</u>                     | <u>-</u>                       | <u>-</u>  |
| <b>TOTAL ASSETS</b>                                     | <b><u>\$ 306,079</u></b>                  | <b><u>\$ 20,231</u></b>           | <b><u>\$ -</u></b>  | <b><u>\$ 17,985</u></b>   | <b><u>\$ -</u></b>           | <b><u>\$ -</u></b>             | <b><u>\$ 21,533</u></b>                         |
| <b>LIABILITIES AND<br/>FUND BALANCE (DEFICIT)</b>       |   |                                   |   |   |                              |                                |   |
| <b>LIABILITIES</b>                                      |   |                                   |   |   |                              |                                |   |
| Accounts payable  | \$ -                                      | \$ -                              | \$ -  | \$ -  | \$ -                         | \$ -                           | \$ -  |
| Accrued expenses  | 2,209                                     | 529                               | -   | -   | -                            | -                              | -   |
| Due to other governments                                | 69,542                                    | 877                               | -   | -   | -                            | 4,300                          | -   |
| Due to other funds                                      | 208,311                                   | -                                 | 2,458   | -   | 4,373                        | 1,200                          | -   |
| Unearned revenue  | <u>18,291</u>                             | <u>-</u>                          | <u>-</u>  | <u>-</u>  | <u>-</u>                     | <u>-</u>                       | <u>-</u>  |
| Total liabilities                                       | <u>298,353</u>                            | <u>1,406</u>                      | <u>2,458</u>  | <u>-</u>  | <u>4,373</u>                 | <u>5,500</u>                   | <u>-</u>  |
| <b>FUND BALANCE (DEFICIT)</b>                           |   |                                   |   |   |                              |                                |   |
| Nonspendable  | 513                                       | 266                               | -   | -   | -                            | -                              | -   |
| Restricted  | 7,213                                     | 18,559                            | -   | 17,985  | -                            | -                              | 21,533  |
| Unassigned  | <u>-</u>                                  | <u>-</u>                          | <u>(2,458)</u>  | <u>-</u>  | <u>(4,373)</u>               | <u>(5,500)</u>                 | <u>-</u>  |
| Total fund balance (deficit)                            | <u>7,726</u>                              | <u>18,825</u>                     | <u>(2,458)</u>  | <u>17,985</u>   | <u>(4,373)</u>               | <u>(5,500)</u>                 | <u>21,533</u>                                   |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCE (DEFICIT)</b> | <b><u>\$ 306,079</u></b>                  | <b><u>\$ 20,231</u></b>           | <b><u>\$ -</u></b>  | <b><u>\$ 17,985</u></b>   | <b><u>\$ -</u></b>           | <b><u>\$ -</u></b>             | <b><u>\$ 21,533</u></b>                         |

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

COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND ACCOUNTS

June 30, 2013

|   | <u>Teacher<br/>Mentoring Pilot<br/>Program</u> | <u>Gifted<br/>Education</u> | <u>Career &amp;<br/>Technical<br/>Education<br/>Improvement</u> | <u>ROE/ISC<br/>Operations</u> | <u>School<br/>Improvement</u> | <u>Reponse to<br/>Intervention</u> | <u>Title II<br/>Teacher<br/>Quality<br/>Leadership</u> | <u>Totals</u>       |
|---|--|-----------------------------|---|-------------------------------|-------------------------------|------------------------------------|--|---------------------|
| <b>ASSETS</b>   |  |                             |   |                               |                               |                                    |  |                     |
| Cash and cash equivalents                               | \$ 4,279                                       | \$ -                        | \$ -  | \$ 177,756                    | \$ 10,574                     | \$ -                               | \$ -   | \$ 801,958          |
| Due from other governments                              | -  | -                           | 691   | 12,265                        | -                             | 9,584                              | 61,900   | 493,953             |
| Prepaid expenses  | -  | -                           | -   | 262                           | -                             | 292                                | -  | 3,898               |
| <b>TOTAL ASSETS</b>                                     | <b>\$ 4,279</b>                                | <b>\$ -</b>                 | <b>\$ 691</b>   | <b>\$ 190,283</b>             | <b>\$ 10,574</b>              | <b>\$ 9,876</b>                    | <b>\$ 61,900</b>                                       | <b>\$ 1,299,809</b> |
| <b>LIABILITIES AND<br/>FUND BALANCE (DEFICIT)</b>       |  |                             |   |                               |                               |                                    |  |                     |
| <b>LIABILITIES</b>                                      |  |                             |   |                               |                               |                                    |  |                     |
| Accounts payable  | \$ -   | \$ -                        | \$ -  | \$ -                          | \$ -                          | \$ -                               | \$ 11,700  | \$ 12,919           |
| Accrued expenses  | -  | -                           | -   | 1,907                         | -                             | 1,427                              | -  | 123,549             |
| Due to other governments                                | 2,929  | -                           | -   | -                             | 16,614                        | -                                  | -  | 105,477             |
| Due to other funds                                      | -  | 11,962                      | 2,514   | -                             | -                             | 23,022                             | 50,200   | 321,063             |
| Unearned revenue  | -  | -                           | -   | -                             | -                             | -                                  | 11,700   | 55,006              |
| Total liabilities                                       | <u>2,929</u>                                   | <u>11,962</u>               | <u>2,514</u>  | <u>1,907</u>                  | <u>16,614</u>                 | <u>24,449</u>                      | <u>73,600</u>  | <u>618,014</u>      |
| <b>FUND BALANCE (DEFICIT)</b>                           |  |                             |   |                               |                               |                                    |  |                     |
| Nonspendable  | -  | -                           | -   | 262                           | -                             | 292                                | -  | 3,898               |
| Restricted  | 1,350  | -                           | -   | 188,114                       | -                             | -                                  | -  | 775,578             |
| Unassigned  | -  | (11,962)                    | (1,823)   | -                             | (6,040)                       | (14,865)                           | (11,700)   | (97,681)            |
| Total fund balance (deficit)                            | <u>1,350</u>                                   | <u>(11,962)</u>             | <u>(1,823)</u>  | <u>188,376</u>                | <u>(6,040)</u>                | <u>(14,573)</u>                    | <u>(11,700)</u>  | <u>681,795</u>      |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCE (DEFICIT)</b> | <b>\$ 4,279</b>                                | <b>\$ -</b>                 | <b>\$ 691</b>   | <b>\$ 190,283</b>             | <b>\$ 10,574</b>              | <b>\$ 9,876</b>                    | <b>\$ 61,900</b>                                       | <b>\$ 1,299,809</b> |

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

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS

Year Ended June 30, 2013

|  | <u>Regional Safe<br/>Schools</u> | <u>Early Childhood<br/>Parenting<br/>Program</u> | <u>Truants'<br/>Alternative<br/>Program</u> | <u>McKinney<br/>Education for<br/>Homeless<br/>Children</u> | <u>Workforce<br/>Investment Act</u> |
|--|----------------------------------|--|---|---|-------------------------------------|
| <b>REVENUES:</b>   |                                  |  |   |   |                                     |
| Local sources  | \$ 311,178                       | \$ -   | \$ -  | \$ -  | \$ -                                |
| State sources  | 647,391                          | 113,111  | -   | -   | -                                   |
| Federal sources  | 650                              | -  | -   | 32,847  | 122,768                             |
| Total revenues   | <u>959,219</u>                   | <u>113,111</u>                                   | <u>-</u>                                    | <u>32,847</u>   | <u>122,768</u>                      |
| <b>EXPENDITURES:</b>   |                                  |  |   |   |                                     |
| Education:   |                                  |  |   |   |                                     |
| Salaries   | 452,853                          | 81,243   | -   | -   | 81,781                              |
| Benefits   | 65,131                           | 22,555   | -   | -   | 31,929                              |
| Purchased services   | 249,078                          | 12,126   | -   | 33,052  | 7,785                               |
| Supplies and materials   | 44,483                           | 550  | -   | 498   | 1,273                               |
| Payment to other governments   | -                                | -  | -   | -   | -                                   |
| Other objects  | -                                | -  | -   | -   | -                                   |
| Capital outlay   | 9,141                            | 159  | -   | -   | -                                   |
| Total expenditures   | <u>820,686</u>                   | <u>116,633</u>                                   | <u>-</u>                                    | <u>33,550</u>   | <u>122,768</u>                      |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>138,533</u>                   | <u>(3,522)</u>                                   | <u>-</u>                                    | <u>(703)</u>  | <u>-</u>                            |
| <b>OTHER FINANCING SOURCES (USES):</b>                               |                                  |  |   |   |                                     |
| Repayment of long-term lease payable                                 | (9,209)                          | -  | -   | -   | -                                   |
| Financing cost   | (630)                            | -  | -   | -   | -                                   |
| Transfers in   | -                                | 6,040  | -   | -   | -                                   |
| Total other financing sources (uses)                                 | <u>(9,839)</u>                   | <u>6,040</u>                                     | <u>-</u>                                    | <u>-</u>  | <u>-</u>                            |
| <b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>                          | 128,694                          | 2,518  | -   | (703)   | -                                   |
| <b>FUND BALANCE (DEFICIT),<br/>BEGINNING OF YEAR</b>                 | <u>390,487</u>                   | <u>1,357</u>                                     | <u>(17,896)</u>                             | <u>(2,627)</u>  | <u>(17,401)</u>                     |
| <b>FUND BALANCE (DEFICIT),<br/>END OF YEAR</b>                       | <u>\$ 519,181</u>                | <u>\$ 3,875</u>                                  | <u>\$ (17,896)</u>                          | <u>\$ (3,330)</u>   | <u>\$ (17,401)</u>                  |

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

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS

Year Ended June 30, 2013

|  | <u>System of Support (RESPRO)</u> | <u>Technology for Success</u> | <u>National Board Professional Preparation and Teacher Support System</u> | <u>Social Emotional Learning Standards Professional Development Program (SEL-PDP)</u> | <u>Preschool for All</u> | <u>Reading Improvement</u> | <u>Illinois New Principal Mentoring</u> |
|--|-----------------------------------|-------------------------------|---|---|--------------------------|----------------------------|---|
| <b>REVENUES:</b>   |                                   |                               |   |   |                          |                            |   |
| Local sources  | \$ -                              | \$ -                          | \$ -  | \$ 25,000   | \$ -                     | \$ -                       | \$ 84,955                               |
| State sources  | -                                 | 94,364                        | -   | -   | -                        | -                          | -                                       |
| Federal sources  | 743,007                           | -                             | -   | -   | -                        | -                          | -                                       |
| Total revenues   | <u>743,007</u>                    | <u>94,364</u>                 | <u>-</u>  | <u>25,000</u>   | <u>-</u>                 | <u>-</u>                   | <u>84,955</u>                           |
| <b>EXPENDITURES:</b>   |                                   |                               |   |   |                          |                            |   |
| Education:   |                                   |                               |   |   |                          |                            |   |
| Salaries   | 114,996                           | 44,955                        | -   | -   | -                        | -                          | -                                       |
| Benefits   | 37,695                            | 13,059                        | -   | -   | -                        | -                          | 2,792                                   |
| Purchased services   | 247,517                           | 39,391                        | -   | 13,897  | -                        | -                          | 62,756                                  |
| Supplies and materials   | 225                               | -                             | -   | 1,510   | -                        | -                          | 499                                     |
| Payment to other governments                                     | 374,886                           | -                             | -   | 10,745  | -                        | -                          | -                                       |
| Other objects  | 313                               | -                             | -   | -   | -                        | 4,300                      | 89                                      |
| Capital outlay   | -                                 | -                             | -   | 549   | -                        | -                          | -                                       |
| Total expenditures   | <u>775,632</u>                    | <u>97,405</u>                 | <u>-</u>  | <u>26,701</u>   | <u>-</u>                 | <u>4,300</u>               | <u>66,136</u>                           |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b> | <u>(32,625)</u>                   | <u>(3,041)</u>                | <u>-</u>  | <u>(1,701)</u>  | <u>-</u>                 | <u>(4,300)</u>             | <u>18,819</u>                           |
| <b>OTHER FINANCING SOURCES (USES):</b>                           |                                   |                               |   |   |                          |                            |   |
| Repayment of long-term lease payable                             | -                                 | -                             | -   | -   | -                        | -                          | -                                       |
| Financing cost   | -                                 | -                             | -   | -   | -                        | -                          | -                                       |
| Transfers in   | -                                 | 3,328                         | -   | -   | -                        | -                          | -                                       |
| Total other financing sources (uses)                             | <u>-</u>                          | <u>3,328</u>                  | <u>-</u>  | <u>-</u>  | <u>-</u>                 | <u>-</u>                   | <u>-</u>                                |
| <b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>                      | <u>(32,625)</u>                   | <u>287</u>                    | <u>-</u>  | <u>(1,701)</u>  | <u>-</u>                 | <u>(4,300)</u>             | <u>18,819</u>                           |
| <b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>                 | <u>40,351</u>                     | <u>18,538</u>                 | <u>(2,458)</u>  | <u>19,686</u>   | <u>(4,373)</u>           | <u>(1,200)</u>             | <u>2,714</u>                            |
| <b>FUND BALANCE (DEFICIT), END OF YEAR</b>                       | <u>\$ 7,726</u>                   | <u>\$ 18,825</u>              | <u>\$ (2,458)</u>   | <u>\$ 17,985</u>  | <u>\$ (4,373)</u>        | <u>\$ (5,500)</u>          | <u>\$ 21,533</u>                        |

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

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS

Year Ended June 30, 2013

|  | <u>Teacher<br/>Mentoring Pilot<br/>Program</u> | <u>Gifted<br/>Education</u> | <u>Career &amp;<br/>Technical<br/>Education<br/>Improvement</u> | <u>ROE/ISC<br/>Operations</u> | <u>School<br/>Improvement</u> | <u>Reponse to<br/>Intervention</u> | <u>Title II<br/>Teacher<br/>Quality<br/>Leadership</u> | <u>Totals</u>     |
|--|--|-----------------------------|---|-------------------------------|-------------------------------|------------------------------------|--|-------------------|
| <b>REVENUES:</b>   |  |                             |   |                               |                               |                                    |  |                   |
| Local sources  | \$ -   | \$ 1,230                    | \$ -  | \$ -                          | \$ -                          | \$ -                               | \$ -   | \$ 422,363        |
| State sources  | -  | -                           | 101,249   | 110,369                       | -                             | -                                  | -  | 1,066,484         |
| Federal sources  | -  | -                           | -   | -                             | -                             | 89,145                             | 50,200   | 1,038,617         |
| Total revenues   | <u>-</u>                                       | <u>1,230</u>                | <u>101,249</u>  | <u>110,369</u>                | <u>-</u>                      | <u>89,145</u>                      | <u>50,200</u>  | <u>2,527,464</u>  |
| <b>EXPENDITURES:</b>   |  |                             |   |                               |                               |                                    |  |                   |
| Education:   |  |                             |   |                               |                               |                                    |  |                   |
| Salaries   | -  | -                           | -   | 94,467                        | -                             | 54,270                             | -  | 924,565           |
| Benefits   | -  | -                           | -   | 21,224                        | -                             | 31,630                             | -  | 226,015           |
| Purchased services   | -  | -                           | 64,204  | 2,776                         | -                             | 12,348                             | 61,900   | 806,830           |
| Supplies and materials   | -  | -                           | 22,318  | -                             | -                             | 450                                | -  | 71,806            |
| Payment to other government  | -  | -                           | 14,727  | -                             | -                             | -                                  | -  | 400,358           |
| Other objects  | -  | -                           | 75  | -                             | 9,535                         | -                                  | -  | 14,312            |
| Capital outlay   | -  | -                           | -   | -                             | -                             | -                                  | -  | 9,849             |
| Total expenditures   | <u>-</u>                                       | <u>-</u>                    | <u>101,324</u>  | <u>118,467</u>                | <u>9,535</u>                  | <u>98,698</u>                      | <u>61,900</u>  | <u>2,453,735</u>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>-</u>                                       | <u>1,230</u>                | <u>(75)</u>   | <u>(8,098)</u>                | <u>(9,535)</u>                | <u>(9,553)</u>                     | <u>(11,700)</u>  | <u>73,729</u>     |
| <b>OTHER FINANCING SOURCES (USES):</b>                               |  |                             |   |                               |                               |                                    |  |                   |
| Repayment of long-term lease payable                                 | -  | -                           | -   | -                             | -                             | -                                  | -  | (9,209)           |
| Financing cost   | -  | -                           | -   | -                             | -                             | -                                  | -  | (630)             |
| Transfers in   | -  | -                           | -   | 8,405                         | -                             | -                                  | -  | 17,773            |
| Total other financing sources (uses)                                 | <u>-</u>                                       | <u>-</u>                    | <u>-</u>  | <u>8,405</u>                  | <u>-</u>                      | <u>-</u>                           | <u>-</u>   | <u>7,934</u>      |
| <b>NET CHANGE IN FUND BALANCE (DEFICIT)</b>                          | -  | 1,230                       | (75)  | 307                           | (9,535)                       | (9,553)                            | (11,700)   | 81,663            |
| <b>FUND BALANCE (DEFICIT),<br/>BEGINNING OF YEAR</b>                 | <u>1,350</u>                                   | <u>(13,192)</u>             | <u>(1,748)</u>  | <u>188,069</u>                | <u>3,495</u>                  | <u>(5,020)</u>                     | <u>-</u>   | <u>600,132</u>    |
| <b>FUND BALANCE (DEFICIT),<br/>END OF YEAR</b>                       | <u>\$ 1,350</u>                                | <u>\$ (11,962)</u>          | <u>\$ (1,823)</u>   | <u>\$ 188,376</u>             | <u>\$ (6,040)</u>             | <u>\$ (14,573)</u>                 | <u>\$ (11,700)</u>                                     | <u>\$ 681,795</u> |



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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS**

For the Year Ended June 30, 2013

|   | <b>Regional Safe Schools</b> |                     |                       |                            |
|---|------------------------------|---------------------|-----------------------|----------------------------|
|   | <b>Budgeted Amounts</b>      |                     | <b>Actual</b>         | <b>Variance with</b>       |
|   | <b><u>Original</u></b>       | <b><u>Final</u></b> | <b><u>Amounts</u></b> | <b><u>Final Budget</u></b> |
| <b>REVENUES:</b>                                |                              |                     |                       |                            |
| Local sources                                   | \$ -                         | \$ -                | \$ 311,178            | \$ (311,178)               |
| State sources                                   | 426,356                      | 426,356             | 647,391               | (221,035)                  |
| Federal sources                                 | -                            | -                   | 650                   | (650)                      |
|   | <u>426,356</u>               | <u>426,356</u>      | <u>959,219</u>        | <u>(532,863)</u>           |
| Total revenues                                  |                              |                     |                       |                            |
| <b>EXPENDITURES:</b>                            |                              |                     |                       |                            |
| Education:                                      |                              |                     |                       |                            |
| Salaries  | 328,500                      | 328,500             | 452,853               | (124,353)                  |
| Benefits  | 44,255                       | 44,255              | 65,131                | (20,876)                   |
| Purchased services                              | 53,601                       | 53,601              | 249,078               | (195,477)                  |
| Supplies and materials                          | -                            | -                   | 44,483                | (44,483)                   |
| Capital outlay                                  | -                            | -                   | 9,141                 | (9,141)                    |
|   | <u>426,356</u>               | <u>426,356</u>      | <u>820,686</u>        | <u>(394,330)</u>           |
| Total expenditures                              |                              |                     |                       |                            |
| <b>EXCESS OF REVENUES<br/>OVER EXPENDITURES</b> | <u>-</u>                     | <u>-</u>            | <u>138,533</u>        | <u>(138,533)</u>           |
| <b>OTHER FINANCING USES:</b>                    |                              |                     |                       |                            |
| Repayment of long-term lease payable            | -                            | -                   | (9,209)               | 9,209                      |
| Financing cost                                  | -                            | -                   | (630)                 | 630                        |
|   | <u>-</u>                     | <u>-</u>            | <u>(9,839)</u>        | <u>9,839</u>               |
| Total other financing uses                      |                              |                     |                       |                            |
| <b>NET CHANGE IN<br/>FUND BALANCE</b>           | <u>\$ -</u>                  | <u>\$ -</u>         | 128,694               | <u>\$ (128,694)</u>        |
| <b>FUND BALANCE,<br/>BEGINNING OF YEAR</b>      |                              |                     | <u>390,487</u>        |                            |
| <b>FUND BALANCE ,<br/>END OF YEAR</b>           |                              |                     | <u>\$ 519,181</u>     |                            |

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS**

For the Year Ended June 30, 2013

|  | <u>Early Childhood Parenting Program</u> |                |                 |                      |
|--|--|----------------|-----------------|----------------------|
|  | <u>Budgeted Amounts</u>                  |                | <u>Actual</u>   | <u>Variance with</u> |
|  | <u>Original</u>                          | <u>Final</u>   | <u>Amounts</u>  | <u>Final Budget</u>  |
| <b>REVENUES:</b>                                     |  |                |                 |                      |
| State sources  | \$ 113,111                               | \$ 113,111     | \$ 113,111      | \$ -                 |
| <b>EXPENDITURES:</b>                                 |  |                |                 |                      |
| Education:   |  |                |                 |                      |
| Salaries   | 77,610                                   | 78,660         | 81,243          | (2,583)              |
| Benefits   | 24,173                                   | 24,173         | 22,555          | 1,618                |
| Purchased services                                   | 11,328                                   | 10,278         | 12,126          | (1,848)              |
| Supplies and materials                               | -  | -              | 550             | (550)                |
| Capital outlay                                       | -  | -              | 159             | (159)                |
| Total expenditures                                   | <u>113,111</u>                           | <u>113,111</u> | <u>116,633</u>  | <u>(3,522)</u>       |
| <b>DEFICIENCY OF REVENUES<br/>UNDER EXPENDITURES</b> | <u>-</u>                                 | <u>-</u>       | <u>(3,522)</u>  | <u>(3,522)</u>       |
| <b>OTHER FINANCING SOURCES:</b>                      |  |                |                 |                      |
| Transfers in   | <u>-</u>                                 | <u>-</u>       | <u>6,040</u>    | <u>6,040</u>         |
| <b>NET CHANGE IN<br/>FUND BALANCE</b>                | <u>\$ -</u>                              | <u>\$ -</u>    | 2,518           | <u>\$ 2,518</u>      |
| <b>FUND BALANCE,<br/>BEGINNING OF YEAR</b>           |  |                | <u>1,357</u>    |                      |
| <b>FUND BALANCE,<br/>END OF YEAR</b>                 |  |                | <u>\$ 3,875</u> |                      |

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS**

For the Year Ended June 30, 2013

|  | <b>Technology for Success</b> |              |                |                      |
|--|-------------------------------|--------------|----------------|----------------------|
|  | <u>Budgeted Amounts</u>       |              | <u>Actual</u>  | <u>Variance with</u> |
|  | <u>Original</u>               | <u>Final</u> | <u>Amounts</u> | <u>Final Budget</u>  |
| <b>REVENUES:</b>                                     |                               |              |                |                      |
| State sources  | \$ 43,685                     | \$ 94,364    | 94,364         | \$ -                 |
| <b>EXPENDITURES:</b>                                 |                               |              |                |                      |
| Education:   |                               |              |                |                      |
| Salaries   | 20,265                        | 45,024       | 44,955         | 69                   |
| Benefits   | 5,020                         | 10,040       | 13,059         | (3,019)              |
| Purchased services                                   | 18,400                        | 39,300       | 39,391         | (91)                 |
| Total expenditures                                   | 43,685                        | 94,364       | 97,405         | (3,041)              |
| <b>DEFICIENCY OF REVENUES<br/>UNDER EXPENDITURES</b> | -                             | -            | (3,041)        | 3,041                |
| <b>OTHER FINANCING SOURCES:</b>                      |                               |              |                |                      |
| Transfers in   | -                             | -            | 3,328          | 3,328                |
| <b>NET CHANGE IN<br/>FUND BALANCE</b>                | \$ -                          | \$ -         | 287            | \$ (287)             |
| <b>FUND BALANCE,<br/>BEGINNING OF YEAR</b>           |                               |              | 18,538         |                      |
| <b>FUND BALANCE,<br/>END OF YEAR</b>                 |                               |              | \$ 18,825      |                      |

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS**

For the Year Ended June 30, 2013

|  | <u>Career &amp; Technical Education Improvement</u> |                |                   |                      |
|--|---|----------------|-------------------|----------------------|
|  | <u>Budgeted Amounts</u>                             |                | <u>Actual</u>     | <u>Variance with</u> |
|  | <u>Original</u>                                     | <u>Final</u>   | <u>Amounts</u>    | <u>Final Budget</u>  |
| <b>REVENUES:</b>                                     |   |                |                   |                      |
| State sources  | \$ 110,558  | \$ 110,558     | \$ 101,249        | \$ (9,309)           |
| <b>EXPENDITURES:</b>                                 |   |                |                   |                      |
| Education:   |   |                |                   |                      |
| Purchased services                                   | 87,100  | 73,476         | 64,204            | 9,272                |
| Supplies and materials                               | 23,458  | 22,082         | 22,318            | (236)                |
| Payments to other governments                        | -   | 15,000         | 14,727            | 273                  |
| Other objects  | -   | -              | 75                | (75)                 |
|  | <u>110,558</u>                                      | <u>110,558</u> | <u>101,324</u>    | <u>9,234</u>         |
| <b>NET CHANGE IN</b>                                 |   |                |                   |                      |
| <b>FUND BALANCE (DEFICIT)</b>                        | <u>\$ -</u>   | <u>\$ -</u>    | (75)              | <u>\$ (75)</u>       |
| <b>FUND BALANCE (DEFICIT),<br/>BEGINNING OF YEAR</b> |   |                | <u>(1,748)</u>    |                      |
| <b>FUND BALANCE (DEFICIT),<br/>END OF YEAR</b>       |   |                | <u>\$ (1,823)</u> |                      |

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS**

For the Year Ended June 30, 2013

|  | <b>ROE/ISC Operations</b> |                     |                           |                                       |
|--|---------------------------|---------------------|---------------------------|---------------------------------------|
|  | <b>Budgeted Amounts</b>   |                     | <b>Actual<br/>Amounts</b> | <b>Variance with<br/>Final Budget</b> |
|  | <b><u>Original</u></b>    | <b><u>Final</u></b> |                           |                                       |
| <b>REVENUES:</b>                                     |                           |                     |                           |                                       |
| State sources  | \$ 110,369                | \$ 110,369          | \$ 110,369                | \$ -                                  |
| <b>EXPENDITURES:</b>                                 |                           |                     |                           |                                       |
| Education:   |                           |                     |                           |                                       |
| Salaries   | 94,203                    | 94,203              | 94,467                    | (264)                                 |
| Benefits   | 12,525                    | 12,525              | 21,224                    | (8,699)                               |
| Purchased services                                   | 3,641                     | 3,641               | 2,776                     | 865                                   |
| Total expenditures                                   | <u>110,369</u>            | <u>110,369</u>      | <u>118,467</u>            | <u>(8,098)</u>                        |
| <b>DEFICIENCY OF REVENUES<br/>UNDER EXPENDITURES</b> | <u>-</u>                  | <u>-</u>            | <u>(8,098)</u>            | <u>(8,098)</u>                        |
| <b>OTHER FINANCING SOURCES:</b>                      |                           |                     |                           |                                       |
| Transfers in   | <u>-</u>                  | <u>-</u>            | <u>8,405</u>              | <u>8,405</u>                          |
| <b>NET CHANGE IN<br/>FUND BALANCE</b>                | <u>\$ -</u>               | <u>\$ -</u>         | <u>307</u>                | <u>\$ 307</u>                         |
| <b>FUND BALANCE,<br/>BEGINNING OF YEAR</b>           |                           |                     | <u>188,069</u>            |                                       |
| <b>FUND BALANCE,<br/>END OF YEAR</b>                 |                           |                     | <u>\$ 188,376</u>         |                                       |

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS**

For the Year Ended June 30, 2013

|   | <b>Title II Teacher Quality Leadership</b> |               |                    |                      |
|---|--|---------------|--------------------|----------------------|
|   | <u>Budgeted Amounts</u>                    |               | <u>Actual</u>      | <u>Variance with</u> |
|   | <u>Original</u>                            | <u>Final</u>  | <u>Amounts</u>     | <u>Final Budget</u>  |
| <b>REVENUES:</b>                                |  |               |                    |                      |
| Federal sources                                 | \$ 52,710                                  | \$ 65,205     | \$ 50,200          | \$ (15,005)          |
| <b>EXPENDITURES:</b>                            |  |               |                    |                      |
| Education:                                      |  |               |                    |                      |
| Purchased services                              | <u>52,710</u>                              | <u>65,205</u> | <u>61,900</u>      | <u>3,305</u>         |
| <b>NET CHANGE IN<br/>FUND BALANCE (DEFICIT)</b> | <u>\$ -</u>                                | <u>\$ -</u>   | (11,700)           | <u>\$ (11,700)</u>   |
| <b>FUND BALANCE,<br/>BEGINNING OF YEAR</b>      |  |               | <u>-</u>           |                      |
| <b>FUND BALANCE (DEFICIT),<br/>END OF YEAR</b>  |  |               | <u>\$ (11,700)</u> |                      |

DUPAGE COUNTY REGIONAL OFFICE OF EDUCATION NO. 19

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2013

|   | <u>General<br/>Education<br/>Development</u> | <u>Bus Driver<br/>Training</u> | <u>Supervisory</u> | <u>Totals</u>     |
|---|--|--------------------------------|--------------------|-------------------|
| <b>ASSETS</b>                                 |  |                                |                    |                   |
| Cash and cash equivalents                     | \$ 15,790                                    | \$ 168,483                     | \$ 343             | \$ 184,616        |
| Accounts receivable                           | 45   | -                              | -                  | 45                |
| Due from other governments                    | -  | 24                             | -                  | 24                |
| Due from other funds                          | -  | 478                            | -                  | 478               |
| <b>TOTAL ASSETS</b>                           | <u>\$ 15,835</u>                             | <u>\$ 168,985</u>              | <u>\$ 343</u>      | <u>\$ 185,163</u> |
| <b>LIABILITIES AND<br/>FUND BALANCE</b>       |  |                                |                    |                   |
| <b>LIABILITIES</b>                            |  |                                |                    |                   |
| Unearned revenue                              | \$ 15  | -                              | -                  | \$ 15             |
| <b>FUND BALANCE</b>                           |  |                                |                    |                   |
| Restricted                                    | <u>15,820</u>                                | <u>168,985</u>                 | <u>343</u>         | <u>185,148</u>    |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCE</b> | <u>\$ 15,835</u>                             | <u>\$ 168,985</u>              | <u>\$ 343</u>      | <u>\$ 185,163</u> |

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

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

NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2013

|  | <u>General<br/>Education<br/>Development</u> | <u>Bus Driver<br/>Training</u> | <u>Supervisory</u> | <u>Totals</u>     |
|--|--|--------------------------------|--------------------|-------------------|
| <b>REVENUES:</b>                       |  |                                |                    |                   |
| Local sources                          | \$ 4,308                                     | \$ 27,454                      | \$ -               | \$ 31,762         |
| State sources                          | -  | 3,764                          | -                  | 3,764             |
| Total revenues                         | <u>4,308</u>                                 | <u>31,218</u>                  | <u>-</u>           | <u>35,526</u>     |
| <b>EXPENDITURES:</b>                   |  |                                |                    |                   |
| Education:                             |  |                                |                    |                   |
| Purchased services                     | -  | 13,268                         | -                  | 13,268            |
| Supplies and materials                 | 84   | -                              | -                  | 84                |
| Capital outlay                         | 237  | -                              | -                  | 237               |
| Total expenditures                     | <u>321</u>                                   | <u>13,268</u>                  | <u>-</u>           | <u>13,589</u>     |
| <b>NET CHANGE IN FUND BALANCE</b>      | 3,987  | 17,950                         | -                  | 21,937            |
| <b>FUND BALANCE, BEGINNING OF YEAR</b> | <u>11,833</u>                                | <u>151,035</u>                 | <u>343</u>         | <u>163,211</u>    |
| <b>FUND BALANCE, END OF YEAR</b>       | <u>\$ 15,820</u>                             | <u>\$ 168,985</u>              | <u>\$ 343</u>      | <u>\$ 185,148</u> |



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

**STATEMENT OF CHANGES IN  
ASSETS AND LIABILITIES**

**AGENCY FUNDS**

For the Year Ended June 30, 2013

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|  | <b><u>Balance,<br/>June 30, 2012</u></b> | <b><u>Additions</u></b> | <b><u>Deductions</u></b> | <b><u>Balance,<br/>June 30, 2013</u></b> |
|--|--|-------------------------|--------------------------|--|
| <b>DUPAGE CAREER EDUCATION CENTER (DCEC)</b> |  |                         |                          |  |
| <b>ASSETS</b>                                |  |                         |                          |  |
| Cash and cash equivalents                    | <u>\$ 23,533</u>                         | <u>\$ -</u>             | <u>\$ -</u>              | <u>\$ 23,533</u>                         |
| <b>LIABILITIES</b>                           |  |                         |                          |  |
| Due to other governments                     | <u>\$ 23,533</u>                         | <u>\$ -</u>             | <u>\$ -</u>              | <u>\$ 23,533</u>                         |

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

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**

**AGENCY FUNDS**

June 30, 2013

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**DUPAGE CAREER  
EDUCATION CENTER  
(DCEC)**

**ASSETS**

|                           |    |               |
|---------------------------|----|---------------|
| Cash and cash equivalents | \$ | <u>23,533</u> |
|---------------------------|----|---------------|

**LIABILITIES**

|                          |    |               |
|--------------------------|----|---------------|
| Due to other governments | \$ | <u>23,533</u> |
|--------------------------|----|---------------|

**FEDERAL COMPLIANCE SECTION**

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2013

| <b>Federal Grantor/Pass-<br/>Through Grantor,<br/>Program or Cluster Title</b>  | <b>CFDA<br/>Number</b> | <b>Project Number<br/>(1st 8 digits)<br/>or Contract #</b> | <b>Federal<br/>Expenditures<br/>June 30, 2013</b> |
|---|------------------------|--|---|
| U.S. Department of Education passed through<br>Will County Regional Office of Education No. 56:<br>(M) Title I - Grants to Local Educational Agencies<br>System of Support - (RESPRO) | 84.010A                | 2013-4331-SS   | \$ <u>761,298</u>                                 |
| Illinois State Board of Education:<br>Improving Teacher Quality State Grants  | 84.367A                | 2013-4932-00   | 650   |
| Improving Teacher Quality State Grants  | 84.367A                | 2013-4935-02   | <u>61,900</u>                                     |
|   |                        |  | <u>62,550</u>                                     |
| Lee/Ogle Counties Regional Office of Education No. 47:<br>Special Education - State Personnel Development<br>Response to Intervention   | 84.323A                | 2013-4631-00   | <u>89,145</u>                                     |
| Will County Regional Office of Education No. 56:<br>Education for Homeless Children and Youth   | 84.196A                | 2013-4920-00   | <u>32,847</u>                                     |
| U.S. Department of Education passed through<br>County of DuPage:<br>WIA Youth Activities  | 17.259                 | PY2010-01  | 22,973  |
| WIA Youth Activities  | 17.259                 | PY2012-01  | <u>99,795</u>                                     |
| Total WIA Youth Activities  |                        |  | <u>122,768</u>                                    |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>   |                        |  | <u>\$ 1,068,608</u>                               |

(M) - Audited as a major program

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2013

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of DuPage Regional Office of Education No. 19 and is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the basic financial statements.

**NOTE 2 - SUBRECIPIENTS**

N/A

**NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM**

The following federal program was audited as a major program in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Title I – Grants to Local Educational Agencies (System of Support (RESPRO)) – the objective of this program is to provide school improvement services to the participating schools/districts of the DuPage County Regional Office of Education No. 19 including, working with first and second year schools in improvement status, assisting in data analysis, and supporting the implementation interventions of effective practices to improve student achievement.

**NOTE 4 - NON-CASH ASSISTANCE**

N/A

**NOTE 5 - AMOUNT OF INSURANCE**

N/A

**NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING**

N/A

This information is an integral part of the accompanying schedule.