

STATE OF ILLINOIS  
KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

FINANCIAL AUDIT

For the Year Ended June 30, 2010

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

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

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KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

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KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

OFFICIALS

Regional Superintendent  
(current and during audit period)

Ms. Bonnie L. Harris

Assistant Regional Superintendent  
(July 1, 2009 to December 31, 2009 and July 1, 2010 to current)

Mr. Rich Qualls

Assistant Regional Superintendent  
(January 1, 2010 to June 30, 2010)

Ms. Sheila Roehlk

Offices are located at:

121 S. Prairie Street  
P.O. Box 430  
Galesburg, Illinois 61401

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

FINANCIAL REPORT SUMMARY

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

AUDITOR’S REPORTS

The auditor’s reports do not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	2	1
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	0	0

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

An additional matter which is less than a significant deficiency or material weakness, but more than inconsequential, has been reported in a Management Letter of Comments to the Regional Superintendent. In prior years, this issue may have been included as an immaterial finding in the auditor’s reports.

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<u>Findings (Government Auditing Standards)</u>			
10-1	10	Controls Over Financial Statement Preparation	Material Weakness
10-2	12	Inadequate Controls Over Property and Equipment	Significant Deficiency

Findings and Responses (Federal Compliance)

None

Prior Audit Findings Not Repeated (Government Auditing Standards)

None

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33  
FINANCIAL REPORT SUMMARY - CONTINUED

EXIT CONFERENCE

Knox County Regional Office of Education #33 waived having an exit conference in a letter dated April 29, 2011. Responses to the recommendations were provided by ROE management in correspondence received March 8, 2011.

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of Knox County Regional Office of Education #33 was performed by Sulaski and Webb, CPAs.

Based on their audit, the auditors expressed an unqualified opinion on the Knox County Regional Office of Education #33's basic financial statements.

## Independent Auditor's Report

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Knox County Regional Office of Education #33, as of and for the year ended June 30, 2010, which collectively comprise the Knox County Regional Office of Education #33's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Knox County Regional Office of Education #33's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Knox County Regional Office of Education #33, as of June 30, 2010, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 11, 2011 on our consideration of the Knox County Regional Office of Education #33's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 17 through 22 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Knox County Regional Office of Education #33's basic financial statements. The combining and individual non-major fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sulaski + Webb*

Sulaski and Webb  
Certified Public Accountants

May 11, 2011

Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance With *Government Auditing Standards*

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Knox County Regional Office of Education #33, as of and for the year ended June 30, 2010, which collectively comprise the Knox County Regional Office of Education #33's basic financial statements and have issued our report thereon dated May 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Knox County Regional Office of Education #33's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Knox County Regional Office of Education #33's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Knox County Regional Office of Education #33's internal control over financial reporting.

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

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

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 10-2 in the accompanying Schedule of Findings and Responses to be a significant deficiency.

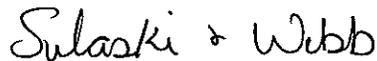
#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Knox County Regional Office of Education #33's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter which we have reported to management of the Knox County Regional Office of Education #33 in a separate letter dated May 11, 2011.

Knox County Regional Office of Education #33's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit Knox County Regional Office of Education #33's responses and, accordingly, we express no opinion on them.

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



Sulaski and Webb  
Certified Public Accountants

May 11, 2011

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended June 30, 2010

Section I – Summary of the Auditor’s Results

Financial Statements

- (1) An unqualified opinion was issued on the financial statements.

Internal Control Over Financial Reporting:

- (2) One material weakness and one significant deficiency disclosed during the audit of the financial statements are reported in the *Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*.
- (3) No instances of noncompliance material to the financial statements were disclosed during the audit.

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended June 30, 2010

Section II – Financial Statement Findings

Finding No. 10-1  
Repeated from 09-1, 08-1  
and 07-1

Controls Over Financial Statement Preparation

Criteria/Specific Requirement:

The Knox County Regional Office of Education #33 (ROE) is required to maintain a system of controls over the preparation of financial statements, including disclosures, in accordance with generally accepted accounting principles (GAAP). The ROE internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

Condition:

The Knox County Regional Office of Education #33 does not have sufficient internal controls over the financial reporting process. The ROE maintains their accounting records on the cash basis of accounting. While the ROE maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the ROE's accounting records, noted the following:

- The ROE did not maintain adequate controls over the financial reporting process and adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The ROE did not maintain complete records of accounts receivable, accounts payable, or deferred revenue.

Effect:

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

Cause:

According to ROE officials, they did not have adequate funding to hire and/or train their accounting personnel in order to maintain a system of internal control over the preparation of financial statements in accordance with GAAP.

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended June 30, 2010

Section II – Financial Statement Findings - Continued

Finding No. 10-1  
Repeated from 09-1, 08-1  
and 07-1

Controls Over Financial Statement Preparation - Continued

Auditor's Recommendation:

As part of its internal control over the preparation of financial statements, including disclosures, the Knox County Regional Office of Education #33 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

Management's Response:

The Regional Office of Education #33 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office is financially unable to employ accounting personnel capable of maintaining an adequate system of internal control over the preparation of financial statements since this cost would take away from the funds available to provide educational services for the schools in the region. If the Regional Office has more stable financing in the future, it will try to hire and/or train personnel to maintain an appropriate system of internal control over the preparation of financial statements in accordance with generally accepted accounting principles.

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended June 30, 2010

Section II – Financial Statement Findings - Continued

Finding No. 10-2

Inadequate Controls Over Property and Equipment

Criteria/Specific Requirement:

The *Regional Office of Education (ROE) Accounting Manual* requires each ROE to maintain detailed fixed asset records for both accounting purposes as well as insurance purposes, for fixed assets costing \$500 or more. Additionally, the ROE Accounting Manual states that fixed assets should be recorded at historical cost or estimated historical cost and contributions received by the ROE should be recorded at fair market value on the date acquired.

Condition:

The Knox County Regional Office of Education #33 (ROE) did not have adequate controls over fixed assets. Not all items on the ROE's property and equipment listing included a value. In addition, it was noted that the items without an assigned value were items that had been donated to the ROE.

Effect:

The absence of a sound system of internal controls over fixed assets could result in inaccurate reporting of fixed assets and inadequate physical control for equipment items. An incomplete fixed asset listing does not provide an adequate basis for physical control and losses may occur without being detected.

Cause:

ROE personnel stated that they were unaware of the requirement to obtain or assign a value to the items that had been donated to them.

Auditor's Recommendation:

The Knox County Regional Office of Education #33 should adhere to the ROE Accounting Manual to effectively monitor property acquisitions and provide for accurate reporting of fixed asset balances. The fixed asset listing should include all the details required by the ROE Accounting Manual, including a value for donated items, and should be checked for accuracy and existence through an annual physical inventory.

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended June 30, 2010

Section II – Financial Statement Findings - Continued

Finding No. 10-2

Inadequate Controls Over Property and Equipment - Continued

Management's Response:

We currently have fixed asset listings for both the ROE office and Knox County Academy. These listings will be reviewed and updated as appropriate for existing items. All new items, including those that are donated, will be added to the listings and assigned a value.

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

CORRECTIVE ACTION PLAN FOR  
CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2010

Corrective Action Plan

Finding No. 10-1

Condition: The Knox County Regional Office of Education #33 does not have sufficient internal controls over the financial reporting process. The ROE maintains their accounting records on the cash basis of accounting. While the ROE maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the ROE's accounting records, noted the following:

- The ROE did not maintain adequate controls over the financial reporting process and adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The ROE did not maintain complete records of accounts receivable, accounts payable, or deferred revenue.

Plan: The Regional Office of Education #33 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office is financially unable to employ accounting personnel capable of maintaining an adequate system of internal control over the preparation of financial statements since this cost would take away from the funds available to provide educational services for the schools in the region. If the Regional Office has more stable financing in the future, it will try to hire and/or train personnel to maintain an appropriate system of internal control over the preparation of financial statements in accordance with generally accepted accounting principles.

Completion Date: As soon as possible

Contact Person: Bonnie L. Harris, Regional Superintendent

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

CORRECTIVE ACTION PLAN FOR  
CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2010

Corrective Action Plan

Finding No. 10-2

Condition: The Knox County Regional Office of Education #33 (ROE) did not have adequate controls over fixed assets. Not all items on the ROE's property and equipment listing included a value. In addition, it was noted that the items without an assigned value were items that had been donated to the ROE.

Plan: We currently have fixed asset listings for both the ROE office and Knox County Academy. These listings will be reviewed and updated as appropriate for existing items. All new items, including those that are donated, will be added to the listings and assigned a value.

Completion Date: June 30, 2011

Contact Person: Bonnie L. Harris, Regional Superintendent

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2010

<u>Finding Number</u>	<u>Prior Finding</u>	<u>Status</u>
09-01	The ROE did not have sufficient internal controls over the financial reporting process.	Repeated as Finding 10-1.

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2010

The Management's Discussion and Analysis of the Knox County Regional Office of Education #33's (ROE) financial performance provides an overall narrative review of the Regional Office of Education's financial activities for the year ended June 30, 2010. The intent of this Management's Discussion and Analysis is to look at the Regional Office of Education's performance as a whole. Readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the Regional Office of Education's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this ROE's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the ROE's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

Knox County Regional Office of Education #33 has regional responsibility for five school districts: 202 – Knoxville, 205 - Galesburg, 208 - ROWVA, 210 – Williamsfield and 217 – Abingdon. Fiscal Year 2010 enrollment in these districts was just under 8,000.

Financial Highlights

- Total net assets decreased by \$6,170, which represents a 4.5% decrease from fiscal year 2009.
- General revenues account for \$330,097 in revenue, or 43.3% of all revenues. Program specific revenues in the form of grants and contributions accounted for \$432,362 or 56.7% of total revenues.
- The ROE had \$768,629 in expenses.
- Capital assets, prior to depreciation, increased by \$10,495 to total \$212,574.
- The ROE carries no long term debt.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the ROE's basic financial statements. The ROE's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the ROE's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

The Statement of Net Assets presents information on all the ROE's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the ROE is improving or deteriorating.

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2010

Overview of Financial Statements (continued)

The Statement of Activities presents information showing how the ROE's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years.

The government-wide financial statements outline functions of the ROE that are principally supported by intergovernmental revenues (governmental activities). The government-wide financial statements can be found on pages 23-24 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The ROE uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Knox ROE are governmental funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the ROE's current financing requirements. Governmental funds are reported using modified accrual accounting. This method of accounting measures cash and other assets that can be easily converted to cash. The governmental fund statements provide a detailed short-term view of the Knox County Regional Office of Education #33's operations.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the ROE's current financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 26 and 28, respectively.

The basic governmental fund financial statements can be found on pages 25 and 27 of this report.

Notes to the basic financial statements.

The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-45 of this report.

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2010

Government-Wide Financial Analysis

Net assets

Net assets may serve over time as a useful indicator of government's financial position. In the case of the ROE, assets exceeded liabilities by \$130,622 as of June 30, 2010. The majority of this (61% of total assets) is due from other governmental units.

The ROE's financial position is a product of several financial transactions including the net result of activities, the acquisition and disposal of capital assets and the depreciation of capital assets.

The table below presents a summary of the ROE's net assets for the fiscal years ended June 30, 2010 and 2009.

	2010	2009
<b>Assets</b>		
Current assets	\$ 193,276	\$ 216,424
Capital assets, net	19,233	13,331
<b>Total assets</b>	<b>\$ 212,509</b>	<b>\$ 229,755</b>
<b>Liabilities</b>		
Current liabilities	\$ 81,887	\$ 92,963
<b>Total liabilities</b>	<b>\$ 81,887</b>	<b>\$ 92,963</b>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	\$ 19,233	\$ 13,331
Restricted for teacher professional development	17,430	8,206
Unrestricted	93,959	115,255
<b>Total net assets</b>	<b>\$ 130,622</b>	<b>\$ 136,792</b>

The net assets related to the Institute Fund are considered restricted for teacher professional development.

Changes in net assets

The ROE's total revenues for the fiscal year ended June 30, 2010 were \$762,459. The total cost of all programs and services was \$768,629. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2010 and 2009.

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2010

Changes in net assets (continued)

<b>Revenues:</b>	2010	2009
Program revenues		
Operating grants and contributions	\$ 432,362	\$ 442,486
General revenues		
Local sources	25,803	28,427
State sources	3,964	15,217
Federal sources	-	5,000
Interest	40	-
Contributions not restricted to specific program	7,795	-
On-behalf payments	292,495	259,215
<b>Total revenues</b>	762,459	750,345
 <b>Expenses:</b>		
Instructional services		
Salaries & benefits	346,750	338,988
Purchased services	100,234	76,761
Supplies and materials	15,857	53,737
Depreciation	4,593	4,316
Payments to other governmental units	8,700	-
Administrative Expenses		
On-behalf payments	292,495	259,215
<b>Total expenses</b>	768,629	733,017
<b>Increase (decrease) in net assets</b>	(6,170)	17,328
<b>Net assets, beginning</b>	136,792	119,464
<b>Net assets, ending</b>	\$ 130,622	\$ 136,792

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2010

Governmental activities

The following table presents the cost of two major ROE functional activities: instructional and administrative services. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and ROE's taxpayers by each of these functions.

	2010		2009	
	Total Expenses	Net (Expense) Revenue	Total Expenses	Net (Expense) Revenue
Instructional	\$ 476,134	\$ (88,920)	\$ 473,802	\$ (31,316)
Administrative services	292,495	(247,347)	259,215	(259,215)
<b>Total expenses</b>	<b>\$ 768,629</b>	<b>\$ (336,267)</b>	<b>\$ 733,017</b>	<b>\$ (290,531)</b>

The net cost of governmental activities, \$336,267, was financed by general revenue, which is primarily on-behalf payments, \$292,495, and local, \$25,803, and state, \$3,964, revenue.

Financial Analysis of the ROE's Funds

As noted earlier, the ROE uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the ROE's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the ROE's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the ROE's net resources available for spending at the end of the fiscal year.

The financial performance of the ROE as a whole is reflected in its governmental funds. As the ROE completed the year, its governmental funds reported a combined fund balance of \$21,691, a decrease of \$101,770 due primarily to a decrease in the Education Fund of \$113,839. The entire fund balance constitutes unreserved and undesignated fund balance, which are available for spending at the ROE's discretion.

The General Fund is the principal operating fund of the ROE. The balance of the General Fund did not change during Fiscal Year 2010.

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2010

Capital Assets

As of June 30, 2010, the Knox County Regional Office of Education #33's total capital assets were \$212,574, comprised mainly of school and office furniture and equipment. There was an increase in capital assets of \$10,495 from the previous year. Total accumulated depreciation as of June 30, 2010 was \$193,341 and total depreciation expense for the year was \$4,593, resulting in total net capital assets of \$19,233.

Additional information of the ROE's capital assets can be found in Note 1 on page 35 of this report.

Current and Future Issues

Knox County Regional Office of Education #33 is financially stable. The current administration considers it a fiscal responsibility to operate within available funds, not incurring any debt. The ROE will continue its sound fiscal management to meet the many challenges of the future.

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

- The Knox County Board support remains level.
- The Regional Office of Education continues to petition the county board to employ a full-time bookkeeper for this office.
- The General State Aid funding decreases have negatively impacted the operation of the Regional Safe School.
- The McKinney-Vento Homeless Assistance Grant remains level.
- The ROE continues to upgrade and maintain all office equipment.
- The ROE strives to upgrade all equipment at the Safe School.
- Due to the decrease in funding of the TAEOP Grant, we currently have only two outreach workers in the county.

Contacting the ROE's Financial Management

This financial report is designed to provide the Regional Offices' 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 Knox County Regional Office of Education, 121 S. Prairie Street, Galesburg, IL 61401.

## BASIC FINANCIAL STATEMENTS

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33  
STATEMENT OF NET ASSETS  
June 30, 2010

	<u>Primary Government Governmental Activities</u>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 64,050
Due from other governmental units and agencies	129,226
Total Current Assets	193,276
Noncurrent Assets:	
Capital assets, net of depreciation	19,233
Total Noncurrent Assets	19,233
<b>TOTAL ASSETS</b>	<b>212,509</b>
<b>LIABILITIES</b>	
Current Liabilities:	
Accrued payroll	31,389
Due to other governmental units	122
Deferred revenue	50,376
<b>TOTAL LIABILITIES</b>	<b>81,887</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	19,233
Unrestricted	93,959
Restricted for teacher professional development	17,430
<b>TOTAL NET ASSETS</b>	<b>\$ 130,622</b>

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

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2010

FUNCTIONS/PROGRAMS	Expenses	Program Revenues Operating Grants and Contributions	Net (Expenses)/Revenues and Changes in Net Assets Primary Government Governmental Activities
Primary government:			
Governmental activities:			
Instructional Services:			
Salaries and benefits	\$ 346,750	\$ 283,807	\$ (62,943)
Purchased services	100,234	81,022	(19,212)
Supplies and materials	15,857	11,819	(4,038)
Payments to other governments	8,700	8,700	-
Depreciation	4,593	-	(4,593)
Capital outlay	-	1,866	1,866
Administrative:			
On-behalf payments	292,495	45,148	(247,347)
Total government activities	\$ 768,629	\$ 432,362	\$ (336,267)
General revenues:			
Local sources			25,803
State sources			3,964
Interest			40
Contributions not restricted to specific program			7,795
On-behalf payments			292,495
Total general revenues			330,097
Change in net assets			(6,170)
Net assets - beginning			136,792
Net assets - ending			\$ 130,622

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

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2010

	General Fund	Education Fund	Institute Fund	Other Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 27,919	\$ 31,135	\$ 4,996	\$ 64,050
Due from other funds	-	54,371	-	2,141	56,512
Due from other governmental units and agencies	-	114,123	-	15,103	129,226
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 196,413</b>	<b>\$ 31,135</b>	<b>\$ 22,240</b>	<b>\$ 249,788</b>
<b>LIABILITIES</b>					
Accrued payroll	\$ -	\$ 31,389	\$ -	\$ -	\$ 31,389
Due to other funds	-	54,371	-	2,141	56,512
Due to other governmental units	-	122	-	-	122
Deferred revenue	-	111,266	13,705	15,103	140,074
<b>Total liabilities</b>	<b>-</b>	<b>197,148</b>	<b>13,705</b>	<b>17,244</b>	<b>228,097</b>
<b>FUND BALANCES (DEFICITS)</b>					
Unreserved, reported in:					
General fund	-	-	-	-	-
Special revenue funds (deficits)	-	(735)	17,430	4,996	21,691
<b>Total fund balances (deficits)</b>	<b>-</b>	<b>(735)</b>	<b>17,430</b>	<b>4,996</b>	<b>21,691</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 196,413</b>	<b>\$ 31,135</b>	<b>\$ 22,240</b>	<b>\$ 249,788</b>

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

KNOX COUNTY  
 REGIONAL OFFICE OF EDUCATION #33  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 June 30, 2010

Total fund balances - governmental funds	\$	21,691
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		19,233
Because some revenues will not be collected for several months after the Regional Office fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.		89,698
Net assets of governmental activities	\$	130,622

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

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2010

	General Fund	Education Fund	Institute Fund	Other Non-Major Funds	Total Governmental Funds
Revenues:					
Local sources	\$ -	\$ 2,218	\$ 9,578	\$ 14,007	\$ 25,803
State sources	-	258,596	-	3,964	262,560
Federal sources	-	84,068	-	-	84,068
Interest	-	34	6	-	40
On-behalf payments	227,154	65,341	-	-	292,495
<b>Total revenues</b>	<b>227,154</b>	<b>410,257</b>	<b>9,584</b>	<b>17,971</b>	<b>664,966</b>
Expenditures:					
Instructional services:					
Salaries and benefits	-	346,750	-	-	346,750
Purchased services	-	90,661	360	9,213	100,234
Supplies and materials	-	9,944	-	5,913	15,857
Payments to other governments	-	8,700	-	-	8,700
On-behalf payments	227,154	65,341	-	-	292,495
Capital outlay	-	2,700	-	-	2,700
<b>Total expenditures</b>	<b>227,154</b>	<b>524,096</b>	<b>360</b>	<b>15,126</b>	<b>766,736</b>
Excess (deficiency) of revenues over expenditures	-	(113,839)	9,224	2,845	(101,770)
Fund balances - beginning	-	113,104	8,206	2,151	123,461
Fund balances (deficits) - ending	\$ -	\$ (735)	\$ 17,430	\$ 4,996	\$ 21,691

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

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2010

Net change in fund balances \$ (101,770)

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	2,700	
Depreciation expense	<u>(4,593)</u>	(1,893)

Contributed capital asset recorded in government-wide financial statements, not fund financial statements.	7,795
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Because some revenues will not be collected for several months after the Regional Office fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.	89,698
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Changes in net assets of governmental activities	<u><u>\$ (6,170)</u></u>
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The notes to the financial statements are an integral part of this statement.

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Knox County Regional Office of Education #33 (ROE) conform to accounting principles generally accepted in the United States of America for governmental entities. The following is a summary of the significant accounting policies.

The Knox County Regional Office of Education #33 was created by Illinois Public Act 88-89, as amended. The ROE operates under the School Code (105 ILCS 5/3 and 5/3A). The Regional Office of Education #33 encompasses Knox County in Illinois. A Regional Superintendent of Schools serves as chief administrative officer of the ROE and is elected pursuant to 105 ILCS 5/3 and 5/3A of the School Code.

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

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

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

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

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For the period ended June 30, 2010, Knox County Regional Office of Education #33 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 Knox County. Such activities are reported as a single special revenue fund (Education Fund).

REPORTING ENTITY

The ROE's reporting entity includes all related organizations for which it exercises oversight responsibility.

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

Certain joint agreements have been determined not to be 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 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 of the entity.

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the primary government.

The Statement of Net Assets presents the Knox County Regional Office of Education #33 nonfiduciary assets and liabilities, with the difference reported as net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

The financial activities of the Knox County Regional Office of Education #33 consist only of governmental activities.

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

Fund Financial Statements – The accounts of the ROE are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of its assets, liabilities, fund balance, revenues, and expenditures. The ROE’s resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other non-major governmental funds.

Governmental Fund Types

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

General Fund – The General Fund is used to account for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted for in another fund. The General Fund accounts for the ROE’s on-behalf payments from the State of Illinois and Knox County to pay the salary and benefits of the Regional Superintendent, Assistant Regional Superintendent and clerical staff. The General Fund is always considered a major fund.

Education Fund – The Education Fund includes proceeds from specific revenue sources that are legally restricted to expenditures for specified purposes. The following accounts are included in the Education Fund:

Regional Safe Schools – To provide funds for programs to increase safety and promote the learning environment in schools and to meet the particular educational needs of disruptive students more appropriately and individually in alternative educational environments.

Truants Alternative Education – To establish and expand program options outside of regular school attendance to prevent students from becoming chronic truants or dropping out of school and to focus on employability skills for those 16-21 years old.

McKinney Education for Homeless Children – To address the problems that homeless children and youth face in enrolling, attending, and succeeding in school.

Western Illinois Investment Grant – Identifies potential candidates to complete questionnaires and, if eligible, enroll in college programs or earn G.E.D.

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

Title I Reading First Part B SEA Grant – To account for funds received to provide assistance to school districts in establishing reading programs for students in kindergarten through third grade that are based on scientific reading research. Reading First also focuses on teacher development and ensuring that all teachers, including special education teachers, have the tools they need to effectively help their students learn to read.

Gifted Education – To provide funds for programs of instruction in language arts and mathematics for those students who perform or show the potential for performing at remarkably high levels of accomplishment when compared with other students of their age, experience, and environment.

Institute Fund – To account 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. All funds generated remain restricted until expended only on the aforementioned activities.

The ROE also reports the following non-major governmental funds:

Non-Major Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The ROE's non-major special revenue funds include the following:

General Education Development (GED) – To account for the revenues and expenditures associated with the processing of applications for the high school level GED test and the issuance of diplomas upon successful completion of the examination.

Bus Driver Training – To account for the stewardship of the assets held in trust in connection with the Bus Driver Training Program.

Knox County Substance Abuse Prevention (KCSAP) Program – To account for funds raised for use in the KCSAP Program. Funds are passed through the ROE to the KCSAP committee.

ROE/ISC – Monies are expended to conduct professional development programs.

Supervisory – To account for monies from the State of Illinois for expenditures incurred in providing supervisory services in the county.

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

Workshops – Workshops, seminars, and classes are held throughout the school year and in the summer to help teachers and administrators gain professional knowledge and earn professional credit.

Reorganization Incentive Feasibility Study – Feasibility studies are a tool to be used by school districts wanting to investigate the advantages and/or disadvantages of reorganization options.

Drop Out Summit – To provide funds to identify students in danger of dropping out and provide services to convince them to stay in school.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accounting records are maintained on the cash basis of accounting. Under this method, revenue is recorded when collected and expenditures are recorded when disbursements are made. The financial statements of the Knox County Regional Office of Education #33 are prepared by making memorandum adjusting entries to the cash basis financial records.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the ROE considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues received more than sixty days after the end of the current period are deferred in the governmental fund financial statements, but are recognized as current revenues in the government-wide financial statements. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Under the terms of grant agreements, Knox County Regional Office of Education #33 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding sources available to finance the program. It is the Knox County Regional Office of Education #33's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

BUDGETS

The ROE does not adopt a formal budget for all revenues and expenditures of the governmental funds and is not legally required to do so. The Regional Office of Education Funds are controlled by the Regional Superintendent of Education and the State of Illinois. Certain programs administered by the ROE are subject to budget approval by the State of Illinois. The actual to budget comparisons are prepared on the modified accrual basis of accounting. The following accounts/funds prepare budgets:

Educational Grants:

- Regional Safe Schools
- Truants Alternative Education
- McKinney Education for Homeless Children
- Western Illinois Investment Grant
- Title I Reading First Part B SEA Grant
- Gifted Education

TEACHER CERTIFICATION

Teacher certification revenues are recognized over a five year period when applicable.

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.

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUES – EXCHANGE AND NON-EXCHANGE TRANSACTIONS (Continued)

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

CAPITAL ASSETS

General capital assets generally result from expenditures in the governmental funds. These assets, which include equipment, are reported in the government-wide Statement of Net Assets. Purchases of equipment are recorded as capital outlay expenditures of the various funds. All capital assets are capitalized at cost or estimated historical cost and updated for additions and retirements during the year. Capital assets are defined as assets with a cost of \$500 or more. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Capital assets are depreciated over their estimated useful lives, which approximate 5 to 7 years, using the straight-line method.

DEFERRED REVENUES

Deferred revenue arises when resources are received by the ROE before it has a legal claim to them, as when monies are received prior to incurring qualifying expenditures (unearned). In subsequent periods, when both revenue recognition criteria are met, or when the ROE has a legal claim to the resources, revenue is recognized.

INVESTMENTS AND CASH ACCOUNTS

State regulations require that the ROE deposit funds under its control into accounts insured by the federal government, secured by substantial collateral or into pooled investment trusts. All funds not needed for immediate disbursements are maintained in interest bearing accounts. Statutes authorize the ROE to make deposits or invest in obligation of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Public Treasurer's Investment Pool.

REVENUES FROM FEDERAL AND STATE GRANTS

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

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**DUE FROM OTHER GOVERNMENTAL UNITS AND AGENCIES**

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

**INTERFUND RECEIVABLES AND PAYABLES**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds and are classified as “due to and from other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

**EQUITY CLASSIFICATIONS**

Government-wide Statements

Equity is classified as net assets. Net assets represent the difference between assets and liabilities and is displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Included within this component are net assets restricted for teacher professional development.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NEW ACCOUNTING STANDARDS

There were four new accounting standards implemented during the year ended June 30, 2010: Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets, Governmental Accounting Standards Board Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, and Governmental Accounting Standards Board Statement No. 58, Accounting and Financial Reporting for Chapter 9 Bankruptcies. These new standards were implemented during the year ended June 30, 2010, but did not have a significant impact on the financial statements.

INTERGOVERNMENTAL AGREEMENT

On July 1, 2003, the Regional Office of Education #33 entered into an Intergovernmental Agreement executed pursuant to the provisions of the Intergovernmental Cooperation Clause of the Illinois Constitution as well as the provisions of the Intergovernmental Cooperation Act of 1973 and the Illinois Administrative Code 525.110.

The Educational Service delivery system formed is known as the Two Rivers Professional Development Center. The Peoria County Regional Office of Education was designated as administrative agent and as director.

2. CASH

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

At June 30, 2010, the carrying amount of the ROE's various bank deposits totaled \$64,050 and the bank balances totaled \$69,664. Included in the bank balance is \$5,238 deposited in the Illinois Funds. The Illinois Funds portfolio includes: certificates of deposit issued by Illinois financial institutions, repurchase agreements backed by direct treasury obligations from primary government securities dealers, direct treasury obligations of the U.S. Government, and money market funds backed by full faith and credit obligations of the U.S. Government. The ROE owns no identifiable investment securities in the Illinois Funds; therefore, credit risk cannot be assessed for the Illinois Funds. As of June 30, 2010, all deposits made by the ROE were covered by the Federal Depository Insurance Coverage (FDIC).

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

3. RECEIVABLES/PAYABLES

Receivables for the Knox County ROE #33 at June 30, 2010, are as follows:

	<u>Due from Other Governmental Units and Agencies</u>	<u>Other</u>	<u>Total</u>
Governmental activities:			
Education	\$ 114,123	\$ -	\$ 114,123
Other Non-Major	<u>15,103</u>	<u>-</u>	<u>15,103</u>
Total governmental activities	<u>\$ 129,226</u>	<u>\$ -</u>	<u>\$ 129,226</u>

Payables for the Knox County ROE #33 at June 30, 2010, are as follows:

	<u>Due to Other Governmental Units</u>	<u>Other</u>	<u>Total</u>
Governmental activities:			
Education	\$ 122	\$ 31,389	\$ 31,511
Total governmental activities	<u>\$ 122</u>	<u>\$ 31,389</u>	<u>\$ 31,511</u>

4. DUE TO/FROM OTHER GOVERNMENTS

The Knox County Regional Office of Education #33's governmental activities have amounts due to and due from various other governmental units which consist of the following:

Due From Other Governmental Units and Agencies:

Illinois State Board of Education	\$ 118,885
Other Regional Offices of Education	<u>10,341</u>
	<u>\$ 129,226</u>

Due To Other Governmental Units:

Local School Districts	<u>\$ 122</u>
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KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

5. INTERFUND TRANSACTIONS

DUE TO/FROM OTHER FUNDS

The Knox County ROE #33 had the following due to/from other fund balances for the year ended June 30, 2010 due to the State of Illinois being slow in paying funds for a couple of ROE #33's programs:

	Due from	Due to
Education Fund:		
Regional Safe Schools	\$ 27,701	\$ -
Truants Alternative Education	-	53,344
McKinney Education for Homeless Children	-	1,027
Gifted Education	26,670	-
Non-Major Fund:		
General Education Development	2,141	-
ROE #33	-	2,141
	\$ 56,512	\$ 56,512
Total		

6. CAPITAL ASSETS

Capital asset activity during the fiscal year ended June 30, 2010 was as follows:

	Balance 7/1/2009	Additions	Disposals	Balance 6/30/2010
Equipment	\$ 202,079	\$ 10,495	\$ -	\$ 212,574
Less accumulated depreciation	(188,748)	(4,593)	-	(193,341)
Total	\$ 13,331	\$ 5,902	\$ -	\$ 19,233

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

7. RETIREMENT PLANS

Teachers' Retirement System of the State of Illinois

The ROE (employer) participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2010 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2009 and 2008.

The State of Illinois makes contributions directly to TRS on behalf of the ROE's TRS-covered employees.

- On-behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2010, State of Illinois contributions were based on 23.38 percent of creditable earnings not paid from federal funds, and the ROE recognized revenue and expenditures of \$64,502 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2009, and June 30, 2008, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 17.08 percent (\$15,530) and 13.11 percent (\$12,527), respectively.

The ROE makes other types of employer contributions directly to TRS.

- 2.2 Formula Contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2010 were \$579. Contributions for the years ending June 30, 2009 and June 30, 2008, were \$527 and \$554, respectively.
- Federal and Special Trust Fund Contributions. When TRS members are paid from federal and special trust funds administered by the ROE, there is a statutory requirement for the ROE 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.

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

RETIREMENT PLANS (Continued)

Teachers' Retirement System of the State of Illinois (Continued)

For the year ended June 30, 2010, the employer pension contribution was 23.38 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2009 and 2008, the employer contribution was 17.08 and 13.11 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2010, salaries totaling \$-0- were paid from federal and special trust funds that required employer contributions of \$-0-. For the years ended June 30, 2009 and June 30, 2008, required ROE contributions were \$-0- and \$-0-, respectively.

- Early Retirement Option (ERO). The ROE is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

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

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

For the year ended June 30, 2010, the ROE paid \$-0- to TRS for employer contributions under the ERO program. For the years ended June 30, 2009 and June 30, 2008, the ROE made no payments under the ERO.

- Salary Increases Over 6 Percent and Excess Sick Leave. Public Act 94-0004 added two additional employer contributions to TRS.

If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the year ended June 30, 2010, the ROE paid \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2009 and June 30, 2008, the ROE paid \$-0- and \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent, respectively.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.55 percent of salary during the year ended June 30, 2010).

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

RETIREMENT PLANS (Continued)

Teachers' Retirement System of the State of Illinois (Continued)

For the year ended June 30, 2010, the ROE paid \$-0- to TRS for sick leave days granted in the excess of the normal annual allotment. For the year ended June 30, 2009 and June 30, 2008, the ROE paid \$-0- and \$-0- in employer contributions granted for sick leave days, respectively.

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

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

8. OTHER POSTEMPLOYMENT BENEFITS

Teacher Health Insurance Security Fund

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

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

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

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

OTHER POSTEMPLOYMENT BENEFITS (Continued)

Teacher Health Insurance Security Fund (Continued)

- On behalf contributions to THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the ROE. State contributions are intended to match contributions to THIS Fund from active members which were 0.84 percent of pay during the year ended June 30, 2010. State of Illinois contributions were \$839, and the ROE recognized revenue and expenditures of this amount during the year.

Had the ROE recognized revenue and expenditures for State contributions intended to match active member contributions during the years ended June 30, 2009 and June 30, 2008, under the current standards, the contribution match would have been 0.84 percent of pay or \$764 and \$803, respectively.

- Employer contributions to THIS Fund. The ROE also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.63 percent during the years ended June 30, 2010, June 30, 2009, and June 30, 2008. For the year ended June 30, 2010, the ROE paid \$629 to the THIS Fund. For the years ended June 30, 2009 and June 30, 2008, the ROE paid \$573 and \$602 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

9. ON-BEHALF PAYMENTS AND RELATED PARTY TRANSACTIONS

The State of Illinois makes employer pension contributions and employer retiree health insurance contributions on behalf of the ROE. The salaries, fringe benefits, and TRS contributions of the Regional Superintendent and the Assistant Superintendents are paid by the State of Illinois. The following salary and benefit data for the Regional Superintendent and Assistant Regional Superintendents was calculated based on data provided by the Illinois State Board of Education.

TRS pension contributions	\$ 64,502
THIS contributions	839
Regional Superintendent – salary	96,435
Regional Superintendent – benefits (includes State paid insurance)	19,740
Assistant Regional Superintendent – salary	79,559
Assistant Regional Superintendent – benefits (includes State paid insurance)	<u>1,154</u>
Total	\$ <u>262,229</u>

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

ON-BEHALF PAYMENTS AND RELATED PARTY TRANSACTIONS (Continued)

The following salary and benefit data for other employees of the ROE was calculated based on data provided by Knox County:

Salaries	\$ 22,746
Benefits	<u>7,520</u>
Total	<u>\$ 30,266</u>

The total of the on-behalf payments for salaries and benefits shown above of \$227,154 are reported as revenues and expenditures in the General Fund. TRS contributions of \$64,502 and THIS contributions of \$839 are reported as revenues and expenditures in the Regional Safe Schools Program.

10. OTHER DISCLOSURES

Accounting principles generally accepted in the United States of America require disclosure of certain information concerning individual funds (which are presented only in combination on the financial statements). Funds having deficit fund balances and funds which overextended budgets during the year are disclosed below.

A. The following funds/accounts had a deficit fund balance at June 30, 2010.

<u>Fund/Account</u>	<u>Amount</u>
Truants Alternative Education	\$ 43,773
ROE #33	2,141

B. The following funds had an excess of actual expenditures over budget for the year ended June 30, 2010.

<u>Fund</u>	<u>Budget Amount</u>	<u>Expenditures</u>	<u>Unfavorable Variance</u>
Truants Alternative Education	\$ 109,409	\$ 109,413	\$ 4

11. CONTINGENCY

During the fiscal year ended June 30, 2010, the ROE was a defendant in a lawsuit. A settlement was reached during the fiscal year; however, the settlement had no effect on the financial statements of the ROE as the settlement was paid by Knox County.

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

12. NON-EXCHANGE CONTRIBUTION

During the year ended June 30, 2010, the ROE received a SMART Board and attachments. The fair value of this equipment at time of receipt was determined to be \$7,795, which is over the ROE's capitalization threshold. Therefore, the equipment has been included as an addition to capital assets in the ROE's financial statements. \$7,795 is recorded as non-exchange contributions not restricted to specific programs on the government-wide statement of activities.

**SUPPLEMENTAL INFORMATION**

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2010

	Regional Safe Schools	Truants Alternative Education	McKinney Education for Homeless Children	Western Illinois Investment Grant	Title I Reading First Part B SEA Grant	Gifted Education	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 17,916	\$ -	\$ -	\$ 2	\$ 49	\$ 9,952	\$ 27,919
Due from other funds	27,701	-	-	-	-	26,670	54,371
Due from other governmental units and agencies	46,236	65,649	2,238	-	-	-	114,123
<b>TOTAL ASSETS</b>	<b>\$ 91,853</b>	<b>\$ 65,649</b>	<b>\$ 2,238</b>	<b>\$ 2</b>	<b>\$ 49</b>	<b>\$ 36,622</b>	<b>\$ 196,413</b>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>LIABILITIES</b>							
Accrued payroll	\$ 17,878	\$ 12,309	\$ 1,200	\$ 2	\$ -	\$ -	\$ 31,389
Due to other funds	-	53,344	1,027	-	-	-	54,371
Due to other governmental units	122	-	-	-	-	-	122
Deferred revenue	30,826	43,769	-	-	49	36,622	111,266
Total Liabilities	48,826	109,422	2,227	2	49	36,622	197,148
<b>FUND BALANCE (DEFICITS)</b>							
Unreserved	43,027	(43,773)	11	-	-	-	(735)
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 91,853</b>	<b>\$ 65,649</b>	<b>\$ 2,238</b>	<b>\$ 2</b>	<b>\$ 49</b>	<b>\$ 36,622</b>	<b>\$ 196,413</b>

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the Year Ended June 30, 2010

	Regional Safe Schools	Truants Alternative Education	McKinney Education for Homeless Children	Western Illinois Investment Grant	Title I Reading First Part B SEA Grant	Gifted Education	Total
<b>REVENUES</b>							
Local sources	\$ 2,218	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,218
State sources	174,791	65,640	-	-	-	18,165	258,596
Federal sources	33,249	-	8,950	34,100	7,769	-	84,068
Interest	34	-	-	-	-	-	34
On-behalf payments	65,341	-	-	-	-	-	65,341
<b>Total revenues</b>	<b>275,633</b>	<b>65,640</b>	<b>8,950</b>	<b>34,100</b>	<b>7,769</b>	<b>18,165</b>	<b>410,257</b>
<b>EXPENDITURES</b>							
Salaries and benefits	203,661	101,324	6,459	33,264	-	2,042	346,750
Purchased services	70,851	7,889	979	836	4,916	5,190	90,661
Supplies and materials	3,146	200	312	-	2,853	3,433	9,944
Capital outlay	2,700	-	-	-	-	-	2,700
Payments to other governments	-	-	1,200	-	-	7,500	8,700
On-behalf payments	65,341	-	-	-	-	-	65,341
<b>Total expenditures</b>	<b>345,699</b>	<b>109,413</b>	<b>8,950</b>	<b>34,100</b>	<b>7,769</b>	<b>18,165</b>	<b>524,096</b>
Excess (deficiency) of revenues over expenditures	(70,066)	(43,773)	-	-	-	-	(113,839)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>113,093</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113,104</b>
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	<b>\$ 43,027</b>	<b>\$ (43,773)</b>	<b>\$ 11</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (735)</b>

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
REGIONAL SAFE SCHOOLS  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Local sources	\$ -	\$ -	\$ 2,218	\$ 2,218
State sources	91,631	84,761	174,791	90,030
Federal sources	-	-	33,249	33,249
Interest	-	-	34	34
On-behalf payments	-	-	65,341	65,341
	<u>91,631</u>	<u>84,761</u>	<u>275,633</u>	<u>190,872</u>
<b>EXPENDITURES</b>				
Salaries and benefits	77,144	72,402	203,661	(131,259)
Purchased services	14,087	11,999	70,851	(58,852)
Supplies and materials	400	360	3,146	(2,786)
Capital outlay	-	-	2,700	(2,700)
On-behalf payments	-	-	65,341	(65,341)
	<u>91,631</u>	<u>84,761</u>	<u>345,699</u>	<u>(260,938)</u>
Deficiency of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	(70,066)	<u>\$ (70,066)</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>113,093</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 43,027</u>	

NOTE: The budget amounts for Regional Safe Schools reflect only the amounts pertaining to the Regional Safe Schools Grant. The actual amounts reflect grant funds as well as other federal, state, and local monies which are not subject to grant budget requirements.

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TRUANTS ALTERNATIVE EDUCATION  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
State sources	\$ 109,409	\$ 109,409	\$ 65,640	\$ (43,769)
Total revenues	<u>109,409</u>	<u>109,409</u>	<u>65,640</u>	<u>(43,769)</u>
<b>EXPENDITURES</b>				
Salaries and benefits	101,320	101,320	101,324	(4)
Purchased services	7,889	7,889	7,889	-
Supplies and materials	<u>200</u>	<u>200</u>	<u>200</u>	<u>-</u>
Total expenditures	<u>109,409</u>	<u>109,409</u>	<u>109,413</u>	<u>(4)</u>
Deficiency of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	(43,773)	<u>\$ (43,773)</u>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>			<u>-</u>	
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>			<u>\$ (43,773)</u>	

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
McKINNEY EDUCATION FOR HOMELESS CHILDREN  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Federal sources	\$ 8,950	\$ 8,950	\$ 8,950	\$ -
Total revenues	<u>8,950</u>	<u>8,950</u>	<u>8,950</u>	<u>-</u>
<b>EXPENDITURES</b>				
Salaries and benefits	6,459	6,459	6,459	-
Purchased services	1,008	1,008	979	29
Supplies and materials	283	283	312	(29)
Payments to other governments	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>-</u>
Total expenditures	<u>8,950</u>	<u>8,950</u>	<u>8,950</u>	<u>-</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>11</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 11</u>	

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
WESTERN ILLINOIS INVESTMENT GRANT  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Federal sources	\$ 34,100	\$ 34,100	\$ 34,100	\$ -
Total revenues	<u>34,100</u>	<u>34,100</u>	<u>34,100</u>	<u>-</u>
<b>EXPENDITURES</b>				
Salaries and benefits	34,100	34,100	33,264	836
Purchased services	<u>-</u>	<u>-</u>	<u>836</u>	<u>(836)</u>
Total expenditures	<u>34,100</u>	<u>34,100</u>	<u>34,100</u>	<u>-</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u>\$ -</u>	

KNOX COUNTY  
 REGIONAL OFFICE OF EDUCATION #33  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION FUND ACCOUNTS  
 TITLE I READING FIRST PART B SEA GRANT  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Federal sources	\$ 7,818	\$ 7,818	\$ 7,769	\$ (49)
Total revenues	<u>7,818</u>	<u>7,818</u>	<u>7,769</u>	<u>(49)</u>
<b>EXPENDITURES</b>				
Purchased services	5,218	5,218	4,916	302
Supplies and materials	<u>2,600</u>	<u>2,600</u>	<u>2,853</u>	<u>(253)</u>
Total expenditures	<u>7,818</u>	<u>7,818</u>	<u>7,769</u>	<u>49</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u>\$ -</u>	

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
GIFTED EDUCATION  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
State sources	\$ 54,787	\$ 54,787	\$ 18,165	\$ (36,622)
Total revenues	<u>54,787</u>	<u>54,787</u>	<u>18,165</u>	<u>(36,622)</u>
<b>EXPENDITURES</b>				
Salaries and benefits	2,602	2,077	2,042	35
Purchased services	9,162	9,687	5,190	4,497
Supplies and materials	13,023	13,023	3,433	9,590
Payments to other governments	<u>30,000</u>	<u>30,000</u>	<u>7,500</u>	<u>22,500</u>
Total expenditures	<u>54,787</u>	<u>54,787</u>	<u>18,165</u>	<u>36,622</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>				
			<u>-</u>	
<b>FUND BALANCE AT END OF YEAR</b>				
			<u>\$ -</u>	

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33  
COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
June 30, 2010

	General Education Development	Bus Driver Training	Knox County Substance Abuse Prevention Program	ROE/ISC	Supervisory
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,584	\$ 50	\$ 1,329	\$ -	\$ 149
Due from other funds	2,141	-	-	-	-
Due from other governmental units and agencies	-	-	-	8,103	-
<b>TOTAL ASSETS</b>	<b>\$ 4,725</b>	<b>\$ 50</b>	<b>\$ 1,329</b>	<b>\$ 8,103</b>	<b>\$ 149</b>
 <b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ -	\$ 2,141	\$ -
Deferred revenue	-	-	-	8,103	-
Total Liabilities	-	-	-	10,244	-
 <b>FUND BALANCE (DEFICIT)</b>					
Unreserved	4,725	50	1,329	(2,141)	149
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 4,725</b>	<b>\$ 50</b>	<b>\$ 1,329</b>	<b>\$ 8,103</b>	<b>\$ 149</b>

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33  
COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
June 30, 2010

	Workshops	Reorganization Incentive Feasibility Study	Drop Out Summit	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10	\$ -	\$ 874	\$ 4,996
Due from other funds	-	-	-	2,141
Due from other governmental units and agencies	-	7,000	-	15,103
<b>TOTAL ASSETS</b>	<b>\$ 10</b>	<b>\$ 7,000</b>	<b>\$ 874</b>	<b>\$ 22,240</b>
 <b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ -	\$ -	\$ 2,141
Deferred revenue	-	7,000	-	15,103
Total Liabilities	-	7,000	-	17,244
 <b>FUND BALANCE (DEFICIT)</b>				
Unreserved	10	-	874	4,996
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 10</b>	<b>\$ 7,000</b>	<b>\$ 874</b>	<b>\$ 22,240</b>

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NON-MAJOR SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 2010

	General Education Development	Bus Driver Training	Knox County Substance Abuse Prevention Program	ROE/ISC	Supervisory
REVENUES					
Local sources	\$ 8,652	\$ 200	\$ 2,145	\$ -	\$ -
State sources	610	834	-	1,520	1,000
Total revenues	<u>9,262</u>	<u>1,034</u>	<u>2,145</u>	<u>1,520</u>	<u>1,000</u>
EXPENDITURES					
Purchased services	2,307	1,097	1,607	2,516	-
Supplies and materials	2,961	-	149	1,363	1,000
Total expenditures	<u>5,268</u>	<u>1,097</u>	<u>1,756</u>	<u>3,879</u>	<u>1,000</u>
Net change in fund balances	3,994	(63)	389	(2,359)	-
FUND BALANCE AT BEGINNING OF YEAR	<u>731</u>	<u>113</u>	<u>940</u>	<u>218</u>	<u>149</u>
FUND BALANCE (DEFICIT) AT END OF YEAR	<u>\$ 4,725</u>	<u>\$ 50</u>	<u>\$ 1,329</u>	<u>\$ (2,141)</u>	<u>\$ 149</u>

KNOX COUNTY  
REGIONAL OFFICE OF EDUCATION #33  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NON-MAJOR SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 2010

	Workshops	Reorganization Incentive Feasibility Study	Drop Out Summit	Total
<b>REVENUES</b>				
Local sources	\$ 10	\$ -	\$ 3,000	\$ 14,007
State sources	-	-	-	3,964
<b>Total revenues</b>	<b>10</b>	<b>-</b>	<b>3,000</b>	<b>17,971</b>
<b>EXPENDITURES</b>				
Purchased services	-	-	1,686	9,213
Supplies and materials	-	-	440	5,913
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>2,126</b>	<b>15,126</b>
<b>Net change in fund balances</b>	<b>10</b>	<b>-</b>	<b>874</b>	<b>2,845</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,151</b>
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	<b>\$ 10</b>	<b>\$ -</b>	<b>\$ 874</b>	<b>\$ 4,996</b>