

STATE OF ILLINOIS
KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33

FINANCIAL AUDIT

For the Year Ended June 30, 2011

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

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33

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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, 2010 to December 31, 2010)

Mr. Rich Qualls

Assistant Regional Superintendent
(January 1, 2011 to June 30, 2011)

Mr. William Griffin

Assistant Regional Superintendent
(July 1, 2011 to current)

Ms. Jill Colley

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	1	2
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	1	0

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

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>			
11-1	10	Controls Over Financial Statement Preparation	Material Weakness

Findings and Responses (Federal Compliance)

None

Prior Audit Findings Not Repeated (Government Auditing Standards)

10-2	13	Inadequate Controls Over Property and Equipment	Significant Deficiency
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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 correspondence received February 10, 2012. The response to the recommendation was provided by ROE management in correspondence received November 15, 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, 2011, 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, 2011, 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.

The Knox County Regional Office of Education #33 adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the year ended June 30, 2011. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on any of the Knox County Regional Office of Education #33's governmental funds' assets or liabilities nor was there any effect to the total amount of any of the Knox County Regional Office of Education #33's governmental fund balances as of and for the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 23, 2012 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 14 through 19 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

March 23, 2012

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, 2011, which collectively comprise the Knox County Regional Office of Education #33's basic financial statements and have issued our report thereon dated March 23, 2012. 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

Management of the Knox County Regional Office of Education #33 is responsible for establishing and maintaining effective 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.

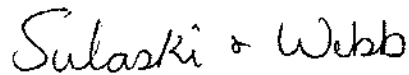
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination 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 11-1 in the accompanying Schedule of Findings and Responses to be a material weakness.

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*.

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

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, and the Illinois State Board of Education and is not intended to be and should not be used by anyone other than these specified parties.



Sulaski and Webb
Certified Public Accountants

March 23, 2012

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2011

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 disclosed during the audit of the financial statements is 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, 2011

Section II – Financial Statement Findings

Finding No. 11-1
Repeated from 10-1, 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 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, 2011

Section II – Financial Statement Findings - Continued

Finding No. 11-1
Repeated from 10-1, 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:

Due to limited funds, the Knox County Regional Office of Education #33 is not able to hire and train accounting personnel in order to maintain a system of internal control over the preparation of financial statements in accordance with generally accepted accounting principles.

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33

CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2011

Corrective Action Plan

Finding No. 11-1

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 payable or deferred revenue.

Plan: Due to limited funds, the Knox County Regional Office of Education #33 is not able to hire and train accounting personnel in order to maintain a 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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2011

<u>Finding Number</u>	<u>Prior Finding</u>	<u>Status</u>
10-1	The ROE did not have sufficient internal controls over the financial reporting process.	Repeated as Finding 11-1.
10-2	The ROE did not have adequate controls over fixed assets.	Not Repeated.

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

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, 2011. 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 2011 enrollment in these districts was just under 8,000.

Financial Highlights

- Total net assets decreased by \$7,787, which represents a 6.0% decrease from fiscal year 2010.
- General revenues account for \$320,201 in revenue, or 40.6% of all revenues. Program specific revenues in the form of grants and contributions accounted for \$468,233 or 59.4% of total revenues.
- The ROE had \$794,892 in expenses.
- Capital assets, prior to depreciation, decreased by \$135,160 to total \$77,414.
- 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, 2011

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 20-21 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. The Knox County ROE has two kinds of funds: governmental funds and fiduciary 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 23 and 25, respectively.

The basic governmental fund financial statements can be found on pages 22 and 24 of this report.

Fiduciary funds

Fiduciary funds are used to account for assets held by the ROE in a custodial nature and do not involve measurement of results of operations.

The Statement of Fiduciary Net Assets can be found on page 26 of this report.

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

Overview of Financial Statements (continued)

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 27-45 of this report.

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 \$122,835 as of June 30, 2011. The majority of this (65% 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, 2011 and 2010.

	2011	2010
Assets		
Current assets	\$ 159,680	\$ 193,276
Capital assets, net	13,799	19,233
Total assets	\$ 173,479	\$ 212,509
Liabilities		
Current liabilities	\$ 50,644	\$ 81,887
Total liabilities	\$ 50,644	\$ 81,887
Net assets:		
Invested in capital assets, net of related debt	\$ 13,799	\$ 19,233
Restricted for educational purposes	57,504	17,430
Unrestricted	51,532	93,959
Total net assets	\$ 122,835	\$ 130,622

The net assets related to Regional Safe Schools, McKinney Education for Homeless Children, ROE/ISC, and Title II Teacher Quality Leadership are restricted for educational purposes by grant agreements or contracts. General Education Development, Bus Driver Training, Supervisory, and Institute are restricted by Illinois Statute.

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

Changes in net assets

The ROE's total revenues for the fiscal year ended June 30, 2011 were \$788,434. The total cost of all programs and services was \$794,892. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2011 and 2010.

Revenues:	2011	2010
Program revenues		
Operating grants and contributions	\$ 468,233	\$ 432,362
General revenues		
Local sources	27,765	25,803
State sources	7,834	3,964
Interest	7	40
Contributions not restricted to specific program	-	7,795
On-behalf payments	284,595	292,495
Total revenues	788,434	762,459
Expenses:		
Instructional services		
Salaries & benefits	359,092	346,750
Purchased services	102,626	100,234
Supplies and materials	16,728	15,857
Depreciation	5,434	4,593
Payments to other governmental units	26,417	8,700
Administrative Expenses		
On-behalf payments	284,595	292,495
Total expenses	794,892	768,629
Increase (decrease) in net assets	(6,458)	(6,170)
Net assets, beginning	130,622	136,792
Prior period adjustment	(1,329)	-
Net assets, ending	\$ 122,835	\$ 130,622

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

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.

	2011		2010	
	Total Expenses	Net (Expense) Revenue	Total Expenses	Net (Expense) Revenue
Instructional	\$ 510,297	\$ (36,238)	\$ 476,134	\$ (88,920)
Administrative services	284,595	(290,421)	292,495	(247,347)
Total expenses	\$ 794,892	\$ (326,659)	\$ 768,629	\$ (336,267)

The net cost of governmental activities, \$326,659, was financed by general revenue, which is primarily on-behalf payments, \$284,595, and local, \$27,765, and state, \$7,834, 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 \$94,413, an increase of \$72,722.

During fiscal year 2011, the ROE implemented Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which required certain programs and funds to be reclassified and the restatement of beginning fund balances as detailed in Note 12 to the financial statements. Because of these reclassifications the fund analysis is not comparable between fiscal year 2010 and fiscal year 2011.

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

Capital Assets

As of June 30, 2011, the Knox County Regional Office of Education #33's total capital assets were \$77,414, comprised mainly of school and office furniture and equipment. There was a decrease in capital assets of \$135,160 from the previous year due to recycling several old pieces of computer equipment. Total accumulated depreciation as of June 30, 2011 was \$63,615 and total depreciation expense for the year was \$5,434, resulting in total net capital assets of \$13,799.

Additional information of the ROE's capital assets can be found in Note 6 on page 39 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 financial support meets the needs of the office.
- The McKinney-Vento Homeless Assistance Grant has decreased slightly.
- The ROE continues to upgrade and maintain all office equipment.
- Although funds have been decreased for the Safe School, the ROE strives to upgrade all equipment at the Safe School.
- Due to the decrease in funding of the TAOEP Grant, we currently have only two outreach workers in the county.
- The lack of timely issuing of grant money from the three programs (McKinney-Vento, TAEOP, and RSSP) make it a hardship to continue to provide the same level of service to the public that we have been able to provide in past years.

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, 2011

	Primary Government Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 46,664
Due from other governmental units and agencies	113,016
Total Current Assets	159,680
Noncurrent Assets:	
Capital assets, net of depreciation	13,799
Total Noncurrent Assets	13,799
TOTAL ASSETS	173,479
LIABILITIES	
Current Liabilities:	
Accrued payroll	30,870
Deferred revenue	19,774
TOTAL LIABILITIES	50,644
NET ASSETS	
Invested in capital assets, net of related debt	13,799
Unrestricted	51,532
Restricted for educational purposes	57,504
TOTAL NET ASSETS	\$ 122,835

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, 2011

FUNCTIONS/PROGRAMS	Expenses	Program Revenues <u>Operating Grants and Contributions</u>	<u>Net (Expenses)/Revenues and Changes in Net Assets Primary Government Governmental Activities</u>
Primary government:			
Governmental activities:			
Instructional Services:			
Salaries and benefits	\$ 359,092	\$ 355,069	\$ (4,023)
Purchased services	102,626	82,540	(20,086)
Supplies and materials	16,728	10,253	(6,475)
Payments to other governments	26,417	26,438	21
Depreciation	5,434	-	(5,434)
Capital outlay	-	(241)	(241)
Administrative:			
On-behalf payments	284,595	(5,826)	(290,421)
Total government activities	<u>\$ 794,892</u>	<u>\$ 468,233</u>	<u>\$ (326,659)</u>
General revenues:			
Local sources			27,765
State sources			7,834
Interest			7
On-behalf payments			<u>284,595</u>
Total general revenues			<u>320,201</u>
Change in net assets			<u>(6,458)</u>
Net assets - beginning			130,622
Prior period adjustment			<u>(1,329)</u>
Net assets - beginning (restated)			<u>129,293</u>
Net assets - ending			<u>\$ 122,835</u>

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, 2011

	General Fund	Education Fund	Institute Fund	Other Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 757	\$ 709	\$ 42,970	\$ 2,228	\$ 46,664
Due from other funds	57,278	5,962	-	5,818	69,058
Due from other governmental units and agencies	-	113,016	-	-	113,016
TOTAL ASSETS	\$ 58,035	\$ 119,687	\$ 42,970	\$ 8,046	\$ 228,738
LIABILITIES					
Accrued payroll	\$ 6,503	\$ 24,367	\$ -	\$ -	\$ 30,870
Due to other funds	-	69,058	-	-	69,058
Deferred revenue	-	20,367	14,030	-	34,397
Total liabilities	6,503	113,792	14,030	-	134,325
FUND BALANCES (DEFICITS)					
Restricted	-	20,610	28,940	8,046	57,596
Assigned	479	-	-	-	479
Unassigned	51,053	(14,715)	-	-	36,338
Total fund balances	51,532	5,895	28,940	8,046	94,413
TOTAL LIABILITIES AND FUND BALANCES	\$ 58,035	\$ 119,687	\$ 42,970	\$ 8,046	\$ 228,738

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, 2011

Total fund balances - governmental funds	\$	94,413
<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.		13,799
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.		14,623
		14,623
Net assets of governmental activities	\$	122,835

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 BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	General Fund	Education Fund	Institute Fund	Other Non-Major Funds	Total Governmental Funds
Revenues:					
Local sources	\$ 5,335	\$ 536	\$ 12,478	\$ 9,416	\$ 27,765
State sources	134,121	261,319	-	834	396,274
Federal sources	-	154,868	-	-	154,868
Interest	-	-	7	-	7
On-behalf payments	284,595	-	-	-	284,595
Total revenues	<u>424,051</u>	<u>416,723</u>	<u>12,485</u>	<u>10,250</u>	<u>863,509</u>
Expenditures:					
Instructional services:					
Salaries and benefits	106,922	252,170	-	-	359,092
Purchased services	42,147	55,467	875	4,137	102,626
Supplies and materials	1,999	11,638	100	2,991	16,728
Payments to other governments	-	26,417	-	-	26,417
On-behalf payments	284,595	-	-	-	284,595
Total expenditures	<u>435,663</u>	<u>345,692</u>	<u>975</u>	<u>7,128</u>	<u>789,458</u>
Net change in fund balances	<u>(11,612)</u>	<u>71,031</u>	<u>11,510</u>	<u>3,122</u>	<u>74,051</u>
Fund balances (deficits) - beginning (restated - see note 12)	63,144	(65,136)	17,430	6,253	21,691
Prior Period Adjustment	-	-	-	(1,329)	(1,329)
Fund balances (deficits) - beginning (restated)	<u>63,144</u>	<u>(65,136)</u>	<u>17,430</u>	<u>4,924</u>	<u>20,362</u>
Fund balances - ending	<u>\$ 51,532</u>	<u>\$ 5,895</u>	<u>\$ 28,940</u>	<u>\$ 8,046</u>	<u>\$ 94,413</u>

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, 2011

Net change in fund balances	\$	74,051
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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.</p>		
Capital outlay	-	
Depreciation expense	<u>(5,434)</u>	(5,434)
<p>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.</p>		
		14,623
<p>Prior year revenues that were deferred in the governmental funds because they were not considered "available" have now been recognized as revenue in the governmental funds.</p>		
		(89,698)
Changes in net assets of governmental activities	\$	<u><u>(6,458)</u></u>

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

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 1,740</u>
Total Assets	<u><u>\$ 1,740</u></u>
LIABILITIES	
Due to others	<u>\$ 1,740</u>
Total Liabilities	<u><u>\$ 1,740</u></u>

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, 2011

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, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For the period ended June 30, 2011, 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 ROE's government-wide financial statements consist only of governmental activities.

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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. General funds include the following:

ROE #33 Fund – Used to account for the on-behalf payments from the State of Illinois and Knox County.

General State Aid – To account for monies received for and in payment of expenditures for the general operations of the Regional Alternative School.

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.

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

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Education Fund – The Education Fund includes proceeds from specific revenue sources that are restricted by grant agreements or contracts to expenditures for specified purposes supporting education enhancement programs. 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 – To assist economically disadvantaged youth in finding the appropriate services needed to remove barriers to successful participation in employment and training activities which will result in employment that leads to self-sufficiency.

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.

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

ARRA – General State Aid – To account for ARRA grant monies received for and in payment of expenditures for the general operations of the Regional Alternative School.

Title II Teacher Quality Leadership – To account for grant monies received for and in payment of expenditures for activities that aim to increase student academic achievement through strategies such as improving teacher and principal quality; increasing the number of highly qualified teachers, principals, and assistant principals in the schools; and holding local educational agencies and schools accountable for improvements in student academic achievement.

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

ARRA – Education Jobs – To account for grant monies received for and in payment of expenditures for activities to save or create education jobs during the 2010-2011 school year.

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.

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.

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

Fiduciary Fund Types

Agency Funds are used to account for assets held by the ROE in a trustee capacity or as an agent for individuals and private or governmental organizations. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The ROE has the following Agency Fund:

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.

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

EQUITY CLASSIFICATIONS

Governmental Fund Balances

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

Nonspendable Fund Balance – The portion of a Governmental Fund’s net assets that are not available to be spent, either short term or long term, in either form or through legal restrictions. There are no accounts presenting a nonspendable fund balance.

Restricted Fund Balance – The portion of a Governmental Fund’s net assets that are subject to external enforceable legal restrictions. The following accounts fund balances are restricted by grant agreements or contracts: Regional Safe Schools, McKinney Education for Homeless Children, ROE/ISC, and Title II Teacher Quality Leadership. The following funds are restricted by Illinois Statute: General Education Development, Bus Driver Training, Supervisory, and Institute.

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

Assigned Fund Balance – The portion of a Governmental Fund’s net assets to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balance: Workshops and Drop Out Summit.

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The unassigned fund balance is made up of General State Aid and the deficit balances from Regional Safe Schools, Truants Alternative Education, and ARRA – General State Aid.

Net Assets

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

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

Restricted net assets – Consists of net assets with constraints placed on their 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.

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

EQUITY CLASSIFICATIONS (Continued)

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

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.

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 restricted funds, then unrestricted. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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
- Gifted Education
- Title II Teacher Quality Leadership

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, 2011

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, 2011

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.

NEW ACCOUNTING STANDARDS

In fiscal year 2011, the ROE implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, GASB Statement No. 59, *Financial Instruments Omnibus*, and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The ROE implemented these standards during the current year; however, GASB Statements No. 59 and 62 had no impact on the financial statements. The implementation of GASB Statement No. 54 changed fund balance reporting for governmental funds by adding some additional fund balance classifications, clarifying governmental fund type definitions, and providing additional disclosures on how fund balance constraints are imposed and may be modified or eliminated.

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.

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

CASH (Continued)

At June 30, 2011, the carrying amount of the ROE's various bank deposits totaled \$48,404 and the bank balances totaled \$64,657. Included in the bank balance is \$6,639 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, 2011, all deposits made by the ROE were covered by the Federal Depository Insurance Coverage (FDIC).

3. RECEIVABLES/PAYABLES

Receivables for the Knox County ROE #33 at June 30, 2011, are as follows:

	<u>Due from Other Governmental Units and Agencies</u>	<u>Other</u>	<u>Total</u>
Governmental activities:			
Education	\$ 113,016	\$ -	\$ 113,016
Total governmental activities	<u>\$ 113,016</u>	<u>\$ -</u>	<u>\$ 113,016</u>

Payables for the Knox County ROE #33 at June 30, 2011, are as follows:

	<u>Due to Other Governmental Units</u>	<u>Other</u>	<u>Total</u>
Governmental activities:			
General	\$ -	\$ 6,503	\$ 6,503
Education	-	24,367	24,367
Total governmental activities	<u>\$ -</u>	<u>\$ 30,870</u>	<u>\$ 30,870</u>

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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	\$ 89,527
Other Regional Offices of Education	5,489
Other Governmental Agency	<u>18,000</u>
	<u>\$ 113,016</u>

Due To Other Governmental Units: \$ 0

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, 2011 due to the State of Illinois being slow in paying funds for a couple of ROE #33's programs:

	Due from	Due to
General Fund:		
General State Aid	\$ 57,278	\$ -
Education Fund:		
Regional Safe Schools	-	20,768
Truants Alternative Education	-	42,345
Western Illinois Investment Grant	-	4,000
ROE/ISC	5,962	-
ARRA - General State Aid	-	201
ARRA - Education Jobs	-	1,744
Non-Major Fund:		
General Education Development	<u>5,818</u>	<u>-</u>
Total	<u>\$ 69,058</u>	<u>\$ 69,058</u>

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

6. CAPITAL ASSETS

Capital asset activity during the fiscal year ended June 30, 2011 was as follows:

	Balance 7/1/2010	Additions	Disposals	Balance 6/30/2011
Equipment	\$ 212,574	\$ -	\$ (135,160)	\$ 77,414
Less accumulated depreciation	(193,341)	(5,434)	135,160	(63,615)
Total	\$ 19,233	\$ (5,434)	\$ -	\$ 13,799

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, 2011 was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2010 and 2009.

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, 2011, State of Illinois contributions were based on 23.10 percent of creditable earnings not paid from federal funds, and the ROE recognized revenue and expenditures of \$59,639 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2010, and June 30, 2009, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.38 percent (\$64,502) and 17.08 percent (\$15,530), respectively.

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

RETIREMENT PLANS (Continued)

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

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, 2011 were \$517. Contributions for the years ending June 30, 2010 and June 30, 2009, were \$579 and \$527, 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.

For the year ended June 30, 2011, the employer pension contribution was 23.10 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2010 and 2009, the employer contribution was 23.38 and 17.08 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2011, salaries totaling \$-0- were paid from federal and special trust funds that required employer contributions of \$-0-. For the years ended June 30, 2010 and June 30, 2009, 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.

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

For the year ended June 30, 2011, the ROE paid \$-0- to TRS for employer contributions under the ERO program. For the years ended June 30, 2010 and June 30, 2009, the ROE made no payments under the ERO.

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

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

RETIREMENT PLANS (Continued)

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

For the year ended June 30, 2011, the ROE paid \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2010 and June 30, 2009, 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 (18.03 percent of salary during the year ended June 30, 2011, as recertified pursuant to Public Act 96-1511).

For the year ended June 30, 2011, the ROE paid \$-0- to TRS for sick leave days granted in excess of the normal annual allotment. For the year ended June 30, 2010 and June 30, 2009, 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, 2010. The report for the year ended June 30, 2011, is expected to be available in late 2011.

The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, 2815 West Washington Street, P.O. Box 19253, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at <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 it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the state administered participating provider option plan or choose from several managed care options.

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

OTHER POSTEMPLOYMENT BENEFITS (Continued)

Teacher Health Insurance Security Fund (Continued)

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. 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 Fund.

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

- On behalf contributions to THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the ROE. State contributions are intended to match contributions to THIS Fund from active members which were 0.88 percent of pay during the year ended June 30, 2011. State of Illinois contributions were \$787, and the ROE recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the year ended June 30, 2010 were 0.84 percent of pay. State contributions on behalf of ROE employees were \$839. Had the ROE recognized revenue and expenditures for State contributions intended to match active member contributions during the year ended June 30, 2009, under the current standards, the contribution match would have been 0.84 percent of pay, or \$764.

- Employer contributions to THIS Fund. The ROE also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the year ended June 30, 2011, and 0.63 percent during the years ended June 30, 2010, and June 30, 2009. For the year ended June 30, 2011, the ROE paid \$590 to the THIS Fund. For the years ended June 30, 2010 and June 30, 2009, the ROE paid \$629 and \$573 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.

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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	\$ 59,639
THIS contributions	787
Regional Superintendent – salary	96,435
Regional Superintendent – benefits (includes State paid insurance)	22,060
Assistant Regional Superintendent – salary	72,326
Assistant Regional Superintendent – benefits (includes State paid insurance)	<u>1,049</u>
Total	<u>\$ 252,296</u>

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

Salaries	\$ 23,283
Benefits	<u>9,016</u>
Total	<u>\$ 32,299</u>

The total of the on-behalf payments shown above, \$284,595, is reported as revenues and expenditures in the General Fund.

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, 2011.

<u>Fund/Account</u>	<u>Amount</u>
Truants Alternative Education	\$ 8,792
ARRA – General State Aid	201

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

OTHER DISCLOSURES (Continued)

B. The following funds had an excess of actual expenditures over budget for the year ended June 30, 2011.

Fund	Budget Amount	Expenditures	Unfavorable Variance
Regional Safe Schools	\$ 58,349	\$ 66,385	\$ 8,036

11. PRIOR PERIOD ADJUSTMENT

The ROE's financial statements as of June 30, 2010 improperly classified the Knox County Substance Abuse Prevention (KCSAP) Program as a non-major special revenue fund instead of an agency fund. The Governmental Funds cash and fund balance have been reduced by \$1,329 and the Agency Funds cash and due to others have been increased by \$1,329 to correct the aggregate effect of the error. Had the error not been made, the net change in fund balance for the fiscal year ending June 30, 2010 would have been decreased by \$389.

12. RECLASSIFICATIONS

In the fiscal year ending June 30, 2011, the ROE's presentation of fund balances was changed due to the implementation of GASB 54. Implementation of this Statement caused certain accounts to be reclassified to a different major fund category. The beginning fund balance amounts for the year ended June 30, 2011 have been reclassified to conform to the current presentation. The following table summarizes the changes.

	General Fund	Education Fund	Institute Fund	Non-Major Fund	Totals
06/30/10 fund balances (deficits) as previously reported	\$ -	\$ (735)	\$ 17,430	\$ 4,996	\$ 21,691
Change due to GASB 54 implementation	63,144	(64,401)	-	1,257	-
06/30/10 fund balances (deficits) as reclassified	\$ 63,144	\$ (65,136)	\$ 17,430	\$ 6,253	\$ 21,691

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

13. SUBSEQUENT EVENTS

The salaries and benefits of the Regional Superintendent and Assistant Regional Superintendents of the ROE are paid by the State of Illinois. Effective July 1, 2011, Governor Pat Quinn eliminated their funding from the State budget, stating that there is not enough money to pay them and that they should be paid on a local level, not state level. Therefore, these individuals worked without a paycheck starting July 1, 2011. Subsequently, on November 14, 2011, Governor Pat Quinn approved legislation passed by State lawmakers to ensure that Regional Offices of Education have the funds needed to operate through the end of the 2012 fiscal year. The legislation also requires a commission be established to determine the future of the Regional Offices of Education.

SUPPLEMENTAL INFORMATION

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2011

ASSETS	ROE #33 Fund	General State Aid	Workshops	Drop Out Summit	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ 278	\$ 30	\$ 449	\$ 757
Due from other funds	-	57,278	-	-	57,278
TOTAL ASSETS	\$ -	\$ 57,556	\$ 30	\$ 449	\$ 58,035
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accrued payroll	\$ -	\$ 6,503	\$ -	\$ -	\$ 6,503
Total Liabilities	-	6,503	-	-	6,503
FUND BALANCE					
Assigned	-	-	30	449	479
Unassigned	-	51,053	-	-	51,053
Total Fund Balance	-	51,053	30	449	51,532
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ 57,556	\$ 30	\$ 449	\$ 58,035

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2011

	ROE #33 Fund	General State Aid	Workshops	Drop Out Summit	Total
REVENUES					
Local sources	\$ -	\$ 5,115	\$ 220	\$ -	\$ 5,335
State sources	-	134,121	-	-	134,121
On-behalf payments	284,595	-	-	-	284,595
	<u>284,595</u>	<u>139,236</u>	<u>220</u>	<u>-</u>	<u>424,051</u>
EXPENDITURES					
Salaries and benefits	-	106,922	-	-	106,922
Purchased services	-	41,526	200	421	42,147
Supplies and materials	-	1,995	-	4	1,999
On-behalf payments	284,595	-	-	-	284,595
	<u>284,595</u>	<u>150,443</u>	<u>200</u>	<u>425</u>	<u>435,663</u>
Net change in fund balances	-	(11,207)	20	(425)	(11,612)
FUND BALANCE AT					
BEGINNING OF YEAR (restated - see note 12)	<u>-</u>	<u>62,260</u>	<u>10</u>	<u>874</u>	<u>63,144</u>
FUND BALANCE AT					
END OF YEAR	<u>\$ -</u>	<u>\$ 51,053</u>	<u>\$ 30</u>	<u>\$ 449</u>	<u>\$ 51,532</u>

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2011

	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
ASSETS						
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 11	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-	-
Due from other governmental units and agencies	35,075	52,708	-	18,000	-	-
TOTAL ASSETS	\$ 35,075	\$ 52,708	\$ 11	\$ 18,000	\$ -	\$ -
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accrued payroll	\$ -	\$ 10,367	\$ -	\$ 14,000	\$ -	\$ -
Due to other funds	20,768	42,345	-	4,000	-	-
Deferred revenue	5,835	8,788	-	-	-	-
Total Liabilities	26,603	61,500	-	18,000	-	-
FUND BALANCE (DEFICITS)						
Restricted	14,194	-	11	-	-	-
Unassigned	(5,722)	(8,792)	-	-	-	-
Total Fund Balance (Deficit)	8,472	(8,792)	11	-	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 35,075	\$ 52,708	\$ 11	\$ 18,000	\$ -	\$ -

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2011

ASSETS	ROE/ISC	ARRA - General State Aid	Title II Teacher Quality Leadership	ARRA - Education Jobs	Reorganization Incentive Feasibility Study	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 698	\$ -	\$ -	\$ 709
Due from other funds	5,962	-	-	-	-	5,962
Due from other governmental units and agencies	5,489	-	-	1,744	-	113,016
TOTAL ASSETS	\$ 11,451	\$ -	\$ 698	\$ 1,744	\$ -	\$ 119,687
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accrued payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,367
Due to other funds	-	201	-	1,744	-	69,058
Deferred revenue	5,744	-	-	-	-	20,367
Total Liabilities	5,744	201	-	1,744	-	113,792
FUND BALANCE (DEFICITS)						
Restricted	5,707	-	698	-	-	20,610
Unassigned	-	(201)	-	-	-	(14,715)
Total Fund Balance (Deficit)	5,707	(201)	698	-	-	5,895
TOTAL LIABILITIES AND FUND BALANCE	\$ 11,451	\$ -	\$ 698	\$ 1,744	\$ -	\$ 119,687

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, 2011

	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
REVENUES						
Local sources	\$ 536	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	83,801	122,825	-	-	-	36,622
Federal sources	9,552	-	8,055	25,000	49	-
Total revenues	<u>93,889</u>	<u>122,825</u>	<u>8,055</u>	<u>25,000</u>	<u>49</u>	<u>36,622</u>
EXPENDITURES						
Salaries and benefits	50,180	82,152	6,027	25,000	-	34
Purchased services	16,143	5,692	1,001	-	-	4,564
Supplies and materials	62	-	16	-	49	9,548
Payments to other governments	-	-	1,011	-	-	22,476
Total expenditures	<u>66,385</u>	<u>87,844</u>	<u>8,055</u>	<u>25,000</u>	<u>49</u>	<u>36,622</u>
Net change in fund balances	27,504	34,981	-	-	-	-
FUND BALANCE (DEFICIT) AT						
BEGINNING OF YEAR (restated - see note 12)	<u>(19,032)</u>	<u>(43,773)</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) AT						
END OF YEAR	<u>\$ 8,472</u>	<u>\$ (8,792)</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2011

	ROE/ISC	ARRA - General State Aid	Title II Teacher Quality Leadership	ARRA - Education Jobs	Reorganization Incentive Feasibility Study	Total
REVENUES						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 536
State sources	11,071	-	-	-	7,000	261,319
Federal sources	-	-	100,000	12,212	-	154,868
Total revenues	11,071	-	100,000	12,212	7,000	416,723
EXPENDITURES						
Salaries and benefits	-	-	77,280	11,497	-	252,170
Purchased services	3,223	-	17,129	715	7,000	55,467
Supplies and materials	-	-	1,963	-	-	11,638
Payments to other governments	-	-	2,930	-	-	26,417
Total expenditures	3,223	-	99,302	12,212	7,000	345,692
Net change in fund balances	7,848	-	698	-	-	71,031
FUND BALANCE (DEFICIT) AT						
BEGINNING OF YEAR (restated - see note 12)	(2,141)	(201)	-	-	-	(65,136)
FUND BALANCE (DEFICIT) AT						
END OF YEAR	\$ 5,707	\$ (201)	\$ 698	\$ -	\$ -	\$ 5,895

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources	\$ -	\$ -	\$ 536	\$ 536
State sources	58,349	58,349	83,801	25,452
Federal sources	-	-	9,552	9,552
	<u>58,349</u>	<u>58,349</u>	<u>93,889</u>	<u>35,540</u>
EXPENDITURES				
Salaries and benefits	51,781	50,180	50,180	-
Purchased services	6,568	8,069	16,143	(8,074)
Supplies and materials	-	100	62	38
	<u>58,349</u>	<u>58,349</u>	<u>66,385</u>	<u>(8,036)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	27,504	<u>\$ 27,504</u>
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR			<u>(19,032)</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 8,472</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, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
State sources	\$ 87,844	\$ 87,844	\$ 122,825	\$ 34,981
Total revenues	87,844	87,844	122,825	34,981
 EXPENDITURES				
Salaries and benefits	82,152	82,152	82,152	-
Purchased services	5,692	5,692	5,692	-
Total expenditures	87,844	87,844	87,844	-
Net change in fund balance	\$ -	\$ -	34,981	\$ 34,981
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR			(43,773)	
FUND BALANCE (DEFICIT) AT END OF YEAR			\$ (8,792)	

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
McKINNEY EDUCATION FOR HOMELESS CHILDREN
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal sources	\$ 6,456	\$ 8,055	\$ 8,055	\$ -
Total revenues	<u>6,456</u>	<u>8,055</u>	<u>8,055</u>	<u>-</u>
EXPENDITURES				
Salaries and benefits	5,921	6,028	6,027	1
Purchased services	535	1,011	1,001	10
Supplies and materials	-	16	16	-
Payments to other governments	-	1,000	1,011	(11)
Total expenditures	<u>6,456</u>	<u>8,055</u>	<u>8,055</u>	<u>-</u>
Net change in fund balance	<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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal sources	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
EXPENDITURES				
Salaries and benefits	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total expenditures	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net change in fund balance	<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, 2011

	Budgeted Amounts		Actual Amounts			Variance with Final Budget
	Original	Final	FY 2010	FY 2011	Total	
REVENUES						
State sources	\$ 54,787	\$ 54,787	\$ 18,165	\$ 36,622	\$ 54,787	\$ -
Total revenues	54,787	54,787	18,165	36,622	54,787	-
EXPENDITURES						
Salaries and benefits	2,602	2,077	2,042	34	2,076	1
Purchased services	9,162	9,687	5,190	4,564	9,754	(67)
Supplies and materials	13,023	13,023	3,433	9,548	12,981	42
Payments to other governments	30,000	30,000	7,500	22,476	29,976	24
Total expenditures	54,787	54,787	18,165	36,622	54,787	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	-	\$ -
FUND BALANCE AT BEGINNING OF YEAR					-	
FUND BALANCE AT END OF YEAR					\$ -	

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE II TEACHER QUALITY LEADERSHIP
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Federal sources	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Total revenues	100,000	100,000	100,000	-
 EXPENDITURES				
Salaries and benefits	75,114	77,280	77,280	-
Purchased services	16,291	20,423	17,129	3,294
Supplies and materials	8,595	2,297	1,963	334
Payments to other governments	-	-	2,930	(2,930)
Total expenditures	100,000	100,000	99,302	698
Net change in fund balance	\$ -	\$ -	698	\$ 698
FUND BALANCE AT BEGINNING OF YEAR			-	
FUND BALANCE AT END OF YEAR			\$ 698	

KNOX COUNTY
REGIONAL OFFICE OF EDUCATION #33
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2011

	General Education Development	Bus Driver Training	Knox County Substance Abuse Prevention Program	Supervisory	Total
ASSETS					
Cash and cash equivalents	\$ 635	\$ 1,444	\$ -	\$ 149	\$ 2,228
Due from other funds	5,818	-	-	-	5,818
TOTAL ASSETS	\$ 6,453	\$ 1,444	\$ -	\$ 149	\$ 8,046
LIABILITIES AND FUND BALANCE					
LIABILITIES	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCE					
Restricted	6,453	1,444	-	149	8,046
TOTAL LIABILITIES AND FUND BALANCE	\$ 6,453	\$ 1,444	\$ -	\$ 149	\$ 8,046

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, 2011

	General Education Development	Bus Driver Training	Knox County Substance Abuse Prevention Program	Supervisory	Total
REVENUES					
Local sources	\$ 7,946	\$ 1,470	\$ -	\$ -	\$ 9,416
State sources	-	834	-	-	834
Total revenues	<u>7,946</u>	<u>2,304</u>	<u>-</u>	<u>-</u>	<u>10,250</u>
EXPENDITURES					
Purchased services	3,227	910	-	-	4,137
Supplies and materials	2,991	-	-	-	2,991
Total expenditures	<u>6,218</u>	<u>910</u>	<u>-</u>	<u>-</u>	<u>7,128</u>
Net change in fund balances	<u>1,728</u>	<u>1,394</u>	<u>-</u>	<u>-</u>	<u>3,122</u>
FUND BALANCE AT BEGINNING OF YEAR (restated - see note 12)	4,725	50	1,329	149	6,253
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>(1,329)</u>	<u>-</u>	<u>(1,329)</u>
FUND BALANCE AT BEGINNING OF YEAR (RESTATED)	<u>4,725</u>	<u>50</u>	<u>-</u>	<u>149</u>	<u>4,924</u>
FUND BALANCE AT END OF YEAR	<u>\$ 6,453</u>	<u>\$ 1,444</u>	<u>\$ -</u>	<u>\$ 149</u>	<u>\$ 8,046</u>

KNOX COUNTY
 REGIONAL OFFICE OF EDUCATION #33
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended June 30, 2011

	Balance 7/1/2010 (as restated)	Additions	Deductions	Balance 6/30/2011
KNOX COUNTY SUBSTANCE ABUSE PREVENTION PROGRAM				
ASSETS				
Cash and cash equivalents	\$ 1,329	\$ 500	\$ 89	\$ 1,740
LIABILITIES				
Due to others	\$ 1,329	\$ 500	\$ 89	\$ 1,740