

**STATE OF ILLINOIS
TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**FINANCIAL AUDIT
For the year ended June 30, 2011**

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

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REGIONAL OFFICE OF EDUCATION #53**

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**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

OFFICIALS

Regional Superintendent (during the audit period).....Mr. Robin G. Houchin
Regional Superintendent (current).....Ms. Gail Owen
Assistant Regional Superintendent (during the audit period)Ms. Gail Owen
Assistant Regional Superintendent (July 1, 2011 – November 15, 2011)Ms. Louise Bassett
Assistant Regional Superintendent (November 16, 2011 – current).....Mr. Robin G. Houchin

Office is located at:

Tazewell Building
414 Court Street, Suite 100
Pekin, IL 61554

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

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.

AUDITORS' REPORTS

The auditors' 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	7	4
Repeated audit findings	3	3
Prior recommendations implemented or not repeated	1	0

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

Additional matters which were less than significant deficiencies or material weaknesses but more than inconsequential, have been reported in a Management Letter of Comments to the Regional Superintendent. In prior years, these issues may have been included as immaterial findings in the auditors' report.

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
11-01	11-12	Controls Over Financial Statement Preparation	Material Weakness
11-02	13	Restricted Funds Used for Unauthorized Purpose	Compliance
11-03	14-15	Miscoding of Revenues and Expenditures	Material Weakness
11-04	16	Noncompliance with the Grant Funds Recovery Act	Compliance
11-05	17-18	Inadequate Internal Control Procedures	Significant Deficiency
11-06	19	Inadequate Internal Controls Over Cash	Material Weakness
11-07	20-21	Expenditure Reports Were Not Filed Timely	Compliance and Significant Deficiency

FINDINGS AND RESPONSES (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2011.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

FINANCIAL REPORT SUMMARY (Continued)

SUMMARY OF FINDINGS AND RESPONSES (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)			
10-04	30	Expenditure Reports Did Not Agree to the General Ledger	Significant Deficiency and Compliance

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

There were no prior findings.

EXIT CONFERENCE

An informal exit conference was held on November 21, 2011 via telephone. Attending were Gail Owen, Regional Superintendent of Schools; Louise Bassett, Assistant Regional Superintendent of Schools; Heather Wolke, CPA; and Amy Hartrich, CPA, both with West & Company, LLC. Additional telephone conferences were held between the auditors and ROE officials to discuss the matters contained in this audit report. Responses to recommendations were provided by Gail Owen via email on March 15, 2012.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying basic financial statements of the Tazewell County Regional Office of Education #53 was performed by West & Company, LLC.

Based on their audit, the auditors expressed an unqualified opinion on the Tazewell County Regional Office of Education #53's basic financial statements.

WEST & COMPANY, LLC

MEMBERS

E. LYNN FREESE
RICHARD C. WEST
BRIAN E. DANIELL
JANICE K. ROMACK
DIANA R. SMITH
D. RAIF PERRY
JOHN H. VOGT
JOSHUA D. LOWE

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tazewell County Regional Office of Education #53, as of and for the year ended June 30, 2011, which collectively comprise the Tazewell County Regional Office of Education #53's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Tazewell County Regional Office of Education #53'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, the business-type activities, each major fund, and the aggregate remaining fund information of the Tazewell County Regional Office of Education #53, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the Tazewell County Regional Office of Education #53 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 the any of the Tazewell County Regional Office of Education #53's funds' assets or liabilities, nor was there any effect to the total amount of any of the Tazewell County Regional Office of Education #53'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 June 29, 2012 on our consideration of the Tazewell County Regional Office of Education #53's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund-Schedule of Funding Progress on pages 31A-31G and 65 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tazewell County Regional Office of Education #53's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Other Entities 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.

West & Company, LLC

June 29, 2012

WEST & COMPANY, LLC

MEMBERS

E. LYNN FREESE
RICHARD C. WEST
BRIAN E. DANIELL
JANICE K. ROMACK
DIANA R. SMITH
D. RAIF PERRY
JOHN H. VOGT
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tazewell County Regional Office of Education #53, as of and for the year ended June 30, 2011, which collectively comprise the Tazewell County Regional Office of Education #53's basic financial statements and have issued our report thereon dated June 29, 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 Tazewell County Regional Office of Education #53 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Tazewell County Regional Office of Education #53'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 Tazewell County Regional Office of Education #53's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tazewell County Regional Office of Education #53'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 certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in findings 11-01, 11-03 and 11-06 in the accompanying Schedule of Findings and Responses to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in findings 11-05 and 11-07 in the accompanying Schedule of Findings and Responses to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tazewell County Regional Office of Education #53's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 11-02, 11-04, and 11-07.

We also noted certain matters which we have reported to management of the Tazewell County Regional Office of Education #53 in a separate letter dated June 29, 2012.

Tazewell County Regional Office of Education #53's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit Tazewell County Regional Office of Education #53's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, others within the entity, 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.

West + Company, LLC

June 29, 2012

SCHEDULE OF FINDINGS AND RESPONSES

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2011**

Section I -- Summary of Auditors' Results (Concluded)

Identification of major programs:

CFDA Number(s)

Name of federal program or cluster

This section is not applicable.

Dollar threshold used to distinguish between Type A and Type B programs:

N/A

Auditee qualified as a low-risk auditee?

N/A

_____ yes

_____ no

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2011**

Section II - Financial Statement Findings

FINDING NO. 11-01 – Controls Over Financial Statement Preparation (Repeat of 07-01, 08-01, 09-01, and 10-01)

Criteria/Specific Requirement:

The Regional Office of Education #53 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

Condition:

The Regional Office of Education #53 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation/review of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of receivables, payables, capital assets, or deferred revenue.
- Numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.

Effect:

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

Cause:

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2011**

Section II - Financial Statement Findings (Continued)

FINDING NO. 11-01 – Controls Over Financial Statement Preparation (Repeat of 07-01, 08-01, 09-01 and 10-01) (Continued)

Auditors' Recommendation:

As part of internal control over the preparation of financial statements, including disclosures, the Regional Office of Education #53 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

Management's Response:

The Regional Office of Education #53 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office management is not currently confident with the abilities of the accounting staff to prepare cash basis financial information as needed for reporting throughout the year. Management will review year end reporting controls annually and investigate securing the services of a Certified Public Accounting firm to reach an appropriate level of expertise to do a comprehensive preparation and/or review of financial statements. Management will continue to pursue additional training for the individual(s) responsible for financial statement preparation.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2011**

Section II - Financial Statement Findings (Continued)

FINDING NO. 11-02 – Restricted Funds Used for Unauthorized Purpose (Repeat of 09-02 and 10-02)

Criteria/Specific Requirement:

Grant monies can only be used for allowable expenditures as outlined in grant agreements.

Condition:

Due to late grant reimbursements, some funds lacked cash to pay for their expenditures, resulting in interfund loans. A review of the amounts due between funds showed a \$16,269 loan from the Regional System Provider/Federal System of Support (RESPRO) Fund to the ARRA – Title I – School Improvement and Accountability Fund. Loans are not one of the allowed uses of the RESPRO Fund.

Effect:

The Regional Office of Education #53 was not in compliance with the RESPRO grant agreement.

Cause:

Various funds share a pooled bank account. When expenditures for the ARRA – Title I – School Improvement and Accountability Fund came due, they were paid out of the pooled bank account. While the bank account had enough cash to cover the expenditures, it did not have enough of the ARRA – Title I – School Improvement and Accountability Fund's money for the payments. This created a loan from other funds that had cash in that account. The only funds with sufficient cash in the pooled bank account to pay such expenditures were grants, one of which was the RESPRO Fund.

Auditors' Recommendation:

The Regional Office of Education #53 should monitor payments from pooled cash accounts to be sure that the particular fund paying expenditures has sufficient funds to cover the payments and should use the RESPRO Fund only for purposes as allowed by the grant agreement.

Management's Response:

The Regional Office of Education #53 will monitor payments from pooled cash accounts to be sure that the particular fund paying expenditures has sufficient funds to cover the payments and use the RESPRO Fund only for purposes as allowed by the grant agreement.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2011**

Section II - Financial Statement Findings (Continued)

FINDING NO. 11-03 – Miscoding of Revenues and Expenditures (Repeat of 10-03)

Criteria/Specific Requirement:

Revenues and expenditures should be carefully monitored to make sure that they are recorded to the proper accounts.

Condition:

During audit testing, we identified several instances where revenues and expenditures were miscoded. They are as follows:

- Various RESPRO expenditures were recorded to the wrong funds. Expenditures totaling \$1,523 were paid out of the Enterprise Fund, while the related grant revenue was received in the RESPRO Fund. RESPRO expenditures of \$102 were paid out of the ARRA – Title I – School Improvement and Accountability Fund, and reimbursed through both the ARRA grant and the RESPRO grant.
- Expenditures of \$1,697 for Teachers and Administrators Mentoring Program were reimbursed by funding from another Regional Office of Education. \$885 of the same expenditures were included on the expenditure report for the Regional Office of Education #53’s Teacher and Administrators Mentoring Program grant through the Illinois State Board of Education, resulting in expenditures of \$885 being reimbursed twice.
- A receipt of \$10,000 from the Illinois State Board of Education was incorrectly posted to State revenue in the ROE/ISC Operations grant instead of federal revenue in the Title II – Teacher Quality – Leadership Grant.
- The Teacher and Administrators Mentoring Program State revenue of \$23,449 and local revenue of \$1,697 were incorrectly coded as federal revenue.
- Gifted Education Fund expenditures were overstated by \$200 due to \$200 of expenditures reimbursed by another Regional Office of Education being recorded in the wrong fund.
- Refunds of \$1,500, \$468, and \$468 in the Teacher and Administrators Mentoring Program, Title II - Teacher Quality - Leadership Grant Fund, and the ARRA - Title I - School Improvement and Accountability Fund, respectively, were recorded as other income rather than offsetting the expenditure that created the refunds, resulted in overstated expenditure reports.

Effect:

Since many of the funds with the miscodings were grants, inaccurate expenditure reports were submitted, which could lead to the granting agency requesting reimbursements or adjusting the fiscal year 2012 grant amounts. In addition, there were instances where the same expenditures were improperly reimbursed twice.

TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53

SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2011

Section II - Financial Statement Findings (Continued)

FINDING NO. 11-03 – Miscoding of Revenues and Expenditures (Repeat of 10-03) (Continued)

Cause:

The Regional Office of Education #53's various miscodings appear to be a combination of oversights as well as personnel being unaware of accounting requirements.

Auditors' Recommendation:

The Regional Office of Education #53 personnel responsible for coding expenditures and revenues should be made aware of all accounting requirements that pertain to recording and reporting the Regional Office's revenues, reimbursements and expenditures. The Regional Superintendent and/or Assistant Regional Superintendent should review cash receipt and disbursement reports to determine that all transactions are recorded to the proper funds and accounts.

Management's Response:

The Regional Office of Education #53 personnel responsible for coding expenditures and revenues have been made aware of all accounting requirements that pertain to recording and reporting the Regional Office's revenues, reimbursements and expenditures. The Regional Superintendent and/or Assistant Regional Superintendent will review cash receipt and disbursement reports to determine that all transactions are recorded to the proper funds and accounts.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2011**

Section II - Financial Statement Findings (Continued)

FINDING NO. 11-04 – Noncompliance with the Grant Funds Recovery Act

Criteria/Specific Requirement:

The Illinois Grant Funds Recovery Act (30 ILCS 705/5) requires that all grant funds that have not been expended or obligated by the end of the grant period be returned to the granting agency within 45 days after the end of the period.

Condition:

Mid-Illini Educational Cooperative (MIEC), a component unit of the Regional Office of Education #53, had unspent grant funds in the following programs at the end of the August 31, 2010 grant period: Reading First \$1,695 and Gifted Education \$28,021. These balances were not reflected on expenditure reports or returned to the granting agencies. MIEC was a grant subrecipient for both of these grants.

Effect:

The Regional Office of Education #53 was not in compliance with the Illinois Grant Funds Recovery Act (30 ILCS 705/5).

Cause:

The Regional Office of Education #53 personnel did not realize that expenditure reports for grant funds not spent by a grant subrecipient by the end of the grant period are required to be adjusted. Additionally, the Regional Office of Education #53's personnel were unaware that unspent funds of the grant subrecipient are to be returned to the granting agencies within 45 days after the end of the period.

Auditors' Recommendation:

The Regional Office of Education #53 personnel responsible for monitoring grants passed through to MIEC should be made aware of all grant compliance requirements that pertain to grants they are awarded. In addition, the Regional Office of Education #53 should return all unspent grant funds of subrecipients to the appropriate granting agencies.

Management's Response:

The Regional Office of Education #53 will contact granting agencies to determine the proper way to return or use unspent grant funds.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2011**

Section II - Financial Statement Findings (Continued)

FINDING NO. 11-05 – Inadequate Internal Control Procedures

Criteria/Specific Requirement:

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

Condition:

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

- Ten (10) out of 62 transactions tested showed no approval on the invoice by the Regional Superintendent or Assistant Regional Superintendent. While the checks were subsequently signed by the Assistant Regional Superintendent, there was no documentation that the invoices had been reviewed.
- Three employees were overpaid by one payroll or \$6,221, including benefits.
- Medicare payroll taxes were calculated incorrectly. Neither the Regional Superintendent nor the Assistant Regional Superintendent reviewed payroll taxes or payroll withholdings and benefits prior to payment.

Effect:

The internal control weaknesses noted above could result in unintentional or intentional errors or misappropriation of assets, where the errors or fraud could be material to the financial statements and may not be detected in a timely manner by employees in the normal course of performing their assigned duties.

Cause:

According to Regional Office officials, there were sporadic incidents when management's signatures were not on the documents required for authorizing payments. However, there was a signature on the check disbursed so the Assistant Regional Superintendent was aware of what transaction took place. With respect to payroll miscalculations, bi-weekly payroll amounts were not adjusted to account for 27 pay periods during the fiscal year ending June 30, 2011. Inconsistencies in the payroll program were not discovered by Regional Office management.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2011**

Section II - Financial Statement Findings (Continued)

FINDING NO. 11-05 – Inadquate Internal Control Procedures (Continued)

Auditors' Recommendation:

The Regional Office of Education #53's management should ensure the Regional Office follows the established system of internal controls over disbursements and payroll to prevent errors and fraud. Regional Office management should ensure the Regional Superintendent or Assistant Regional Superintendent approves, by initialing, all check disbursement documentation, including invoices and reports showing the recording of the payment. This verifies the check was written from the proper account for the correct amount. As part of the internal control over the payroll process, the Regional Superintendent should review payroll tax documents and other payroll related expenditures prior to payment to detect any possible problems or miscalculations.

Management's Response:

The Regional Office of Education #53's management will follow the established system of internal controls over disbursements and payroll to prevent errors and fraud. Regional Office management will ensure the Regional Superintendent or Assistant Regional Superintendent approves, by initialing, all check disbursement documentation, including invoices and reports showing the recording of the payment. This will verify the check was written from the proper account for the correct amount. As part of the internal control over the payroll process, the Regional Superintendent or Assistant Regional Superintendent will review payroll tax documents and other payroll related expenditures to detect any possible problems or miscalculations.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2011**

Section II - Financial Statement Findings (Continued)

FINDING NO. 11-06 – Inadequate Internal Controls Over Cash

Criteria/Specific Requirement:

Adequate internal controls over cash require that all cash in the custody of the Regional Office of Education be properly reported in the general ledger and that such general ledger accounts be reconciled to each month's bank statement.

Condition:

The general ledger cash accounts for Mid-Illini Educational Cooperative (MIEC), a component unit of Regional Office of Education #53, were not properly reconciled to the bank statements. Throughout the year, adjustments necessary to reconcile cash were compiled on the bank reconciliations rather than entered into the general ledger. At year-end, total adjustments required to tie out cash as listed on the reconciliation netted to \$334,796. Additionally, the reconciliation incorrectly listed a negative deposit in transit of \$48,387. Backdated checks totaling \$44,361 also contributed to improper general ledger cash balances.

Effect:

Cash as reported in the general ledger throughout the year was inaccurate. The Regional Office of Education #53's management also did not have accurate information to monitor program status. This could result in unintentional or intentional errors or misappropriation of assets that could be material to the financial statements and may not be detected and corrected in a timely manner by employees in the normal course of performing their assigned functions.

Cause:

The Regional Office relied on an outside CPA firm to prepare the bank reconciliations but did not review the reconciliations or record adjustments to properly reconcile cash accounts to the general ledger.

Auditors' Recommendation:

The Regional Office's management should review all original bank reconciliations and compare them to their related general ledger account balances monthly to ensure the reconciliations are completed in a timely manner and that all reconciling items are recorded to the general ledger as needed.

Management's Response:

The Regional Office's management will review all original bank reconciliations and compare them to their related general ledger account balances monthly to ensure the reconciliations are completed in a timely manner and that all reconciling items are recorded to the general ledger as needed.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2011**

Section II - Financial Statement Findings (Continued)

FINDING NO. 11-07 – Expenditure Reports Were Not Filed Timely

Federal Program Name and Year: Title I - Reading First Part B SEA Funds, ARRA - Title I - School Improvement & Accountability, ARRA - Education Jobs Fund Program, Title II - Teacher Quality - Leadership Grant

Project No.: 10-4337-00, 11-4854-00, 11-4880-93, and 11-4935-00

CFDA #: 84.357A, 84.389A, 84.410A, and 84.367A

Passed Through: Illinois State Board of Education

Federal Agency: U.S. Department of Education

Criteria/Specific Requirement:

Expenditure reports for various Illinois State Board of Education (ISBE) grants have specific due dates. For the fiscal year ended June 30, 2011, quarterly expenditure reports were due within twenty days following the end of the reporting quarter. Completion expenditure reports were due twenty days following the project end date. If a completion report is submitted with outstanding obligations, a final expenditure/liquidation report must be submitted no later than ninety days after the project ending date.

Condition:

All three fiscal year 2010 expenditure reports for ISBE grants with reporting periods ending during the year ended June 30, 2011 were submitted late. In addition, over half of the quarterly expenditure reports for fiscal year 2011 ISBE grants were submitted late. One or more of the expenditure reports for the following grants did not comply with the reporting deadlines:

ROE/ISC Operations, ARRA - Education Jobs Fund Program, Title II - Teacher Quality - Leadership Grant, Teacher & Administrators Mentoring Program, Title I - Reading First Part B SEA Funds, ARRA - Title I - School Improvement and Accountability, and Regional Safe Schools.

Effect:

Failure to submit quarterly expenditure reports by the due date will result in scheduled payments being withheld until the required report is received by the ISBE. Failure to submit the final expenditure report within ninety days of the project ending date may result in withholding of funds for the subsequent year until the report is received.

Cause:

The expenditure reports were submitted late due to an oversight by the personnel responsible for filing them.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2011**

Section II - Financial Statement Findings (Continued)

FINDING NO. 11-07 – Expenditure Reports Were Not Filed Timely (Continued)

Auditors' Recommendation:

The Regional Office of Education #53 personnel should monitor expenditure report deadlines and review report submission information as shown on the ISBE's FRIS system.

Management's Response:

The Regional Office of Education #53 personnel will monitor expenditure report deadlines and review report submission information as shown on the ISBE's FRIS system.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2011**

Section III -- Federal Award Findings

This section is not applicable for the year ended June 30, 2011.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the year ended June 30, 2011**

Corrective Action Plan

Finding No.: 11-01 – Controls Over Financial Statement Preparation (Repeat of 07-01, 08-01, 09-01, and 10-01)

Condition:

The Regional Office of Education #53 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation/review of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of receivables, payables, capital assets, or deferred revenue.
- Numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.

Plan:

A Certified Public Accounting firm assumed responsibilities June 1, 2011, to address the auditor's recommendations.

Anticipated Date of Completion:

On-going.

Name of Contact Person:

Gail S. Owen, Regional Superintendent

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the year ended June 30, 2011**

Corrective Action Plan (Continued)

Finding No.: 11-02 - Restricted Funds Used for Unauthorized Purpose (Repeat of 09-02 and 10-02)

Condition:

Due to late grant reimbursements, some funds lacked cash to pay for their expenditures, resulting in interfund loans. A review of the amounts due between funds showed a \$16,269 loan from the Regional System Provider/Federal System of Support (RESPRO) Fund to the ARRA – Title I – School Improvement and Accountability Fund. Loans are not one of the allowed uses of the RESPRO Fund.

Plan:

A Certified Public Accounting firm assumed responsibilities June 1, 2011, to address the auditor's recommendations.

Anticipated Date of Completion:

On-going

Name of Contact Person:

Gail S. Owen, Regional Superintendent

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the year ended June 30, 2011**

Corrective Action Plan (Continued)

Finding No.: 11-03 – Miscoding of Revenues and Expenditures (Repeat of 10-03)

Condition:

During audit testing, we identified several instances where revenue and expenditures were miscoded. They are as follows:

- Various RESPRO expenditures were recorded to the wrong funds. Expenditures totaling \$1,523 were paid out of the Enterprise Fund, while the related grant revenue was received in the RESPRO Fund. RESPRO expenditures of \$102 were paid out of the ARRA – Title I – School Improvement and Accountability Fund, and reimbursed through both the ARRA grant and the RESPRO grant.
- Expenditures of \$1,697 for Teachers and Administrators Mentoring Program were reimbursed by funding from another Regional Office of Education. \$885 of the same expenditures were included on the expenditure report for the Regional Office of Education #53's Teacher and Administrators Mentoring Program grant through the Illinois State Board of Education, resulting in expenditures of \$885 being reimbursed twice.
- A receipt of \$10,000 from the Illinois State Board of Education was incorrectly posted to State revenue in the ROE/ISC Operations grant instead of federal revenue in the Title II – Teacher Quality – Leadership Grant.
- The Teacher and Administrators Mentoring Program State revenue of \$23,449 and local revenue of \$1,697 were incorrectly coded as federal revenue.
- Gifted Education Fund expenditures were overstated by \$200 due to \$200 of expenditures reimbursed by another Regional Office of Education being recorded in the wrong fund.
- Refunds of \$1,500, \$468, and \$468 in the Teacher and Administrators Mentoring Program, Title II - Teacher Quality - Leadership Grant Fund, and the ARRA - Title I - School Improvement and Accountability Fund, respectively, were recorded as other income rather than offsetting the expenditure that created the refunds, resulted in overstated expenditure reports.

Plan:

The Regional Superintendent and/or Assistant Regional Superintendent will review cash receipt and disbursement reports to determine that all transactions are recorded to the proper funds and accounts.

Anticipated Date of Completion:

10/1/2011

Name of Contact Person:

Gail S. Owen, Regional Superintendent

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the year ended June 30, 2011**

Corrective Action Plan (Continued)

Finding No.: 11-04 – Noncompliance with the Grant Funds Recovery Act

Condition:

Mid-Illini Educational Cooperative (MIEC), a component unit of the Regional Office of Education #53, had unspent grant funds in the following programs at the end of the August 31, 2010 grant period: Reading First \$1,695 and Gifted Education \$28,021. These balances were not reflected on expenditure reports or returned to the granting agencies. MIEC was a grant subrecipient for both of these grants.

Plan:

The Regional Office of Education #53 will contact granting agencies to determine the proper way to return or use unspent grant funds.

Anticipated Date of Completion:

12/1/2011

Name of Contact Person:

Gail S. Owen, Regional Superintendent

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the year ended June 30, 2011**

Corrective Action Plan (Continued)

Finding No.: 11-05 – Inadequate Internal Control Procedures

Condition:

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

- Ten (10) out of 62 transactions tested showed no approval on the invoice by the Regional Superintendent or Assistant Regional Superintendent. While the checks were subsequently signed by the Assistant Regional Superintendent, there was no documentation that the invoices had been reviewed.
- Three employees were overpaid by one payroll totaling \$6,221, including benefits.
- Medicare payroll taxes were calculated incorrectly. Neither the Regional Superintendent nor the Assistant Regional Superintendent reviewed payroll taxes or payroll withholdings and benefits prior to payment.

Plan:

The Regional Office of Education #53's management will follow the established system of internal controls over disbursements and payroll to prevent errors and fraud. Regional Office management will ensure the Regional Superintendent or Assistant Regional Superintendent approves, by initialing, all check disbursement documentation, including invoices and reports showing the recording of the payment. This will verify the check was written from the proper account for the correct amount. As part of the internal control over the payroll process, the Regional Superintendent or Assistant Regional Superintendent will review payroll tax documents and other payroll related expenditures to detect any possible problems or miscalculations.

Anticipated Date of Completion:

On-going

Name of Contact Person:

Gail S. Owen, Regional Superintendent

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the year ended June 30, 2011**

Corrective Action Plan (Continued)

Finding No.: 11-06 – Inadequate Internal Controls Over Cash

Condition:

The general ledger cash accounts for Mid-Illini Educational Cooperative (MIEC), a component unit of Regional Office of Education #53, were not properly reconciled to the bank statements. Throughout the year, adjustments necessary to reconcile cash were compiled on the bank reconciliations rather than entered into the general ledger. At year-end, total adjustments required to tie out cash as listed on the reconciliation netted to \$334,796. Additionally, the reconciliation incorrectly listed a negative deposit in transit of \$48,387. Backdated checks totaling \$44,361 also contributed to improper general ledger cash balances.

Plan:

A Certified Public Accounting firm assumed responsibilities June 1, 2011. It will address the auditor's recommendations.

Anticipated Date of Completion:

3/1/2012

Name of Contact Person:

Gail S. Owen, Regional Superintendent

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the year ended June 30, 2011**

Corrective Action Plan (Continued)

Finding No.: 11-07 – Expenditures Reports Were Not Filed Timely

Condition:

All three fiscal year 2010 expenditure reports for ISBE grants with reporting periods ending during the year ended June 30, 2011 were submitted late. In addition, over half of the quarterly expenditure reports for fiscal year 2011 ISBE grants were submitted late. One or more of the expenditure reports for the following grants did not comply with the reporting deadlines:

ROE/ISC Operations, ARRA - Education Jobs Fund Program, Title II - Teacher Quality - Leadership Grant, Teacher & Administrators Mentoring Program, Title I - Reading First Part B SEA Funds, ARRA - Title I - School Improvement and Accountability, and Regional Safe Schools.

Plan:

The Regional Office of Education #53 personnel will monitor expenditure report deadlines and review report submission information as shown on the ISBE's FRIS system.

Anticipated Date of Completion:

End of 1st quarter for FY2012

Name of Contact Person:

Gail S. Owen, Regional Superintendent

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2011**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
10-01	Controls over financial statement preparation	Repeated
10-02	Restricted fund used for unauthorized purpose	Repeated
10-03	Miscoding of expenditures	Repeated
10-04	Expenditure reports did not agree to the general ledger	(See Note Below)

Note: Although the Regional Office of Education #53 has not fully implemented the corrective action plan associated with this finding during the fiscal year 2011, they have made significant progress in addressing the condition. Therefore, the effects of the condition are inconsequential to the specific programs and the overall financial statements and are now being addressed with management in a separate letter dated June 29, 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2011**

The Regional Office of Education #53 for Tazewell County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements, which follow.

2011 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$476,349 from \$497,056 in fiscal year 2010 to \$973,405 in fiscal year 2011. The increase in General Fund revenues from FY10 to FY11 is attributed to two factors: 1) In FY10 the General Fund consisted of only the ROE/ISC Operations grant, which was moved during FY11 to the Education Fund. 2) The General Fund in FY11 consists of five funds, two of them with over \$250,000 each in general state aid revenue. General Fund expenditures increased by \$425,612 from \$545,332 in FY10 to \$970,944 in FY11 due to the increase in revenue.
- Within the Governmental Funds, the Special Revenue Fund revenues decreased by \$44,919 from \$897,476 in 2010 to \$852,557 in FY11. The Special Revenue Fund expenditures decreased by \$245,984 from \$961,680 in FY10 to \$715,696 in FY11. It must be noted that even though a large amount of revenue was moved to the General Fund by reclassifying the State Aid revenue, revenues in total did not decrease substantially due to the reclassification of the ROE/ISC operations grant and the addition of the Title II (Teacher Quality/Leadership Grant) and ARRA/Title I (School Improvement Accountability) grants. Additionally some FY10 revenue is included in FY11 revenue as they were not considered available during FY10. Because the expenditures were still reported in FY10, this resulted in expenditures decreasing by a greater amount than the revenues.
- During fiscal year 2011 the Regional Office of Education #53 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 16 to the financial statements. Because of these reclassifications the fund analysis is not comparable between fiscal year 2010 and fiscal year 2011.

Using This Report

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office's financial activities.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2011**

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

Reporting the Office as a Whole

The Statement of Net Assets and the Statement of Activities:

The Government-wide statements report information about the Regional Office of Education #53 as a whole. The Statement of Net Assets includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid, using accounting methods similar to those used by private sector companies.

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

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

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

The fund financial statements provide detailed information about the Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices which allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office of Education #53 established other funds to control and manage money for particular purposes.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2011**

The Office has three kinds of funds:

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

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

- 2) Fiduciary funds are used to account for assets held by the Regional Office of Education #53 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

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

- 3) Proprietary funds are used to account for revenues earned and expenses incurred for goods and services provided to school districts in the county. The proprietary funds' required financial statements include a Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows.

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

Office-Wide Financial Analysis

As noted earlier, net assets may serve, when examined over time, as one indicator of the financial position of the Regional Office. The net assets at the end of FY10 totaled \$464,135. At the end of FY11, the net assets were \$1,037,881, an increase of \$573,746.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2011**

The analysis that follows provides a summary of the Office's net assets at June 30, 2011 and 2010, for the governmental and business-type activities.

STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current assets	\$ 1,220,656	\$ 643,992	\$ 355,343	\$ 343,529	\$ 1,575,999	\$ 987,521
Capital assets, net	24,216	15,931	-	-	24,216	15,931
Total assets	1,244,872	659,923	355,343	343,529	1,600,215	1,003,452
Current liabilities	422,729	534,845	9,008	4,472	431,737	539,317
Noncurrent liabilities	-	-	130,597	-	130,597	-
Total liabilities	422,729	534,845	139,605	4,472	562,334	539,317
Net Assets:						
Invested in capital assets	24,216	15,931	-	-	24,216	15,931
Restricted for educational purposes	102,755	50,584	-	-	102,755	50,584
Unrestricted	695,172	58,563	215,738	339,057	910,910	397,620
Total net assets	\$ 822,143	\$ 125,078	\$ 215,738	\$ 339,057	\$ 1,037,881	\$ 464,135

The Regional Office of Education's net assets increased from FY10 by \$573,746. The change occurred primarily as a result of a substantial increase in funds due from other governmental units. Illinois Central Community College ceased operating two regional alternative education programs and it is anticipated that they will distribute nearly \$670,000 to the ROE in FY12. Since the assets accumulated from prior periods, they are reported as due from other governmental units and local revenue on the ROE's FY11 government-wide statements. All restricted net assets are to be used for educational purposes.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2011**

The following analysis shows the changes in net assets for the years ended June 30, 2011 and 2010.

CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Operating grants and contributions	\$1,238,399	\$1,088,370	\$ -	\$ -	\$ 1,238,399	\$ 1,088,370
Charges for services	-	-	49,540	64,434	49,540	64,434
General revenues:						
Local sources	729,203	51,120	-	-	729,203	51,120
State sources	-	-	-	-	-	-
On-behalf payments - Local	132,009	104,965	-	-	132,009	104,965
On-behalf payments - State	274,763	277,091	-	-	274,763	277,091
Miscellaneous income	-	-	146	1,192	146	1,192
Interest	1,046	1,856	2,853	5,740	3,899	7,596
TOTAL REVENUES	2,375,420	1,523,402	52,539	71,366	2,427,959	1,594,768
Expenses						
Instructional Services:						
Salaries and benefits	171,482	156,604	-	-	171,482	156,604
Purchased services	165,154	150,740	-	-	165,154	150,740
Supplies and materials	88,893	33,146	-	-	88,893	33,146
Payments to other governments	828,112	761,438	-	-	828,112	761,438
Other objects	9,084	19,591	-	-	9,084	19,591
Depreciation	8,858	11,451	-	-	8,858	11,451
Interest on Long-Term Debt	-	3	-	-	-	3
Administrative						
On-behalf payments-Local	132,009	104,965	-	-	132,009	104,965
On-behalf payments-State	274,763	277,091	-	-	274,763	277,091
Business type expenses	-	-	175,858	42,406	175,858	42,406
TOTAL EXPENSES	1,678,355	1,515,029	175,858	42,406	1,854,213	1,557,435
Changes in Net Assets	697,065	8,373	(123,319)	28,960	573,746	37,333
Net Assets-beginning	125,078	116,705	339,057	310,097	464,135	426,802
Net Assets-ending	<u>\$ 822,143</u>	<u>\$ 125,078</u>	<u>\$ 215,738</u>	<u>\$ 339,057</u>	<u>\$ 1,037,881</u>	<u>\$ 464,135</u>

Governmental Activities

For FY11, revenues for governmental activities were \$2,375,420 which is \$852,018 more than FY10 amounts, a result of increased operating grant funds. Expenses were \$1,678,355 in FY11 which is \$163,326 more than FY10 amounts. The Regional Office of Education #53 determined some of the increase in revenue resulted from an American Recovery and Reinvestment Act (ARRA) and Title II grant funds. The increase in expenses was due to increased contractual services (for Instructional Coaching attributed to the ARRA Title I and the Title II Teacher Quality grants) and payments to other governmental units. The expenses for supplies and materials increased approximately \$55,747 due to the grants as well.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2011**

Financial Analysis of the Regional Office of Education #53 Funds

As previously noted, the Regional Office of Education #53 uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The Agency's Governmental Funds reported a fund balance of \$119,599 which is \$139,322 more than FY10 due to a deficit in FY 10 of \$19,723.

Governmental Fund Highlights

- The FY 10 audit included the ROE/ISC Operations grant under the "General Fund" while the FY 11 audit moved this funding to the "Education Fund."
- The Education Fund revenue decreased by \$44,928 while the General Fund increased by \$476,349 from FY 10 to FY11. The increase in the General Fund revenue is due to reclassifying funds with General State Aid revenue from the Education Fund to the General Fund. This additional revenue was partially offset by the reclassification of the ROE/ISC Operations grant revenue from the General Fund to the Education Fund. The decrease in the Education Fund is due to the reclassifications as mentioned for the General Fund, partially offset by new revenue sources, such as Title II – Teacher Quality – Leadership Grant and ARRA – Title I – School Improvement and Accountability revenue.
- All state aid was received as state funding in FY11; whereas, over \$98,000 in state aid was provided through federal funding in FY10.
- Deferring FY10 revenue and reporting it in FY11 played a role in increasing state funding.
- There was an increase in Institute Fund revenue of \$3,479 as a result of more teachers being due for certificate renewal this past year.

Budgetary Highlights

The Regional Office of Education #53 annually adopts budgets for several funds, but does not adopt a formal budget for all governmental funds, nor are they legally required to do so. These budgets serve as guidelines for activities and expenditures. Funds for which budgets are prepared are Regional Safe Schools, ROE/ISC Operations, Title II – Teacher Quality – Leadership Grant, Teacher and Administrators' Mentoring Program, and ARRA – Title I – School Improvement and Accountability. All grant budgets are prepared by the Regional Office of Education #53 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Schedules showing the grant budget amounts compared to the Office's actual grant activity are included in other supplementary information in this report. The Regional Superintendent also prepares an annual budget for expenditures to be paid on the Office's behalf by Tazewell County and submits it to the County Board for their approval. This budget covers the fiscal year which runs from December 1 to November 30.

Capital Assets

Capital Assets of the Regional Office of Education #53 include office equipment, computers, audio-visual equipment and office furniture. The Regional Office of Education #53 maintains an inventory of capital assets, which have been accumulated over time. The \$8,285 net increase for FY11 came as a result of equipment purchases less depreciation of current assets. The Regional Office of Education #53 has adopted a depreciation schedule, which reflects the level of Governmental Activities Net Capital Assets and Business-type Activities Net Capital Assets.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2011**

Proprietary Fund Highlights

- The Fingerprinting Fund revenue decreased by \$6,365 primarily due to the office no longer accepting non-educational personnel that come to the office for printing. However, net assets increased by \$8,470 over FY10.
- The Local Fund net assets decreased by \$131,789 as a result of an increase in purchased services and salaries and benefits. Due to the retirement of an employee, an additional \$130,597 was reported as a pension expense.

Economic Factors and Next Year's Budget

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

- The State of Illinois Foundation level is scheduled to remain level at \$6,119 during the 2011-2012 school year.
- The Regional Office has taken over the responsibility of both the Regional Safe School and Alternative school operations for FY12.
- The interest rate on investments will continue to be low.
- General Operating Grant will decrease again this year having a significant effect on operations.
- The county board support will decrease for FY12 by \$10,000.
- It is uncertain at this time whether the Regional Office of Education will receive state grant money in a timely manner again in the upcoming year.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Office's citizens, taxpayers, clients and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education #53 at 414 Court St., Pekin, IL 61554. Ph. 309-447-2290.

BASIC FINANCIAL STATEMENTS

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**STATEMENT OF NET ASSETS
June 30, 2011**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 350,500	\$ 285,089	\$ 635,589
Investments	70,562	-	70,562
Accounts receivable	-	1,660	1,660
Due from other governments	853,275	14,913	868,188
Internal balances	(53,681)	53,681	-
Total current assets	1,220,656	355,343	1,575,999
Noncurrent assets:			
Capital assets, net	24,216	-	24,216
Total assets	1,244,872	355,343	1,600,215
LIABILITIES			
Current liabilities:			
Accounts payable	46,245	1,484	47,729
Payroll liabilities payable	-	7,304	7,304
Due to other governments	134,707	220	134,927
Deferred revenue	241,777	-	241,777
Total current liabilities	422,729	9,008	431,737
Noncurrent liabilities:			
Pension plan payable	-	130,597	130,597
Total liabilities	422,729	139,605	562,334
NET ASSETS			
Invested in capital assets	24,216	-	24,216
Restricted for educational purposes	102,755	-	102,755
Unrestricted	695,172	215,738	910,910
Total net assets	\$ 822,143	\$ 215,738	\$ 1,037,881

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**STATEMENT OF ACTIVITIES
For the year ended June 30, 2011**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 171,482	\$ -	\$ 173,687	\$ 2,205	\$ -	\$ 2,205
Purchased services	165,154	-	122,652	(42,502)	-	(42,502)
Supplies and materials	88,893	-	86,320	(2,573)	-	(2,573)
Capital outlay	-	-	12,456	12,456	-	12,456
Payments to other governments	828,112	-	838,759	10,647	-	10,647
Other objects	9,084	-	4,525	(4,559)	-	(4,559)
Depreciation	8,858	-	-	(8,858)	-	(8,858)
Administrative:						
On-behalf payments - Local	132,009	-	-	(132,009)	-	(132,009)
On-behalf payments - State	274,763	-	-	(274,763)	-	(274,763)
Total governmental activities	<u>1,678,355</u>	<u>-</u>	<u>1,238,399</u>	<u>(439,956)</u>	<u>-</u>	<u>(439,956)</u>
Business-type activities:						
Other	175,858	49,540	-	-	(126,318)	(126,318)
Total primary government	<u>\$ 1,854,213</u>	<u>\$ 49,540</u>	<u>\$ 1,238,399</u>	<u>(439,956)</u>	<u>(126,318)</u>	<u>(566,274)</u>
General revenues:						
Local sources				729,203	-	729,203
On-behalf payments - Local				132,009	-	132,009
On-behalf payments - State				274,763	-	274,763
Miscellaneous income				-	146	146
Interest				1,046	2,853	3,899
Total general revenues				<u>1,137,021</u>	<u>2,999</u>	<u>1,140,020</u>
Changes in net assets				697,065	(123,319)	573,746
Net assets - beginning				<u>125,078</u>	<u>339,057</u>	<u>464,135</u>
Net assets - ending				<u>\$ 822,143</u>	<u>\$ 215,738</u>	<u>\$ 1,037,881</u>

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011**

	General Fund	Education Fund	Institute Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 8,788	\$ 252,230	\$ 62,451	\$ 27,031	\$ 350,500
Investments	20,562	-	50,000	-	70,562
Due from other funds	39,950	-	-	-	39,950
Due from other governments	677,172	176,043	60	-	853,275
Total assets	\$ 746,472	\$ 428,273	\$ 112,511	\$ 27,031	\$ 1,314,287
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ 44,966	\$ 700	\$ 579	\$ 46,245
Due to other funds	6,000	87,631	-	-	93,631
Due to other governments	-	134,707	-	-	134,707
Deferred revenue	707,390	165,170	47,545	-	920,105
Total liabilities	713,390	432,474	48,245	579	1,194,688
FUND BALANCES					
Restricted	-	12,037	64,266	26,452	102,755
Assigned	33,082	-	-	-	33,082
Unassigned	-	(16,238)	-	-	(16,238)
Total fund balances	33,082	(4,201)	64,266	26,452	119,599
Total liabilities and fund balances	\$ 746,472	\$ 428,273	\$ 112,511	\$ 27,031	\$ 1,314,287

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
June 30, 2011**

Total fund balances - governmental funds	\$ 119,599
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	24,216
Some revenues will not be collected for several months after the Regional Office's fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds.	<u>678,328</u>
Net assets of governmental activities	<u><u>\$ 822,143</u></u>

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**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 Nonmajor Funds	Total Governmental Funds
Revenues:					
Local sources	\$ 8,948	\$ 1,697	\$ 32,796	\$ 16,268	\$ 59,709
State sources	572,217	430,266	-	1,329	1,003,812
Federal sources	-	354,623	-	-	354,623
Interest	468	-	578	-	1,046
On-behalf payments	391,772	15,000	-	-	406,772
Total revenues	973,405	801,586	33,374	17,597	1,825,962
Expenditures:					
Instructional services:					
Salaries and benefits	-	171,482	-	-	171,482
Purchased services	2,268	137,347	17,852	7,687	165,154
Supplies and materials	-	85,224	-	3,669	88,893
Payments to other governments	572,217	255,895	-	-	828,112
Other objects	-	6,140	1,840	1,104	9,084
On-behalf payments	391,772	15,000	-	-	406,772
Capital outlay	4,687	12,456	-	-	17,143
Total expenditures	970,944	683,544	19,692	12,460	1,686,640
Excess of revenues over expenditures	2,461	118,042	13,682	5,137	139,322
Fund balances (deficits), beginning of year, restated	30,621	(122,243)	50,584	21,315	(19,723)
Fund balances (deficits), end of year	\$ 33,082	\$ (4,201)	\$ 64,266	\$ 26,452	\$ 119,599

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**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 changes in fund balances - governmental funds \$ 139,322

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

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

Capital outlay	\$ 17,143	
Depreciation expense	<u>(8,858)</u>	8,285

Some revenues will not be collected for several months after the Regional Office's fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds.

Current fiscal year revenue that will not be collected within 60 days of the Regional Office's fiscal year end is considered "deferred" revenue in the fund statements.	\$ 678,328	
Prior year "deferred" revenue that is recorded as revenue in the fund statements in the current fiscal year.	<u>(128,870)</u>	<u>549,458</u>

Changes in net assets of governmental activities \$ 697,065

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

June 30, 2011

	Business-Type Activities		
	Enterprise Funds		
	Local Fund	Fingerprinting Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 275,510	\$ 9,579	\$ 285,089
Accounts receivable	-	1,660	1,660
Due from other funds	47,681	6,000	53,681
Due from other governments	7,385	7,528	14,913
Total current assets	330,576	24,767	355,343
LIABILITIES			
Current liabilities:			
Accounts payable	1,396	88	1,484
Payroll liabilities payable	7,304	-	7,304
Due to other governments	220	-	220
Total current liabilities	8,920	88	9,008
Noncurrent liabilities:			
Pension plan payable	130,597	-	130,597
Total liabilities	139,517	88	139,605
NET ASSETS			
Unrestricted	191,059	24,679	215,738
Total net assets	\$ 191,059	\$ 24,679	\$ 215,738

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the year ended June 30, 2011**

	Business-Type Activities		
	Enterprise Funds		
	Local Fund	Fingerprinting Fund	Total
Operating revenues:			
Charges for services	\$ 27,137	\$ 22,403	\$ 49,540
Miscellaneous income	146	-	146
Total operating revenues	27,283	22,403	49,686
Operating expenses:			
Salaries and benefits	146,408	-	146,408
Purchased services	10,854	13,933	24,787
Supplies and materials	863	-	863
Payments to other governments	3,800	-	3,800
Total operating expenses	161,925	13,933	175,858
Operating income (loss)	(134,642)	8,470	(126,172)
Nonoperating revenues:			
Investment income	2,853	-	2,853
Change in net assets	(131,789)	8,470	(123,319)
Total net assets - beginning	322,848	16,209	339,057
Total net assets - ending	\$ 191,059	\$ 24,679	\$ 215,738

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2011**

	Business-Type Activities		
	Local Fund	Enterprise Funds	
		Fingerprinting Fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 21,212	\$ 13,751	\$ 34,963
Other receipts	146	-	146
Payments to suppliers and providers of goods and services	(8,251)	(16,663)	(24,914)
Payments to employees	(146,408)	-	(146,408)
Net cash used for operating activities	(133,301)	(2,912)	(136,213)
Cash flows from noncapital financing activities:			
Loans to other funds	(47,681)	(6,000)	(53,681)
Repayments of loans from other funds	40,732	-	40,732
Increase in pension plan payable	130,597	-	130,597
Net cash provided by (used for) noncapital financing activities	123,648	(6,000)	117,648
Cash flows from investing activities:			
Proceeds from maturities of investments	282,310	-	282,310
Interest	2,853	-	2,853
Net cash provided by investing activities	285,163	-	285,163
Net increase (decrease) in cash	275,510	(8,912)	266,598
Cash and cash equivalents - beginning	-	18,491	18,491
Cash and cash equivalents - ending	\$ 275,510	\$ 9,579	\$ 285,089
Reconciliation of operating income (loss) to net cash used for operating activities:			
Operating income (loss)	\$ (134,642)	\$ 8,470	\$ (126,172)
Adjustments to reconcile operating income to net cash used for operating activities:			
Increase in accounts receivable	-	(1,224)	(1,224)
Increase in due from other governments	(5,925)	(7,428)	(13,353)
Increase (decrease) in accounts payable	616	(2,730)	(2,114)
Increase in payroll liabilities payable	6,430	-	6,430
Increase in due to other governments	220	-	220
Net cash used for operating activities	\$ (133,301)	\$ (2,912)	\$ (136,213)

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2011**

	Private-Purpose Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 3,001
Investments	35,698	-
Total assets	35,698	\$ 3,001
LIABILITIES		
Due to other governments	-	\$ 3,001
NET ASSETS		
Held in trust for other purposes	\$ 35,698	

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the year ended June 30, 2011**

	<u>Private-Purpose Trust Fund</u>
Additions:	
Investment earnings:	
Interest	<u>\$ 1,108</u>
Change in net assets	1,108
Net assets - beginning	<u>34,590</u>
Net assets - ending	<u><u>\$ 35,698</u></u>

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

NOTES TO FINANCIAL STATEMENTS

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education #53's accounting policies conform to generally accepted accounting principles which are appropriate to local governmental units of this type. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles.

A. Reporting Entity

The Tazewell County Regional Office of Education #53 was created by Illinois Public Act 76-735, as amended, effective August 8, 1995. The region encompasses Tazewell county.

The Regional Superintendent of Schools is the chief administrative officer of the region and is elected to the position for a four-year term. The Regional Superintendent is responsible for the supervision and control of the school districts.

The Regional Superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring of the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses. The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region, or seeing that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report.

The Regional Office of Education #53 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters.

The Regional Office of Education #53 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education #53's geographic responsibility, including joint agreements which serve pupils from numerous school districts, should be included within its financial entity. The criteria include but are not limited to, whether the Regional Office of Education #53 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.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

The Mid-Illini Educational Cooperative, which began operations on August 8, 1995, has been determined to be a component unit of the Regional Office of Education #53 for financial reporting purposes after applying the criteria of oversight, scope of public services, and special financing relationships and is therefore blended in the accompanying financial statements. The cooperative was formed by an intergovernmental agreement between Tazewell County Regional Office of Education #53, the administrative agent, Logan-Mason-Menard Counties Regional Office of Education #38, and the Fulton-Schuylar Counties Regional Office of Education #22. The cooperative exists to provide training, staff development and educational programs to school districts and other educational organizations within the counties involved. Separate financial statements are not issued for this component unit.

No other agencies have met the component unit criteria to be included in the Regional Office of Education #53's financial statements. In addition, the Regional Office of Education #53 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #53 being considered a component unit of the entity.

B. Government-wide and Fund Financial Statements

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

The Statement of Net Assets includes all of the Regional Office of Education #53's assets and liabilities, including capital assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

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

TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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 met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

It is the Regional Office of Education #53's policy to first apply restricted resources when an expenditure or expense is incurred for which restricted and unrestricted resources are available. For unrestricted fund balances, committed fund balances are used first, then assigned fund balances, then unassigned, if any.

The Regional Office of Education #53 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Regional Office of Education #53 and is used to account for all financial resources except those required to be accounted for and reported in another fund. This fund is available to pay general and administrative expenditures of the Regional Office of Education #53. Included in this fund are:

Media Cooperative Fund - To account for maintenance of the cooperative media materials library for the benefit of the Regional Office of Education #53's various school districts.

Regional Safe Schools General State Aid - To account for General State Aid (GSA) funds transferred to Illinois Central College, the administrative agent, to run this program.

Alternative School Program General State Aid - To account for General State Aid (GSA) funds transferred to Illinois Central College, the administrative agent, to run this program.

TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

General Fund (Continued)

Vision & Hearing Screening - To coordinate vision/hearing screening for school districts that wish to share the costs of these services.

Teacher Leadership Academy - To account for fees from local school districts to assist Mid-Illini Educational Cooperative with costs of providing training to educators.

Education Fund - This Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for specified purposes supporting education enhancement programs as follows:

ROE/ISC Operations (previously General Fund) - To account for the grant that provides funding for general and administrative expenditures.

McKinney Education for Homeless Children - To provide services to all homeless children and youths through a designated Homeless Liaison.

School & Community Assistance Team - A program that trains individuals for crisis management.

Standards Aligned Classroom - To provide funds to prepare and administer workshops for teachers.

National Board for Professional Teaching Standards - To provide funds to help certify and train teachers for the advancement in quality of teaching and learning.

ARRA - Education Jobs Fund Program - American Recovery and Reinvestment Act (ARRA) funds transferred to Illinois Central College, the administrative agent, to run this program.

Illinois New Principal Mentoring - To provide funds to support mentoring of new principals.

Title II - Teacher Quality - Leadership Grant - To work with schools in improvement status to help them understand the school improvement planning process and to support district improvement planning.

TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Education Fund (Continued)

Regional System Provider/Federal System of Support - To provide funds to supply a regionalized system of support to assist schools in academic difficulty.

Gifted Education Seminar Pilot - A pilot program to train teachers in gifted education.

Gifted Education (Mid-Illini) - To provide gifted education training and support to teachers and administrators. This program is administered by Mid-Illini Educational Cooperative, which received the grant from the Regional Office of Education #53.

Gifted Education (ROE #53) - To account for funds transferred to Mid-Illini Educational Cooperative, the administrative agent, to run this program.

Teacher & Administrators Mentoring Program - To provide training, support and assistance to novice teachers as well as provide training, support and assistance to teacher mentors.

Reading First - To provide funds to support K-3 Reading First teachers and K-12 Special Education teachers to attend the Reading Conference in Chicago. Also, this fund provides support for K-3 Reading and K-12 Special Education paraprofessionals/aides. This program is administered by Mid-Illini Education Cooperative, which received the grant from the Regional Office of Education #53, Regional Office of Education #22, and Regional Office of Education #38.

Title I - Reading First Part B SEA Funds - To account for funds transferred to Mid-Illini Educational Cooperative, the administrative agent, to run this program.

ARRA - Title I - School Improvement and Accountability – American Recovery and Reinvestment Act (ARRA) funds used to work with first and second year Title I schools in improvement status to help them understand the school improvement planning process and to support district improvement planning for Title I districts in improvement status.

Regional Safe Schools - To account for funds transferred to Illinois Central College, the administrative agent, to run this program.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Education Fund (Continued)

Various Discontinued Programs - Various programs that have been discontinued by the Illinois State Board of Education (ISBE) in prior years. The Regional Office has remaining cash balances due to ISBE for the following discontinued programs: ROE/ISC Technology, Scientific Literacy Programs, Title II Leadership, Title I School Improvement, and Scientific Literacy (CLICK). The Regional Office has contacted ISBE regarding the remaining cash balances and continues to present the balances as due to ISBE.

Institute Fund – This Special Revenue Fund accounts for the Regional Office of Education #53’s stewardship of the assets held in trust for the benefit of the Regional Office of Education #53’s teachers. Fees are collected from registration of teachers’ certificates of qualification. Monies are expended to conduct teachers’ institutes, conferences, and workshops.

The Regional Office of Education #53 reports the following nonmajor governmental funds:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. Included among these funds are:

General Education Development (GED) - To account for the Regional Office of Education #53’s administration of the GED Testing Program. Monies are received from testing and diploma fees.

Bus Driver Fund - To account for the Regional Office of Education #53’s stewardship of the assets held in trust in connection with the Bus Driver Training Program.

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

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

TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

The Regional Office of Education #53 reports the following major proprietary funds:

Enterprise Funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes. Included among these funds are:

Local Fund - To account for revenues earned and expenses incurred in connection with conducting educational workshops.

Fingerprinting Fund - To account for revenues earned and expenses incurred in connection with the fingerprinting of teachers and others.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Regional Office of Education #53's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services and administrative expenses.

The Regional Office of Education #53 reports the following fiduciary funds:

Fiduciary Funds - Fiduciary funds are used to account for assets held by the Regional Office of Education #53 in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Fiduciary funds include a Private-Purpose Trust Fund and three Agency Funds. The Regional Office of Education #53 maintains the following fiduciary funds:

Private-Purpose Trust Fund - The Ogle Fund was established to provide periodic interest distributions to designated school districts.

Agency Funds - Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fiduciary Funds (Continued)

Agency Funds (Continued)

Distributive Fund - An Agency Fund that accounts for pass-through State aid and other monies from the Regional Office of Education #53 to various entities within the region.

Interest on Distributions to Other Governmental Units - The schools within the Regional Office of Education #53's geographic responsibility have signed formal agreements which allow the Regional Office of Education #53 to retain any interest earned during the year.

Detachment Fund - An Agency Fund that accounts for the receipt and disbursement of monies from petitioners to cover the cost of detachment hearings. Receipts not expended are returned to the petitioner.

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Investments

The Regional Office of Education #53 considers cash on hand, checking accounts, savings accounts, money market accounts, and investments held with an original maturity date of three months or less to be cash and cash equivalents.

State regulations require that Regional Office of Education #53 deposit funds under its control into accounts insured by the federal government, accounts secured by substantial collateral, or pooled investment trusts. All funds not needed for immediate disbursement are maintained in interest bearing accounts.

Statutes authorize the Regional Office of Education #53 to make deposits or invest in obligations 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 Funds Money Market Fund.

2. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

3. Capital Assets

Capital assets are reported in the applicable columns in the government-wide financial statements. Capital assets, such as equipment, are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	3-7

In the fund financial statements, capital assets used in governmental operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

4. Equity Classifications

Government-wide Statements

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

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

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

Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets."

TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Assets, Liabilities, and Net Assets or Equity** (Continued)

4. **Equity Classifications** (Continued)

Fund Statements

Governmental fund equity is classified as fund balance. 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 Fund 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 funds 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: Illinois New Principal Mentoring, Title II - Teacher Quality - Leadership Grant, Teacher & Administrators Mentoring Program, and ARRA - Title I - School Improvement and Accountability. The following funds are restricted by Illinois Statute: General Education Development, Bus Driver Fund, Supervisory, and Institute Fund.

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: Media Cooperative Fund, Vision & Hearing Screening, and Teacher Leadership Academy.

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 the following: ROE/ISC Operations and Regional Safe Schools.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Intergovernmental Agreements

On July 1, 2003, the Regional Office of Education #53 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 Admin. Code 525.110.

The name of the Educational Service delivery system formed is known as the Mid-Illini Educational Cooperative. The Regional Office of Education #53 was designated as the Administrative Agent and as Director.

F. New Accounting Pronouncement

In 2011, the Regional Office of Education #53 has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental 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 Regional Office of Education #53 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.

2. BUDGETS AND BUDGETARY ACCOUNTING

The Regional Office of Education #53 was not legally required to adopt annual budgets for all funds under its control, and some annual budgets prepared were not based upon the same operating period. Therefore, budgetary reports comparing budgeted to actual expenditures are not presented.

Budgets relating to programs funded by grants from the Illinois State Board of Education are prepared and submitted to the State Board for approval as part of the grant awards process. The State Board must also approve amendments to these budgets. Grant project budgets are based on the award period. Budgetary Comparison Schedules have been presented for the following grants: ROE/ISC Operations, Title II - Teacher Quality - Leadership Grant, Teacher & Administrators Mentoring Program, ARRA - Title I - School Improvement and Accountability, and Regional Safe Schools.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

NOTES TO FINANCIAL STATEMENTS

3. USE OF ESTIMATES

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

4. INTEREST ON DISTRIBUTIVE FUND ACCOUNTS

Interest on Distributive Fund receipts is retained by the Regional Office of Education #53.

5. DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2011, the carrying amounts of the Regional Office of Education #53's deposits for the governmental activities, business-type activities, and fiduciary funds were \$421,062, \$285,089, and \$38,699, respectively. The bank balances for the governmental and business-type activities and the fiduciary funds totaled \$867,274. All bank balances were secured by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education #53's name, and were, therefore, not exposed to custodial credit risk. The Illinois Funds Money Market Fund account had a balance of \$13,751 at June 30, 2011. The amount is fully collateralized and not subject to credit risk.

B. Investments

The Regional Office of Education #53's investments consisted of certificates of deposit with original maturity dates of more than three months. Certificates of deposit comprised the \$70,562 shown as investments for governmental activities. Fiduciary funds had certificates of deposit of \$35,698 at June 30, 2011. Certificates of deposit are considered deposits and, as such, are included in the deposits note (5A) above.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS

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

	<u>June 30, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2011</u>
Governmental activities:				
Capital assets being depreciated:				
Equipment	\$378,765	\$ 17,143	\$ 273,054	\$ 122,854
Less accumulated depreciation for:				
Equipment	<u>(362,834)</u>	<u>(8,858)</u>	<u>(273,054)</u>	<u>(98,638)</u>
Governmental activities capital assets, net	<u>\$ 15,931</u>	<u>\$ 8,285</u>	<u>\$ -</u>	<u>\$ 24,216</u>
 Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 574	\$ -	\$ -	\$ 574
Less accumulated depreciation for:				
Equipment	<u>(574)</u>	<u>-</u>	<u>-</u>	<u>(574)</u>
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense was charged to functions/programs of Regional Office of Education #53 as follows:

Governmental activities:	
Instructional services:	
Depreciation	<u>\$ 8,858</u>

7. RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

The Regional Office of Education #53 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.

TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53

NOTES TO FINANCIAL STATEMENTS

7. **RETIREMENT FUND COMMITMENTS** (Continued)

A. **Teachers' Retirement System of the State of Illinois** (Continued)

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 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 Regional Office of Education #53's TRS-covered employees.

On-Behalf Contributions to TRS – The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #53. 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 Regional Office of Education #53 recognized revenue and expenditures of \$46,247 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 (\$50,433) and 17.08 percent (\$11,099), respectively.

The Regional Office of Education #53 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 \$337. Contributions for the years ended June 30, 2010, and June 30, 2009, were \$351 and \$655, respectively.

Federal and Special Trust Fund Contributions – When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #53, there is a statutory requirement for the Regional Office of Education #53 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 \$56,940 were paid from federal and special trust funds that required employer contributions of \$13,153. For the years ended June 30, 2010, and June 30, 2009, required Regional Office of Education #53 contributions were \$9,118 and \$7,235, respectively.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

NOTES TO FINANCIAL STATEMENTS

7. RETIREMENT FUND COMMITMENTS (Continued)

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

Early Retirement Option – The Regional Office of Education #53 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 was 117.5 percent and applies when the member is age 55 at retirement.

For the years ended June 30, 2011, June 30, 2010, and June 30, 2009, the Regional Office of Education #53 made no payments to TRS for employer contributions under the Early Retirement Option.

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.

For the years ended June 30, 2011, June 30, 2010, and June 30, 2009, the Regional Office of Education #53 made no payments for employer contributions to TRS due on salary increases in excess of 6 percent.

If the Regional Office of Education #53 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Regional Office of Education #53 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 years ended June 30, 2011, June 30, 2010, and June 30, 2009, the Regional Office of Education #53 made no payments for employer contributions to TRS for sick leave days granted in excess of the normal annual allotment.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 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, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at trs.illinois.gov.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

NOTES TO FINANCIAL STATEMENTS

7. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund

Plan Description – The Regional Office of Education #53’s defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #53’s plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy – As set by statute, the Regional Office of Education #53’s Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2010 used by the employer was 9.38 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2010 was 15.35 percent. The Regional Office of Education #53 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost – For the fiscal year ending June 30, 2011, the Regional Office of Education #53’s actual contributions for pension costs for the Regular plan were \$5,422. Its required contribution for fiscal year ending June 30, 2011 was \$9,037.

Three-Year Trend Information for the Regular Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2011	\$ 8,965	60%	\$ 5,143
6/30/2010	7,572	79%	1,600
6/30/2009	7,399	100%	-

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

NOTES TO FINANCIAL STATEMENTS

7. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 10.0 percent per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3.0 percent annually. The actuarial value of Regional Office of Education #53's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20.0 percent corridor between the actuarial and market value of assets. The Regional Office of Education #53's Regular plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 10 year basis.

Funded Status and Funding Progress – As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 82.64 percent funded. The actuarial accrued liability for benefits was \$284,537 and the actuarial value of assets was \$235,128, resulting in an underfunded actuarial accrued liability (UAAL) of \$49,409. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$55,395 and the ratio of the UAAL to the covered payroll was 89 percent.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

C. Social Security

Employees not qualifying for coverage under the Illinois Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security.

TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53

NOTES TO FINANCIAL STATEMENTS

8. OTHER POSTEMPLOYMENT BENEFITS

Teacher Health Insurance Security

The Regional Office of Education #53 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.

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 Healthcare and Family Services and will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

On behalf contributions to THIS Fund - The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #53. 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 \$578, and the Regional Office of Education #53 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 the Regional Office of Education #53 employees were \$531 for the year ended June 30, 2010. Had the Regional Office of Education #53 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 \$1,010.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

NOTES TO FINANCIAL STATEMENTS

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Teacher Health Insurance Security (Continued)

Employer contributions to THIS Fund - The Regional Office of Education #53 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 Regional Office of Education #53 paid \$434 to the THIS Fund. For the years ended June 30, 2010 and June 30, 2009, the Regional Office of Education #53 paid \$399 and \$757 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

9. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2011, interfund receivables and payables were as follows:

Due to (Receivable)	Due From (Payable)	Balance at June 30, 2011
General Fund:	Education Fund:	
	ARRA - Title I - School Improvement and Accountability	\$ 6,140
Teacher Leadership Academy	ROE/ISC Operations	33,810
Teacher Leadership Academy		
	Education Fund:	
Local Fund	ROE/ISC Operations	47,681
	General Fund:	
Fingerprinting Fund	Vision & Hearing Screening	6,000
		\$ 93,631

All of the interfund balances due to the General Fund and Local Fund from the Education Fund consisted of loans between individual funds within the same pooled cash account. The loans were used to cover cash shortages in these individual funds. The interfund balance between the Fingerprinting Fund and Vision & Hearing Screening consisted of money the Fingerprinting Fund loaned Vision & Hearing Screening to cover expenses.

10. BOND

The Illinois School Code (105 ILCS 5/3-2) directs the Regional Office of Education #53 to execute a bond of not less than \$100,000 on the Regional Superintendent. The Regional Office of Education #53 has secured and maintained such a bond with coverage of \$100,000 on the Regional Superintendent.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

NOTES TO FINANCIAL STATEMENTS

11. DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #53's General Fund, Institute Fund, Nonmajor Governmental Funds, Proprietary Funds, Fiduciary Funds and various grant programs had funds due to and due from various other governmental units which consisted of the following:

Due From Other Governments:

General Fund:

Illinois Central College	\$ 669,494
Local Governments	<u>7,678</u>
	<u>677,172</u>

Education Fund:

Illinois State Board of Education	174,236
Two Rivers Professional Development Center	307
Illinois Principals Association	<u>1,500</u>
	<u>176,043</u>

Institute Fund:

Local Governments	<u>60</u>
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Local Fund:

Two Rivers Professional Development Center	1,685
Local Governments	<u>5,700</u>
	<u>7,385</u>

Fingerprinting Fund:

Local Governments	<u>7,528</u>
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Total	<u><u>\$ 868,188</u></u>
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Due To Other Governments:

Education Fund:

Illinois State Board of Education	\$ 81,546
Illinois Central College	53,004
Hancock-McDonough ROE #26	7
Local Governments	<u>150</u>
	<u>134,707</u>

Local Fund:

Local Governments	<u>220</u>
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Fiduciary Funds:

Local Governments	<u>3,001</u>
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Total	<u><u>\$ 137,928</u></u>
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**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

NOTES TO FINANCIAL STATEMENTS

12. ON-BEHALF PAYMENTS

The Regional Office of Education #53 received on-behalf payments for employee salaries and benefits from the following entities for the following items:

Tazewell County:	
Office staff salaries and benefits	<u>\$ 117,009</u>
Two Rivers Professional Development Center:	
RESPRO Lead coach - salary	<u>15,000</u>
State of Illinois:	
TRS pension contributions	46,247
THIS contributions	578
Regional Superintendent - salary	100,762
Regional Superintendent - benefits (includes State paid insurance)	22,303
Assistant Regional Superintendent - salary	90,686
Assistant Regional Superintendent - benefits (includes State paid insurance)	<u>14,187</u>
	<u>274,763</u>
	<u><u>\$ 406,772</u></u>

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

The on-behalf payments are reflected as revenues and expenditures of the General Fund and Education Fund.

13. RISK MANAGEMENT - CLAIMS AND JUDGMENTS

The Regional Office of Education #53 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; and natural disasters. The Regional Office of Education #53 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

14. CONTINGENCIES

The Regional Office of Education #53 has received funding from federal and State grants in the current and prior years which are subject to audits by granting agencies. The Regional Office of Education #53 believes any adjustments that may arise will be insignificant to the Regional Office of Education #53's operations.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

NOTES TO FINANCIAL STATEMENTS

15. PENSION PLAN PAYABLE

During the year ended June 30, 2011, the Regional Office of Education #53's only employee covered by the Illinois Municipal Retirement Fund (IMRF) retired. As of June 30, 2011, the Regional Office of Education #53's liability to IMRF totaled \$130,597. The liability is payable to IMRF in monthly installments of \$287 during the 2012 calendar year and \$1,059 during the 2013 calendar year. These amounts include interest at 7.5%. All of the payments during the fiscal year ended June 30, 2012 will be allocated to interest. Debt service requirements to maturity are not available as they will be actuarially determined annually.

16. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the Regional Office of Education #53 for the year ended June 30, 2011 was as follows:

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Due Within One Year
Business-type activities:					
Pension plan payable	\$ -	\$ 130,597	\$ -	\$ 130,597	\$ -

17. DEFICIT FUND BALANCES

The following individual funds carried the following deficit balances as of June 30, 2011:

ROE/ISC Operations	\$ 7,404
Regional Safe Schools	\$ 8,834

The Regional Office of Education #53 intends to reduce these deficits by collecting revenues not considered "available" at June 30, 2011.

18. RECLASSIFICATIONS

Effective July 1, 2010, the Regional Office of Education #53 reclassified Media Cooperative Fund, Regional Safe Schools GSA, Alternative School Program GSA, and Teacher Leadership Academy as part of the General Fund. The ROE/ISC Operations Fund was reclassified as an Education Fund. This reclassification was due to the implementation of GASB Statement No. 54.

	General Fund	Education Fund	Other Nonmajor Funds
Fund balance at June 30, 2010	\$ (50,502)	\$ (71,741)	\$ 51,936
Reclassification adjustment	81,123	(50,502)	(30,621)
Fund balance restated at June 30, 2010	\$ 30,621	\$ (122,243)	\$ 21,315

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS)**

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
UNAUDITED**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a) / c]
12/31/2010	\$ 235,128	\$ 284,537	\$ 49,409	82.64 %	\$ 55,395	89.19 %
12/31/2009	217,214	257,713	40,499	84.29 %	52,589	77.01 %
12/31/2008	209,172	238,961	29,789	87.53 %	51,151	58.24 %

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$249,998. On a market basis, the funded ratio would be 87.86 percent.

SUPPLEMENTAL INFORMATION

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2011**

	Media Cooperative Fund	Regional Safe Schools GSA	Alternative School Program GSA
ASSETS			
Cash and cash equivalents	\$ 8,461	\$ -	\$ -
Investments	20,562	-	-
Due from other funds	-	-	-
Due from other governments	-	524,247	145,247
	<u>\$ 29,023</u>	<u>\$ 524,247</u>	<u>\$ 145,247</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
Deferred revenue	-	524,247	145,247
	<u>-</u>	<u>524,247</u>	<u>145,247</u>
FUND BALANCES			
Assigned	29,023	-	-
	<u>29,023</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 29,023</u>	<u>\$ 524,247</u>	<u>\$ 145,247</u>

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)
GENERAL FUND
June 30, 2011**

	Vision & Hearing Screening	Teacher Leadership Academy	Total
ASSETS			
Cash and cash equivalents	\$ 327	\$ -	\$ 8,788
Investments	-	-	20,562
Due from other funds	-	39,950	39,950
Due from other governments	7,678	-	677,172
	<u>7,678</u>	<u>-</u>	<u>677,172</u>
Total assets	<u>\$ 8,005</u>	<u>\$ 39,950</u>	<u>\$ 746,472</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to other funds	\$ 6,000	\$ -	\$ 6,000
Deferred revenue	-	37,896	707,390
	<u>-</u>	<u>37,896</u>	<u>707,390</u>
Total liabilities	6,000	37,896	713,390
FUND BALANCES			
Assigned	<u>2,005</u>	<u>2,054</u>	<u>33,082</u>
Total liabilities and fund balances	<u>\$ 8,005</u>	<u>\$ 39,950</u>	<u>\$ 746,472</u>

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the year ended June 30, 2011**

	Media Cooperative Fund	Regional Safe Schools GSA	Alternative School Program GSA
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	-	265,611	306,606
On-behalf payments	-	391,772	-
Interest	433	-	-
Total revenues	433	657,383	306,606
Expenditures:			
Purchased services	12	-	-
Capital outlay	-	-	-
Payments to other governments	-	265,611	306,606
On-behalf payments	-	391,772	-
Total expenditures	12	657,383	306,606
Excess of revenues over expenditures	421	-	-
Fund balances, beginning of year, restated	28,602	-	-
Fund balances, end of year	\$ 29,023	\$ -	\$ -

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Concluded)
GENERAL FUND ACCOUNTS
For the year ended June 30, 2011**

	Vision & Hearing Screening	Teacher Leadership Academy	Total
Revenues:			
Local sources	\$ 8,948	\$ -	\$ 8,948
State sources	-	-	572,217
On-behalf payments	-	-	391,772
Interest	-	35	468
Total revenues	8,948	35	973,405
Expenditures:			
Purchased services	2,256	-	2,268
Capital outlay	4,687	-	4,687
Payments to other governments	-	-	572,217
On-behalf payments	-	-	391,772
Total expenditures	6,943	-	970,944
Excess of revenues over expenditures	2,005	35	2,461
Fund balances, beginning beginning of year, restated	-	2,019	30,621
Fund balances, end of year	\$ 2,005	\$ 2,054	\$ 33,082

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND**

June 30, 2011

	ROE/ISC Operations	McKinney Education for Homeless Children	School & Community Assistance Team	Standards Aligned Classroom
ASSETS				
Cash and cash equivalents	\$ -	\$ 1,411	\$ 685	\$ 27,029
Due from other funds	-	-	-	-
Due from other governments	83,578	-	-	-
Total assets	\$ 83,578	\$ 1,411	\$ 685	\$ 27,029
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 9,491	\$ 1,404	\$ -	\$ -
Due to other funds	81,491	-	-	-
Due to other governments	-	7	-	-
Deferred revenue	-	-	685	27,029
Total liabilities	90,982	1,411	685	27,029
FUND BALANCES				
Restricted	-	-	-	-
Unassigned	(7,404)	-	-	-
Total fund balances	(7,404)	-	-	-
Total liabilities and fund balances	\$ 83,578	\$ 1,411	\$ 685	\$ 27,029

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2011**

	National Board for Professional Teaching Standards	ARRA - Education Jobs Fund Program	Illinois New Principal Mentoring	Title II - Teacher Quality - Leadership Grant
ASSETS				
Cash and cash equivalents	\$ 3	\$ -	\$ 7,115	\$ 53,961
Due from other funds	-	-	-	-
Due from other governments	-	-	1,500	-
Total assets	\$ 3	\$ -	\$ 8,615	\$ 53,961
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 19,545
Due to other funds	-	-	-	-
Due to other governments	-	-	-	33,948
Deferred revenue	3	-	-	-
Total liabilities	3	-	-	53,493
FUND BALANCES				
Restricted	-	-	8,615	468
Unassigned	-	-	-	-
Total fund balances	-	-	8,615	468
Total liabilities and fund balances	\$ 3	\$ -	\$ 8,615	\$ 53,961

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2011**

	Regional System Provider/ Federal System of Support	Gifted Education Seminar Pilot	Gifted Education (Mid-Illini)	Gifted Education (ROE #53)
ASSETS				
Cash and cash equivalents	\$ 105,072	\$ 5,800	\$ 28,021	\$ -
Due from other funds	16,269	-	-	28,021
Due from other governments	307	-	-	-
	<u>121,648</u>	<u>5,800</u>	<u>28,021</u>	<u>28,021</u>
Total assets	\$ 121,648	\$ 5,800	\$ 28,021	\$ 28,021
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	28,021	-
Due to other governments	-	-	-	28,021
Deferred revenue	121,648	5,800	-	-
	<u>121,648</u>	<u>5,800</u>	<u>28,021</u>	<u>28,021</u>
Total liabilities	121,648	5,800	28,021	28,021
FUND BALANCES				
Restricted	-	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	-	-	-	-
Total liabilities and fund balances	\$ 121,648	\$ 5,800	\$ 28,021	\$ 28,021

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2011**

	Teacher & Administrators Mentoring Program	Reading First	Title I - Reading First Part B SEA Funds	ARRA - Title I - School Improvement and Accountability
ASSETS				
Cash and cash equivalents	\$ 2,385	\$ 1,695	\$ -	\$ -
Due from other funds	-	-	1,695	-
Due from other governments	-	-	-	37,654
Total assets	\$ 2,385	\$ 1,695	\$ 1,695	\$ 37,654
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 14,526
Due to other funds	-	1,695	-	22,409
Due to other governments	-	-	1,695	150
Deferred revenue	-	-	-	-
Total liabilities	-	1,695	1,695	37,085
FUND BALANCES				
Restricted	2,385	-	-	569
Unassigned	-	-	-	-
Total fund balances	2,385	-	-	569
Total liabilities and fund balances	\$ 2,385	\$ 1,695	\$ 1,695	\$ 37,654

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)
EDUCATION FUND
June 30, 2011**

	Regional Safe Schools	Various Discontinued Programs	Eliminations	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 19,053	\$ -	\$ 252,230
Due from other funds	-	-	(45,985)	-
Due from other governments	53,004	-	-	176,043
	<u>53,004</u>	<u>-</u>	<u>-</u>	<u>176,043</u>
Total assets	<u>\$ 53,004</u>	<u>\$ 19,053</u>	<u>\$ (45,985)</u>	<u>\$ 428,273</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 44,966
Due to other funds	-	-	(45,985)	87,631
Due to other governments	53,004	17,882	-	134,707
Deferred revenue	8,834	1,171	-	165,170
	<u>61,838</u>	<u>19,053</u>	<u>(45,985)</u>	<u>432,474</u>
Total liabilities	<u>61,838</u>	<u>19,053</u>	<u>(45,985)</u>	<u>432,474</u>
FUND BALANCES				
Restricted	-	-	-	12,037
Unassigned	(8,834)	-	-	(16,238)
	<u>(8,834)</u>	<u>-</u>	<u>-</u>	<u>(4,201)</u>
Total fund balances	<u>(8,834)</u>	<u>-</u>	<u>-</u>	<u>(4,201)</u>
Total liabilities and fund balances	<u>\$ 53,004</u>	<u>\$ 19,053</u>	<u>\$ (45,985)</u>	<u>\$ 428,273</u>

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2011**

	ROE/ISC Operations	McKinney Education for Homeless Children	School & Community Assistance Team	Standards Aligned Classroom
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	201,364	-	-	-
Federal sources	-	14,997	-	-
On-behalf payments	-	-	-	-
Total revenues	201,364	14,997	-	-
Expenditures:				
Salaries and benefits	91,457	-	-	-
Purchased services	46,125	13,680	-	-
Supplies and materials	2,088	1,317	-	-
Capital outlay	12,456	-	-	-
Payments to other governments	-	-	-	-
Other objects	6,140	-	-	-
On-behalf payments	-	-	-	-
Total expenditures	158,266	14,997	-	-
Excess of revenues over expenditures	43,098	-	-	-
Fund balances (deficits), beginning of year, restated	(50,502)	-	-	-
Fund balances (deficits), end of year	\$ (7,404)	\$ -	\$ -	\$ -

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2011**

	National Board for Professional Teaching Standards	ARRA - Education Jobs Fund Program	Illinois New Principal Mentoring	Title II - Teacher Quality - Leadership Grant
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	13,859	-
Federal sources	-	24,184	-	166,052
On-behalf payments	-	-	-	-
Total revenues	-	24,184	13,859	166,052
Expenditures:				
Salaries and benefits	-	-	-	20,440
Purchased services	-	-	4,160	32,267
Supplies and materials	-	-	-	28,132
Capital outlay	-	-	-	-
Payments to other governments	-	24,184	-	84,745
Other objects	-	-	-	-
On-behalf payments	-	-	-	-
Total expenditures	-	24,184	4,160	165,584
Excess of revenues over expenditures	-	-	9,699	468
Fund balances (deficits), beginning of year, restated	-	-	(1,084)	-
Fund balances (deficits), end of year	\$ -	\$ -	\$ 8,615	\$ 468

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2011**

	Regional System Provider/ Federal System of Support	Gifted Education Seminar Pilot	Gifted Education (Mid-Illini)	Gifted Education (ROE #53)
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	23,762	-
Federal sources	35,855	-	-	-
On-behalf payments	15,000	-	-	-
Total revenues	50,855	-	23,762	-
Expenditures:				
Salaries and benefits	30,650	-	-	-
Purchased services	4,368	-	11,027	-
Supplies and materials	-	-	11,035	-
Capital outlay	-	-	-	-
Payments to other governments	837	-	1,700	-
Other objects	-	-	-	-
On-behalf payments	15,000	-	-	-
Total expenditures	50,855	-	23,762	-
Excess of revenues over expenditures	-	-	-	-
Fund balances (deficits), beginning of year, restated	-	-	-	-
Fund balances (deficits), end of year	\$ -	\$ -	\$ -	\$ -

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2011**

	Teacher & Administrators Mentoring Program	Reading First	Title I - Reading First Part B SEA Funds	ARRA - Title I - School Improvement and Accountability
Revenues:				
Local sources	\$ 1,697	\$ -	\$ -	\$ -
State sources	23,449	-	-	-
Federal sources	-	5,700	-	107,835
On-behalf payments	-	-	-	-
Total revenues	25,146	5,700	-	107,835
Expenditures:				
Salaries and benefits	-	-	-	28,935
Purchased services	7,613	5,700	-	12,407
Supplies and materials	4,736	-	-	37,916
Capital outlay	-	-	-	-
Payments to other governments	10,412	-	-	28,008
Other objects	-	-	-	-
On-behalf payments	-	-	-	-
Total expenditures	22,761	5,700	-	107,266
Excess of revenues over expenditures	2,385	-	-	569
Fund balances (deficits), beginning of year, restated	-	-	-	-
Fund balances (deficits), end of year	\$ 2,385	\$ -	\$ -	\$ 569

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Concluded)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2011**

	Regional Safe Schools	Various Discontinued Programs	Total
Revenues:			
Local sources	\$ -	\$ -	\$ 1,697
State sources	167,832	-	430,266
Federal sources	-	-	354,623
On-behalf payments	-	-	15,000
	<u>167,832</u>	<u>-</u>	<u>801,586</u>
Total revenues			
Expenditures:			
Salaries and benefits	-	-	171,482
Purchased services	-	-	137,347
Supplies and materials	-	-	85,224
Capital outlay	-	-	12,456
Payments to other governments	106,009	-	255,895
Other objects	-	-	6,140
On-behalf payments	-	-	15,000
	<u>106,009</u>	<u>-</u>	<u>683,544</u>
Total expenditures			
Excess of revenues over expenditures	61,823	-	118,042
Fund balances (deficits), beginning of year, restated	<u>(70,657)</u>	<u>-</u>	<u>(122,243)</u>
Fund balances (deficits), end of year	<u>\$ (8,834)</u>	<u>\$ -</u>	<u>\$ (4,201)</u>

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS - PROJECT #10-3730-00
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:				
State sources	<u>\$ 112,461</u>	<u>\$ 176,326</u>	<u>\$ 52,786</u>	<u>\$(123,540)</u>
Expenditures:				
Salaries and benefits	112,461	99,494	-	99,494
Purchased services	-	60,930	-	60,930
Supplies and materials	-	2,656	-	2,656
Capital outlay	-	6,246	-	6,246
Other objects	-	7,000	-	7,000
Total expenditures	<u>112,461</u>	<u>176,326</u>	<u>-</u>	<u>176,326</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	52,786	<u>\$ 52,786</u>
Fund balance (deficit), beginning of year			<u>(50,502)</u>	
Fund balance, July 1, 2010			<u>\$ 2,284</u>	

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS - PROJECT #11-3730-00
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:				
State sources	<u>\$ 88,163</u>	<u>\$ 161,233</u>	<u>\$ 148,578</u>	<u>\$ (12,655)</u>
Expenditures:				
Salaries and benefits	88,163	100,130	91,457	8,673
Purchased services	-	41,649	46,125	(4,476)
Supplies and materials	-	3,903	2,088	1,815
Capital outlay	-	9,500	12,456	(2,956)
Other objects	-	6,051	6,140	(89)
Total expenditures	<u>88,163</u>	<u>161,233</u>	<u>158,266</u>	<u>2,967</u>
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	(9,688)	<u>\$ (9,688)</u>
Fund balance, July 1, 2010			<u>2,284</u>	
Fund balance (deficit), end of year			<u>\$ (7,404)</u>	

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS**

**TITLE II - TEACHER QUALITY - LEADERSHIP GRANT - PROJECT #11-4935-00
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	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 166,052</u>	<u>\$ (33,948)</u>
Expenditures:				
Salaries and benefits	28,984	28,984	20,440	8,544
Purchased services	41,660	32,660	32,267	393
Supplies and materials	57,356	52,356	28,132	24,224
Payments to other governments	<u>72,000</u>	<u>86,000</u>	<u>84,745</u>	<u>1,255</u>
Total expenditures	<u>200,000</u>	<u>200,000</u>	<u>165,584</u>	<u>34,416</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	468	<u>\$ 468</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ 468</u>	

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TEACHER & ADMINISTRATORS MENTORING PROGRAM - PROJECT #10-3982-00
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	\$ -	\$ -	\$ 1,697	\$ 1,697
State sources	<u>30,454</u>	<u>30,454</u>	<u>23,449</u>	<u>(7,005)</u>
Total revenues	<u>30,454</u>	<u>30,454</u>	<u>25,146</u>	<u>(5,308)</u>
Expenditures:				
Purchased services	12,054	15,454	7,613	7,841
Supplies and materials	4,500	7,000	4,736	2,264
Payments to other governments	<u>13,900</u>	<u>8,000</u>	<u>10,412</u>	<u>(2,412)</u>
Total expenditures	<u>30,454</u>	<u>30,454</u>	<u>22,761</u>	<u>7,693</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	2,385	<u>\$ 2,385</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ 2,385</u>	

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ARRA - TITLE I - SCHOOL IMPROVEMENT AND ACCOUNTABILITY
PROJECT #11-4854-00
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	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 107,835</u>	<u>\$ (12,165)</u>
Expenditures:				
Salaries and benefits	43,249	30,749	28,935	1,814
Purchased services	24,810	13,310	12,407	903
Supplies and materials	29,441	41,441	37,916	3,525
Payments to other governments	<u>22,500</u>	<u>34,500</u>	<u>28,008</u>	<u>6,492</u>
Total expenditures	<u>120,000</u>	<u>120,000</u>	<u>107,266</u>	<u>12,734</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	569	<u>\$ 569</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ 569</u>	

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS - PROJECT #10-3696-00
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:				
State sources	<u>\$ 176,636</u>	<u>\$ 176,636</u>	<u>\$ 70,657</u>	<u>\$(105,979)</u>
Expenditures:				
Payments to other governments	<u>176,636</u>	<u>176,636</u>	<u>-</u>	<u>176,636</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>70,657</u>	<u>\$ 70,657</u>
Fund balance (deficit), beginning of year			<u>(70,657)</u>	
Fund balance, July 1, 2010			<u>\$ -</u>	

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS - PROJECT #11-3696-00
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:				
State sources	<u>\$ 106,009</u>	<u>\$ 106,009</u>	<u>\$ 97,175</u>	<u>\$ (8,834)</u>
Expenditures:				
Payments to other governments	<u>106,009</u>	<u>106,009</u>	<u>106,009</u>	<u>-</u>
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(8,834)</u>	<u>\$ (8,834)</u>
Fund balance, July 1, 2010			<u>-</u>	
Fund balance (deficit), end of year			<u>\$ (8,834)</u>	

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2011**

	General Education Development	Bus Driver Fund	Supervisory	Total
ASSETS				
Cash and cash equivalents	\$ 21,217	\$ 4,344	\$ 1,470	\$ 27,031
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 521	\$ 6	\$ 52	\$ 579
FUND BALANCES				
Restricted	20,696	4,338	1,418	26,452
Total liabilities and fund balances	\$ 21,217	\$ 4,344	\$ 1,470	\$ 27,031

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2011**

	General Education Development	Bus Driver Fund	Supervisory	Total
Revenues:				
Local sources	\$ 14,218	\$ 2,050	\$ -	\$ 16,268
State sources	-	1,329	-	1,329
Total revenues	14,218	3,379	-	17,597
Expenditures:				
Purchased services	5,978	1,600	109	7,687
Supplies and materials	3,644	-	25	3,669
Other objects	936	168	-	1,104
Total expenditures	10,558	1,768	134	12,460
Excess (deficiency) of revenues over (under) expenditures	3,660	1,611	(134)	5,137
Fund balance, beginning of year, restated	17,036	2,727	1,552	21,315
Fund balance, end of year	\$ 20,696	\$ 4,338	\$ 1,418	\$ 26,452

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2011**

	<u>Distributive</u>	<u>Interest on Distributions to Other Governmental Units</u>	<u>Detachment Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 3,001</u>	<u>\$ -</u>	<u>\$ 3,001</u>
LIABILITIES				
Due to other governments	<u>\$ -</u>	<u>\$ 3,001</u>	<u>\$ -</u>	<u>\$ 3,001</u>

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS**

For the year ended June 30, 2011

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>DISTRIBUTIVE</u>				
ASSETS				
Cash and cash equivalents	\$ 9,291	\$ 2,281,270	\$ 2,290,561	\$ -
LIABILITIES				
Due to other funds	\$ -	\$ 1,057,352	\$ 1,057,352	\$ -
Due to other governments	9,291	1,223,918	1,233,209	-
Total liabilities	\$ 9,291	\$ 2,281,270	\$ 2,290,561	\$ -

INTEREST ON DISTRIBUTIONS TO OTHER GOVERNMENTAL UNITS

ASSETS				
Cash and cash equivalents	\$ 2,992	\$ 9	\$ -	\$ 3,001
LIABILITIES				
Due to other governments	\$ 2,992	\$ 9	\$ -	\$ 3,001

DETACHMENT FUND

ASSETS				
Cash and cash equivalents	\$ 694	\$ -	\$ 694	\$ -
LIABILITIES				
Due to others	\$ 694	\$ -	\$ 694	\$ -

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Concluded)
AGENCY FUNDS
For the year ended June 30, 2011**

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 12,977	\$2,281,279	\$2,291,255	\$ 3,001
LIABILITIES				
Due to other funds	\$ -	\$1,057,352	\$1,057,352	\$ -
Due to other governments	12,283	1,223,927	1,233,209	3,001
Due to others	694	-	694	-
Total liabilities	\$ 12,977	\$2,281,279	\$2,291,255	\$ 3,001

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS
AND OTHER ENTITIES
DISTRIBUTIVE FUND
For the year ended June 30, 2011**

	<u>Education for Employment</u>	<u>Mid-Illini Educational Cooperative</u>	<u>Regional Office of Education #53</u>	<u>Total</u>
General State Aid	\$ -	\$ -	\$ 572,216	\$ 572,216
Career and Technical Ed. Improvement	811,662	-	-	811,662
Agriculture Education	9,291	-	-	9,291
ROE School Bus Driver Training	-	-	1,329	1,329
Regional Safe Schools	-	-	158,988	158,988
ROE/ISC Operations	-	181,326	-	181,326
Teacher & Administrators Mentoring	-	-	30,454	30,454
CTE - Perkins - Secondary	230,930	-	-	230,930
ARRA - Title I - School Improvement	-	-	70,181	70,181
ARRA - Education Jobs Fund	-	-	24,184	24,184
Title II - Teacher Quality - Leadership	-	-	200,000	200,000
TOTAL	<u>\$ 1,051,883</u>	<u>\$ 181,326</u>	<u>\$ 1,057,352</u>	<u>\$ 2,290,561</u>