

State of Illinois
TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53
FINANCIAL AUDIT
(In Accordance with the Single Audit Act and OMB Circular A-133)
For the Year Ended June 30, 2006

Performed as Special Assistant Auditors
for the Office of the Auditor General

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53

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TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53

OFFICIALS

Regional Superintendent

Mr. Robin G. Houchin
(Current and during audit period)

Assistant Regional Superintendent

Ms. Gail Owen
(Current and during audit period)

Offices are located at:

Tazewell Building
414 Court Street, Suite 104
Pekin, Illinois 61555-0699

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53

COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	1	2
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	1	3

Details of audit findings are presented in a separately tabbed report section.

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)		
06-1	15-16	Noncompliance with Statutory Mandates
PRIOR FINDING NOT REPEATED (FEDERAL COMPLIANCE)		
05-2	19	Extended time elapsing between drawdown and disbursement

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on November 8, 2006. Attending were Regional Superintendent Robin Houchin and auditor Mark Reinken. Responses to the recommendations were provided by Robin Houchin in a letter dated November 16, 2006.

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53

FINANCIAL STATEMENT REPORT

SUMMARY

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

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

**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, 2006, 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, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 18, 2006 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 on pages 20 through 24 and Illinois Municipal Retirement Fund Schedule of Funding Progress on page 52 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tazewell County Regional Office of Education #53's basic financial statements. The combining and individual nonmajor fund financial statements, Schedule of Disbursements to Other Entities – Distributive Fund, and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, Schedule of Disbursements to Other Entities – Distributive Fund, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

GINOLI & COMPANY LTD

GINOLI & COMPANY LTD
Certified Public Accountants

Peoria, Illinois
September 18, 2006



**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, 2006, which collectively comprise the Tazewell County Regional Office of Education #53's basic financial statements and have issued our report thereon dated September 18, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Tazewell County Regional Office of Education #53's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance which we reported on the accompanying Schedule of Findings and Questioned Costs as item 06-1.

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 organization, Illinois State Board of Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

GINOLI & COMPANY LTD

GINOLI & COMPANY LTD
Certified Public Accountants

Peoria, Illinois
September 18, 2006



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE FOR EACH
PROGRAM DETERMINED TO BE MAJOR BY THE ILLINOIS STATE BOARD OF
EDUCATION IN THEIR MONITORING OF FEDERAL PROGRAMS**

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the compliance of the Tazewell County Regional Office of Education #53 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The Tazewell County Regional Office of Education #53's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Tazewell County Regional Office of Education #53's management. Our responsibility is to express an opinion on the Tazewell County Regional Office of Education #53's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 criteria as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*. Those standards and criteria require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Tazewell County Regional Office of Education #53's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Tazewell County Regional Office of Education #53's compliance with those requirements.

In our opinion, the Tazewell County Regional Office of Education #53 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the Tazewell County Regional Office of Education #53 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Tazewell County Regional Office of Education #53's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 criteria as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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 organization, Illinois State Board of Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

GINOLI & COMPANY LTD

GINOLI & COMPANY LTD
Certified Public Accountants

Peoria, Illinois
September 18, 2006

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified
(unqualified, qualified, adverse, disclaimer)

Internal control over financial reporting:

- Material weakness(es) identified? yes X no

- Reportable condition(s) identified that are not considered to be material weakness(es) yes X none reported

- Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no

- Reportable condition(s) identified that are not considered to be material weakness(es) yes X none reported

Type of auditor's report issued on compliance for major programs: unqualified
(unqualified, qualified, adverse, disclaimer)

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

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2006
 (CONTINUED)

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.357B	Title I - Reading First Part B SEA Funds
84.010A	Title I - School Improvement & Accountability
84.367A	Title II - Teacher Quality - Leadership Grant

Dollar threshold used to distinguish between
 Type A and Type B programs: \$ N/A

Auditee qualified as low-risk auditee yes X no n/a

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II - FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2006

FINDING NO. 06-1 - Controls Over Compliance with Laws and Regulations
(Repeat of prior year finding: 05-1)

Criteria/specific requirements:

- A. The Illinois School Code 105 ILCS 5/3-14.11 states that the Regional Superintendent shall examine at least once each year all books, accounts, and vouchers of every school treasurer in his educational service region, and if he finds any irregularities in them, to report them at once, in writing, to the trustees in Class II county school units, to the respective school boards of those school districts which form a part of a Class II county school unit but which are not subject to the jurisdiction of the trustees of schools of any township in which any such district is located, or to the respective school boards of the district in Class I county school units whose duty it shall be to take immediately such action as the case demands. (This mandate has existed in its current form since at least 1953.)
- B. The Illinois School Code 105 ILCS 5/3-5 states that the county superintendent shall present under oath or affirmation to the county board at its meeting in September and as nearly quarterly thereafter as it may have regular or special meetings, a report of all his acts as county superintendent, including a list of all the schools visited with the dates of visitation. (This mandate has existed in its current form since at least 1953.)
- C. The Illinois School Code 105 ILCS 5/3-14.5 requires the Regional Superintendent to visit each public school in the county at least once a year, noting the methods of instruction, the branches taught, the textbooks used, and the discipline, government and general condition of the schools. (This mandate has existed in its current form since at least 1953.)

Conditions:

- A. The Regional Office of Education #53 is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent has been examining school district financial statements on an annual basis.
- B. The Regional Office of Education #53 did not present at the September county board meeting and as nearly quarterly thereafter, a report of all his acts including a list of all the schools visited and dates of visitation. The ROE did submit a detailed annual financial report to the county.
- C. The Regional Office of Education #53 performs compliance inspections for each public school in his region on a rotational basis every four years instead of annually. While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.

Effects:

The Regional Office of Education #53 did not comply with statutory requirements.

Causes:

- A. The level of financial review performed by the Regional Superintendent is not adequate to comply with the statute.
- B. The Regional Superintendent does present an annual report to the board, but the Superintendent was unaware of the specific details required to be included in the report and the frequency of it. The Regional Superintendent has been requested by the county board not to present at meetings but to submit his report to the board for distribution.
- C. The Regional Superintendent believes the periodic compliance visits he completes are sufficient to satisfy the statutory requirement.

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II - FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2006

Recommendations:

- A. The Regional Office of Education #53 should comply with the requirements of 105 ILCS 5/3-14.11.
- B. The Regional Superintendent should affirm to the county board, in September and quarterly thereafter, a report of all of his acts as county superintendent.
- C. The Regional Superintendent should visit each public school annually to review all items required by 105 ILCS 5/3-14.5.

If the Regional Office believes that any of these statutory mandates are obsolete or otherwise unnecessary, then it should seek legislative action to revise the statutes accordingly.

Management's response:

- A. The Illinois Association of Regional Superintendents of Schools and the Illinois State Board of Education have agreed to seek legislation to remove duplicative and/or obsolete sections of the Illinois School Code. Both parties agree that section 5/3-7 of the Illinois School Code is a more current, thorough, and comprehensive requirement concerning a public school district's financial transactions. As a result, the two parties working together will seek legislation to repeal section 5/3-14.11 of the Illinois School Code.
- B. The Regional Superintendent files an annual report with the county board, but no quarterly reports. This annual report contains a summary of all activities completed by the ROE during the previous year, as well as a full statement of financial conditions. The Regional Superintendent has taken appropriate steps to rectify this condition.
- C. The Illinois Association of Regional Superintendents of Schools and the Illinois State Board of Education have agreed to seek legislation to remove duplicative and/or obsolete sections of the Illinois School Code. Both parties agree that section 1.20 of the 23rd Illinois Administrative Code is a more current, thorough, and comprehensive requirement concerning visitation of public schools by the Regional Superintendent. As a result, the two parties working together will seek legislation to repeal section 5/3-14.5 of the Illinois School Code.

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

Section III: Findings Related to Federal Awards:

There were no findings for the fiscal year ended June 30, 2006.

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
JUNE 30, 2006

Corrective Action Plan

Finding No. 06-1

Conditions:

- A. The Regional Office of Education #53 is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent has been examining school district financial statements on an annual basis.

- B. The Regional Office of Education #53 did not present at the September county board meeting and as nearly quarterly thereafter, a report of all his acts including a list of all the schools visited and dates of visitation. The ROE did submit a detailed annual financial report to the county.

- C. The Regional Office of Education #53 performs compliance inspections for each public school in his region on a rotational basis every four years instead of annually. While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.

Corrective Action Plan:

- A. The Regional Offices of Education will request that the General Assembly delete 105 ILCS 5/3-14.11 from the statutes and will seek a legislative solution to other obsolete passages.

- B. The Regional Superintendent will present under affirmation to the county board quarterly reports of all his acts as Regional Superintendent, including a list of all the schools visited with the dates of visitation, as indicated by 105 ILCS 5/3-5.

- C. The Regional Offices of Education will request that the General Assembly delete 105 ILCS 5/3-14.5 from the statutes and will seek a legislative solution to other obsolete passages.

Anticipated Date of Completion:

As soon as practical

Contact Person:

Robin Houchin, Regional Superintendent

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2006

<u>Finding #</u>	<u>Condition</u>	<u>Current Status</u>
05-1	Noncompliance with Statutory Mandates	Unresolved – repeated as 06-1
05-2	Extended time elapsing between drawdown and disbursement of federal program	Corrective action taken

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53

MANAGEMENT'S DISCUSSION AND ANALYSIS

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

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, 2006. Readers are encouraged to consider information in conjunction with the Regional Office's financial statements, which follow.

2006 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$998 from \$487,027 in fiscal year 2005 to \$488,025 in fiscal year 2006. General fund expenditures decreased by \$1,730 from \$489,755 in FY05 to \$488,025 in FY06.
- Within the Governmental Funds, the Special Revenue Fund revenue decreased by \$7,240 from \$863,534 in FY05 to \$856,294 in 2006. The Special Revenue Fund expenditures decreased by \$13,705 from \$865,603 in FY05 to \$851,898 in FY06. The decrease is due primarily to a reduction of revenue from the Title I – Reading First and Standard Aligned Classroom grants. Increase in revenue from the Regional Safe Schools grant and Regional System Provider/Federal System of Support grants partially offset the reduction in revenue.

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.
- 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.

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

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 aid 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.

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.

- 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.

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 FY06 totaled \$340,910. At the end of FY05, the net assets were \$316,883. The analysis that follows provides a summary of the Office's net assets at June 30, 2006, for the governmental funds.

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

CONDENSED STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current Assets	\$298,183	\$319,397	\$228,773	\$168,937	\$526,956	\$488,334
Capital Assets, being depreciated, net	<u>42,059</u>	<u>66,670</u>	<u>363</u>	<u>478</u>	<u>42,422</u>	<u>67,148</u>
Total Assets	<u>\$340,242</u>	<u>\$386,067</u>	<u>\$229,136</u>	<u>\$169,415</u>	<u>\$569,378</u>	<u>\$555,482</u>
Current Liabilities	\$205,838	\$231,448	\$ 15,479	\$ -	\$221,317	\$231,448
Noncurrent Liabilities	<u>7,151</u>	<u>7,151</u>	<u>-</u>	<u>-</u>	<u>7,151</u>	<u>7,151</u>
Total Liabilities	<u>\$212,989</u>	<u>\$238,599</u>	<u>\$ 15,479</u>	<u>\$ -</u>	<u>\$228,468</u>	<u>\$238,599</u>
Net Assets:						
Invested in Capital Assets, net of related debt	\$ 34,908	\$ 59,519	\$ 363	\$ 478	\$ 35,271	\$ 59,997
Unrestricted	52,678	54,026	213,294	168,937	265,972	222,963
Restricted for teacher professional development	<u>39,667</u>	<u>33,923</u>	<u>-</u>	<u>-</u>	<u>39,667</u>	<u>33,923</u>
Total Net Assets	<u>\$127,253</u>	<u>\$147,468</u>	<u>\$213,657</u>	<u>\$169,415</u>	<u>\$340,910</u>	<u>\$316,883</u>

The Regional Office of Education's net assets increased by \$24,027 from FY05 to FY06. The net assets related to the Teacher Institute Fund are considered restricted for teacher professional development.

The following analysis shows the changes in net assets for the year ended June 30, 2006.

CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
REVENUES:						
Program Revenues:						
Operating grants and contributions	\$ 985,806	\$ 998,805	\$ -	\$ -	\$ 985,806	\$ 998,805
Charges for services	-	-	85,474	49,265	85,474	49,265
General Revenues:						
Local sources	49,617	47,973	-	-	49,617	47,973
State sources	1,000	1,000	-	-	1,000	1,000
Interest income	-	-	2,861	-	2,861	-
Administrative						
On-behalf payments	<u>307,896</u>	<u>302,783</u>	<u>-</u>	<u>-</u>	<u>307,896</u>	<u>302,783</u>
Total Revenues	<u>\$1,344,319</u>	<u>\$1,350,561</u>	<u>\$ 88,335</u>	<u>\$ 49,265</u>	<u>\$1,432,654</u>	<u>\$1,399,826</u>
EXPENDITURES:						
Salaries and benefits	\$ 222,075	\$ 167,173	\$ -	\$ -	\$ 222,075	\$ 167,173
Purchased services	145,302	173,278	43,222	16,028	188,524	189,306
Supplies and materials	30,739	69,468	756	4	31,495	69,472
Other Objects	633,911	610,833	-	-	633,911	610,833
Depreciation expense	24,611	36,246	115	96	24,726	36,342
Administrative:						
On-behalf payments	<u>307,896</u>	<u>302,783</u>	<u>-</u>	<u>-</u>	<u>307,896</u>	<u>302,783</u>
Total Expenditures	<u>\$1,364,534</u>	<u>\$1,359,781</u>	<u>\$ 44,093</u>	<u>\$ 16,128</u>	<u>\$1,408,627</u>	<u>\$1,375,909</u>
Increase (decrease) before transfers	\$ (20,215)	\$ (9,220)	\$ 44,242	\$ 33,137	\$ 24,027	\$ 23,917
Transfers	<u>-</u>	<u>(136,278)</u>	<u>-</u>	<u>136,278</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	\$ (20,215)	\$ (145,498)	\$ 44,242	\$ 169,415	\$ 24,027	\$ 23,917
Net assets - beginning of year	<u>147,468</u>	<u>292,966</u>	<u>169,415</u>	<u>-</u>	<u>316,883</u>	<u>292,966</u>
Net assets - end of year	<u>\$ 127,253</u>	<u>\$ 147,468</u>	<u>\$213,657</u>	<u>\$169,415</u>	<u>\$340,910</u>	<u>\$ 316,883</u>

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

The overall increase in net assets was primarily due to the increase in net assets of its business-type activities. Governmental activity revenue declined slightly for FY06 whereas expenditures increased slightly resulting in the approximate \$20,000 decrease in governmental activity net assets.

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 combined fund balances of \$92,345, \$4,396 more than FY05 and its Proprietary Funds reported combined fund balances of \$213,294, \$44,242 more than FY05.

Governmental Fund Highlights

- For the third consecutive year, the State of Illinois funding for the ROE operations grant was decreased, this time by \$7,107 from \$191,057 in 2005 to \$183,950, an approximate decrease of 4%, compared to the 14% decrease the previous year.
- County support for the Regional Office of Education #53 decreased by 1% for non-personnel funds, from a budget of approximately \$7,000.
- There was an increase in the state aid foundation level to \$5,164 from \$4,964 per student. Safe School funding was level with the previous year at \$185,788.

Proprietary Fund Highlights

- The Fingerprinting Fund was established in the current year. Revenues exceeded expenditures by \$1,734.
- Local Fund revenues increased nearly 16% over the prior year with costs only increasing about 8%. Increased revenue was primarily due to attendance increases at professional development courses offered by the ROE.

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 Learn and Serve America Grant, McKinney Education for Homeless Children, Title I Reading First Grant, Regional Service Provider/System of Support, and ROE Operations. 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

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

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 accumulated over time. The decrease for FY06 was \$20,215 mostly due to depreciation.

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 used in the calculation has increased to \$5,334 per student. This will have a positive effect on the funding for the Safe School Program.
- The interest rate on investments has increased substantially over the past year resulting in additional interest earned.
- Several grants have remained at or near previous levels.
- The school service grant has been increased for FY07 by approximately \$33,705.
- The county board support will increase by 1% for FY07.
- ROE #53 will be facilitating a portion of a grant for National Board Certified Teachers which could result in a positive increase in funds.
- ROE #53 will not be facilitating a Service Learning Grant in 2007 which will result in a decrease in funds by approximately \$14,000.

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.

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53

BASIC FINANCIAL STATEMENTS

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
STATEMENT OF NET ASSETS
JUNE 30, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 285,870	\$ 224,471	\$ 510,341
Accounts receivable	-	4,279	4,279
Due from other funds	10,000	23	10,023
Other Receivable	2,313	-	2,313
Total current assets	\$ 298,183	\$ 228,773	\$ 526,956
Noncurrent assets:			
Capital assets, net of depreciation	\$ 42,059	\$ 363	\$ 42,422
Total noncurrent assets	\$ 42,059	\$ 363	\$ 42,422
Total Assets	\$ 340,242	\$ 229,136	\$ 569,378
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 951	\$ 5,479	\$ 6,430
Due to other funds	23	10,000	10,023
Due to other governmental units			
State	38,893	-	38,893
Deferred revenue	165,971	-	165,971
Total current liabilities	\$ 205,838	\$ 15,479	\$ 221,317
Noncurrent liabilities:			
Capital lease payable	\$ 7,151	\$ -	\$ 7,151
Total noncurrent liabilities	\$ 7,151	\$ -	\$ 7,151
Total Liabilities	\$ 212,989	\$ 15,479	\$ 228,468
<u>NET ASSETS</u>			
Investment in capital assets, net of related debt	\$ 34,908	\$ 363	\$ 35,271
Unrestricted	52,678	213,294	265,972
Restricted for teacher professional development	39,667	-	39,667
Total Net Assets	\$ 127,253	\$ 213,657	\$ 340,910

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, 2006

FUNCTIONS/PROGRAMS	Program Revenue		Net (Expense) Revenue and Changes in Net Assets			
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities		Total
				Expenses		
Primary government:						
Governmental activities:						
Instructional activities:						
Salaries and benefits	\$ 222,075	\$ 222,075	\$ -	\$ -	\$ -	\$ -
Purchased services	145,302	104,962	(40,340)	-	(40,340)	(40,340)
Supplies and materials	30,739	25,985	(4,754)	-	(4,754)	(4,754)
Capital outlay	-	-	-	-	-	-
Other objects	633,911	632,784	(1,127)	-	(1,127)	(1,127)
Unallocated depreciation expense	24,611	-	(24,611)	-	(24,611)	(24,611)
Administrative:						
On-behalf payments	307,896	-	(307,896)	-	(307,896)	(307,896)
Total governmental activities	\$ 1,364,534	\$ 985,806	\$ (378,728)	\$ -	\$ (378,728)	\$ (378,728)
Business-type activities:						
Other	\$ 44,093	\$ 85,474	\$ -	\$ 41,381	\$ 41,381	\$ 41,381
Total business-type activities	\$ 44,093	\$ 85,474	\$ -	\$ 41,381	\$ 41,381	\$ 41,381
Total primary government	\$ 1,408,627	\$ 985,806	\$ (378,728)	\$ 41,381	\$ (337,347)	\$ (337,347)
General Revenues:						
Local sources			\$ 49,617	\$ -	\$ 49,617	
State sources			1,000	-	1,000	
Federal sources			-	-	-	
Administrative:						
On-behalf payments			307,896	-	307,896	
Interest income			-	2,861	2,861	
Total general revenues			\$ 358,513	\$ 2,861	\$ 361,374	
Changes in net assets			\$ (20,215)	\$ 44,242	\$ 24,027	
Net assets, beginning			147,468	169,415	316,883	
Net assets, ending			\$ 127,253	\$ 213,657	\$ 340,910	

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, 2006

	<u>ASSETS</u>						
	General Fund	Education Fund	Institute Fund	Media Cooperative Fund	Teacher Leadership Academy	Nonmajor Funds	Total Governmental Funds
Cash	\$ (2,313)	\$ 103,356	\$ 82,533	\$ 41,946	\$ 49,141	\$ 11,207	\$ 285,870
Due from other funds	-	-	10,000	-	-	-	10,000
Other Receivables	2,313	-	-	-	-	-	2,313
Total Assets	\$ -	\$ 103,356	\$ 92,533	\$ 41,946	\$ 49,141	\$ 11,207	\$ 298,183
<u>LIABILITIES</u>							
Accounts payable	-	-	\$ 476	-	-	\$ 475	\$ 951
Due to other funds	-	23	-	-	-	-	23
Due to other governmental units	-	38,893	-	-	-	-	38,893
State	-	64,440	52,390	-	49,141	-	165,971
Deferred revenue	-	-	-	-	-	-	-
Total Liabilities	\$ -	\$ 103,356	\$ 52,866	\$ -	\$ 49,141	\$ 475	\$ 205,838
<u>FUND BALANCES</u>							
Unreserved, reported in:							
General fund	-	-	-	-	-	-	-
Special revenue funds	-	-	39,667	41,946	-	10,732	92,345
Total Fund Balances	\$ -	\$ -	\$ 39,667	\$ 41,946	\$ -	\$ 10,732	\$ 92,345
Total Liabilities and Fund Balances	\$ -	\$ 103,356	\$ 92,533	\$ 41,946	\$ 49,141	\$ 11,207	\$ 298,183

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, 2006

Total Fund Balances - Governmental Funds	\$ 92,345
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.	42,059
Capital lease payable has been added to the liabilities in the Statement of Net Assets and is currently charged to capital expenditures in the governmental funds.	<u>(7,151)</u>
Net assets of governmental activities	<u>\$ 127,253</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, 2006

	General Fund	Education Fund	Institute Fund	Media Cooperative Fund	Teacher Leadership Academy	Nonmajor Funds	Total Governmental Funds
REVENUES:							
Local sources	\$ -	\$ -	\$ 29,869	\$ 979	\$ 6,859	\$ 11,910	\$ 49,617
State sources	183,950	703,082	-	-	-	1,600	888,632
Federal sources	-	98,174	-	-	-	-	98,174
On-behalf payments	304,075	3,821	-	-	-	-	307,896
Total Revenues	\$ 488,025	\$ 805,077	\$ 29,869	\$ 979	\$ 6,859	\$ 13,510	\$ 1,344,319
EXPENDITURES:							
Education:							
Salaries and benefits	\$ 139,125	\$ 82,950	\$ -	\$ -	\$ -	\$ -	\$ 222,075
Purchased services	40,295	64,067	22,090	3,233	6,859	8,758	145,302
Supplies and materials	3,704	22,281	1,417	54	-	3,283	30,739
Capital outlay	-	-	-	-	-	-	-
Other objects	826	631,958	618	-	-	509	633,911
On-behalf payments	304,075	3,821	-	-	-	-	307,896
Total Expenditures	\$ 488,025	\$ 805,077	\$ 24,125	\$ 3,287	\$ 6,859	\$ 12,550	\$ 1,339,923
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ 5,744	\$ (2,308)	\$ -	\$ 960	\$ 4,396
OTHER FINANCING SOURCES (USES):							
Other financing sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other financing uses	-	-	-	-	-	-	-
Net other sources (uses) of financial resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ 5,744	\$ (2,308)	\$ -	\$ 960	\$ 4,396
Fund balances - Beginning	-	-	33,923	44,254	-	9,772	87,949
Fund balances - Ending	\$ -	\$ -	\$ 39,667	\$ 41,946	\$ -	\$ 10,732	\$ 92,345

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, 2006

Net change in fund balances	\$	4,396
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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	\$	-
Depreciation expense		(24,611)
		<u>(24,611)</u>

Change in net assets of governmental activities	\$	<u>(20,215)</u>
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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, 2006

	Business-Type Activities		
	<u>Enterprise Funds</u>		
	Local Fund	Fingerprinting Fund	Total
ASSETS			
Current assets:			
Cash	\$ 211,537	\$ 12,934	\$ 224,471
Accounts receivable	-	4,279	4,279
Due from other funds	23	-	23
Total current assets	<u>\$ 211,560</u>	<u>\$ 17,213</u>	<u>\$ 228,773</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation:			
Equipment, Net	\$ 363	-	\$ 363
Total Assets	<u>\$ 211,923</u>	<u>\$ 17,213</u>	<u>\$ 229,136</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ -	\$ 5,479	\$ 5,479
Due to other funds	-	10,000	10,000
Total Liabilities	<u>\$ -</u>	<u>\$ 15,479</u>	<u>\$ 15,479</u>
NET ASSETS			
Investment in capital assets	\$ 363	\$ -	\$ 363
Unrestricted	211,560	1,734	213,294
Total Net Assets	<u>\$ 211,923</u>	<u>\$ 1,734</u>	<u>\$ 213,657</u>

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, 2006

	Business-Type Activities		
	<u>Enterprise Funds</u>		
	Local Fund	Fingerprinting Fund	Total
OPERATING REVENUES:			
Charges for services	\$ 57,096	\$ 28,378	\$ 85,474
OPERATING EXPENSES:			
Salaries and benefits	\$ -	\$ -	\$ -
Purchased services	16,935	26,287	43,222
Supplies and materials	399	357	756
Depreciation	115	-	115
Total Expenses	\$ 17,449	\$ 26,644	\$ 44,093
NET OPERATING INCOME	\$ 39,647	\$ 1,734	\$ 41,381
NONOPERATING REVENUE:			
Interest income	2,861	-	2,861
CHANGE IN NET ASSETS	\$ 42,508	\$ 1,734	\$ 44,242
TOTAL NET ASSETS - BEGINNING	169,415	-	169,415
TOTAL NET ASSETS - ENDING	\$ 211,923	\$ 1,734	\$ 213,657

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, 2006

	Business-Type Activities		
	<u>Enterprise Funds</u>		
	Local Fund	Fingerprinting Fund	Totals
<hr/>			
Cash flows from operating activities:			
Receipts from customers	\$ 57,096	\$ 24,099	\$ 81,195
Payments to suppliers and providers of goods and services	(17,334)	(21,165)	(38,499)
Net cash provided by operating activities	<u>\$ 39,762</u>	<u>\$ 2,934</u>	<u>\$ 42,696</u>
Cash flows from noncapital financing activities:			
Loan from Institute Fund	\$ -	\$ 10,000	\$ 10,000
Cash flows from investing activities:			
Interest income	\$ 2,861	\$ -	\$ 2,861
Net increase in cash	\$ 42,623	\$ 12,934	\$ 55,557
Cash - beginning	<u>168,914</u>	<u>-</u>	<u>168,914</u>
Cash - ending	<u>\$ 211,537</u>	<u>\$ 12,934</u>	<u>\$ 224,471</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 39,647	\$ 1,734	\$ 41,381
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	115	-	115
Changes in assets and liabilities:			
Accounts receivable	-	(4,279)	(4,279)
Accounts payable	-	5,479	5,479
Net cash provided by operating activities	<u>\$ 39,762</u>	<u>\$ 2,934</u>	<u>\$ 42,696</u>

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, 2006

	Private-Purpose <u>Trust</u>	Agency <u>Funds</u>
ASSETS:		
Cash and cash equivalents	\$ 30,393	\$ 21,041
Total Assets	\$ 30,393	\$ 21,041
LIABILITIES:		
Due to other governmental units	\$ -	\$ 21,041
Total Liabilities	\$ -	\$ 21,041
NET ASSETS:		
Held in trust for other purposes	\$ 30,393	

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 FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Private-Purpose <u>Trust</u>
ADDITIONS	
Investment earnings:	
Interest	\$ 899
	<hr/>
Total additions	\$ 899
	<hr/> <hr/>
DEDUCTIONS	
Benefits	\$ -
	<hr/>
Total deductions	\$ -
	<hr/>
Change in net assets	\$ 899
Net assets - beginning	29,494
	<hr/>
Net assets - ending	\$ 30,393
	<hr/> <hr/>

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education's (ROE) accounting policies conform to generally accepted accounting principles which are appropriate for 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. The ROE also applies Financial Accounting Standards Board (FASB) Statements and interpretations issued on or before November 30, 1989 to its governmental and business-type activity funds, provided they do not conflict with or contradict GASB pronouncements.

A. Financial Reporting Entity

The Tazewell County Regional Office of Education #53 was formed as a result of an Educational Service Region becoming a Regional Office of Education on August 7, 1995. The ROE operates under the School Code (105 ILCS 5/3 and 5/3A). Regional Office of Education #53 encompasses Tazewell County in Illinois. A Regional Superintendent of Schools serves as chief administrative officer of the ROE and is elected pursuant to 105 ILCS 5/3 and 5/3a of the School Code.

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

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of any monies distributed to treasurers, board presidents, clerks and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #53's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required by law.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

A. Financial Reporting Entity - continued

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

For the period ended June 30, 2006, the Regional Office of Education #53 applied for, received, and administered numerous State and federal programs and grants in assistance of the educational activities of the school districts in the region. Such activities are reported as a single major special revenue fund (Education Fund).

B. Scope of the Reporting Entity

The Regional Office of Education #53's reporting entity includes all related organizations for which they exercise oversight responsibility.

The ROE has developed criteria to determine whether outside agencies with activities which benefit the citizens of the ROE'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 ROE exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The Mid-Illini Educational Cooperative, which began operations on August 8, 1995, has been determined to be a component unit of the ROE for financial reporting purposes after applying the manifesting of oversight, scope of public service and special financing relationships criteria 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 #38, and Fulton/Schuyler #22 Regional Offices of Education. The cooperative exists to provide training, staff development and educational programs to school districts and other educational organizations within the counties involved.

The districts and other joint agreements have been determined not to be part of the reporting entity after applying the manifesting of oversight, scope of public service and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education #53 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #53 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education #53 being considered a component unit of the entity.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

C. Basis of Presentation and Basis of Accounting

The financial activities of the Regional Office of Education #53 consist of governmental, proprietary, and fiduciary activities. For its reporting purposes, the ROE has separate fund and government-wide financial statements and reconciles individual line items of fund financial data to government-wide data. A brief description of the ROE's government-wide and fund financial statements is as follows:

Government-wide Statements: The government-wide Statement of Net Assets and Statement of Activities report the overall financial activity of the ROE. The statements distinguish between governmental and business-type activities. The governmental activities are primarily supported by State and federal revenues. Business-type activities are financed by fees charged for goods or services. Fiduciary activities, when applicable, are not included in these statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the ROE gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. On an accrual basis, revenue from grants, entitlements, and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (i.e. general government) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported on the financial statements.

Fund Financial Statements: The fund financial statements provide information about the ROE's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported in a single column. A fund is considered major if it is the primary operating fund of the ROE or meets the following criteria as described in GASB Statement No. 34:

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Basis of Presentation and Basis of Accounting - continued

- Total assets, liabilities, revenues, or expenditures, or expenses as appropriate, of that governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues, or expenditures, or expenses as appropriate, of the individual governmental or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

The ROE has presented all major funds that met these criteria.

Governmental Funds – The Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accounting records and reports made by ROE officials are maintained on the cash basis of accounting. Under this method, revenue is recorded when collected and expenditures are recorded when disbursements are made. For purposes of these financial statements, the accounting for all the funds has been converted to the modified accrual basis, as required by generally accepted accounting principles. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the ROE; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Major Funds - The ROE administers the following major governmental funds:

General Fund – The General Fund is the general operating fund of the ROE. The fund accounts for the ROE Operations grant which provides funding to plan and implement workshops benefiting teachers and administrators the ROE serves. The general fund also accounts for the ROE's on-behalf payments from the State of Illinois and the counties to pay the salary and benefits of the Regional Superintendent, Assistant Regional Superintendent and clerical staff.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

C. Basis of Presentation and Basis of Accounting – continued

Education Funds - to account for grant funds administered by the Regional Office of Education. Revenue is provided by federal and State of Illinois grant funds. A description of the ROE's Educational funds follows:

Learn and Serve America Grant – to provide funds to assist in the development of high-quality service-learning programs in elementary and secondary schools.

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.

ROE/ISC Technology – to provide ROE's with a secure and stable network in which to conduct daily business due to servers containing sensitive information.

Scientific Literacy Programs – to provide funds to prepare and administer workshops for teachers.

Title I Reading First Grant – to provide funds which will focus on providing a significant increase in professional development to ensure that all teachers have the skills they need to teach programs that ensure all children can read at their grade level or above by the end of third grade.

Standard Aligned Classroom Grant – to provide funds to prepare and administer workshops for teachers.

Title II Leadership – to provide funds for programs that focus on preparing, training, and recruiting high-quality teachers.

Title I School Improvement – to provide funds to school districts to help improve high-poverty schools and ensure that poor and minority children have the same opportunity as other children to meet challenging State academic standards.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Basis of Presentation and Basis of Accounting – continued

Regional Safe Schools – funds are transferred to Illinois Central College, the administrative agent, to run this program.

Alternative School Program – funds are transferred to Illinois Central College, the administrative agent, to run this program.

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

Institute Fund – This fund accounts for the ROE's stewardship of the assets held in trust for the benefit of the ROE's teachers. Fees are collected from registration of teachers' certificates of qualification. Monies are expended to conduct teachers' institutes, conferences and workshops.

Media Cooperative Fund – to account for maintenance of a cooperative media materials library for the benefit of the ROE's various school districts.

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

Nonmajor Funds – All nonmajor funds are aggregated and reported in a single column. The ROE administers the following nonmajor governmental funds:

General Educational Development Fund - to account for the ROE's administration of the GED Testing Program. Revenues are received from testing and diploma fees.

Bus Driver Fund - to account for the ROE's stewardship of the assets held in trust in connection with the Bus Driver Training Program.

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

All governmental funds are special revenue funds except for the General Fund. Special revenue funds are used to account for revenues from specific sources that are legally restricted to disbursements for specified purposes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Basis of Presentation and Basis of Accounting - continued

Proprietary Funds – The Proprietary Fund financial statements include a Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Fund Net Assets and Statement of Cash Flows. Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and delivering goods in connection with a proprietary funds' ongoing operations. The principal operating revenues of the ROE's proprietary funds are charges for workshops, consulting, and fingerprinting. Operating expenses of proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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.

Fiduciary Funds – Fiduciary funds account for assets held by the ROE in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The ROE maintains the following fiduciary funds:

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

Distributive Fund – an Agency fund that accounts for the pass-through of State aid monies from the Regional Office of Education to various schools within the region. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The schools within the ROE's geographic responsibility have signed formal agreements which allow the ROE to retain any interest earned during the year.

Vision 25 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. Measurement Focus/Basis of Accounting

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

D. Measurement Focus/Basis of Accounting - continued

The government-wide statements and fund financial statements for proprietary funds are reported using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the ROE’s assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statements of Net Assets. The operating statements present changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

E. Budget and Budgetary Accounting

The ROE does not adopt a formal budget for all revenues and expenditures of the governmental funds, nor are they legally required to do so. The Regional Office of Education’s funds are controlled by the Regional Superintendent of Education and the State of Illinois. Funds for which budgets are prepared are Learn and Serve America Grant, McKinney Education for Homeless Children, Title I Reading First Grant, Regional Service Provider/System of Support Grant, and ROE Operations.

F. Assets, Liabilities and Net Assets

Deposits and investments

The ROE’s cash and cash equivalents are considered to be demand deposits and short-term investments. All investment income is recognized as revenue in the appropriate fund’s Statement of Revenues, Expenditures and Changes in Fund Balance.

Receivables and payables

Transactions between funds and other entities that are representative of the recognition of revenues or expenditures are referred to as “due to/from” the other funds or entities. “Other Funds” are funds managed by the ROE. “Other Governmental Units” include the Federal Government or political subdivisions of the State of Illinois.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

F. Assets, Liabilities and Net Assets - continued

Accounts receivable represents amounts due to the ROE at the end of the year that will be received in the next year. These are amounts due from local sources.

Accounts payable represents amounts owed at the end of the year that will be paid in the next year. These are amounts due to vendors and others.

Capital assets

Capital assets, which include equipment, are reported in the government-wide financial statements. Capital assets, such as equipment, are defined as assets with a cost of \$500 or more. Capital assets are recorded at historical costs if purchased.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated over their estimated useful lives, 5-7 years for equipment, using the straight line method.

Deferred revenue

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

Net assets

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

Investment in capital assets-net of depreciation – This category groups all capital assets into one component of net assets. Accumulated depreciation on these assets reduces this category.

Unrestricted net assets – This category represents the net assets of the ROE that are not restricted for any project or other purpose.

Restricted for teacher professional development – Teacher registration fees are to be used to defray expenses connected with improving the technology necessary for the efficient processing of certificates as well as any expenses incidental to teacher institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers. All funds generated remain restricted until expended only on these activities.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

G. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Intergovernmental Agreement

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 Tazewell County Regional Office of Education was designated as Administrative Agent and as Director.

I. Distributive Fund Interest

Any interest earned by the Distributive Fund is retained by the Tazewell County Regional Office of Education #53.

J. New Accounting Pronouncements

Effective June 30, 2006, the ROE adopted Governmental Accounting Standards Board Statement No. 42, *Accounting and Financial reporting for Impairment of Capital Assets and for Insurance Recoveries*, which establishes standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries.

Effective June 30, 2006, the ROE adopted Governmental Accounting Standards Board Statement No. 44, *Economic Condition Reporting: The Statistical Section*, which improves the understandability and usefulness of the statistical information section.

Effective June 30, 2006, the ROE adopted Governmental Accounting Standards Board Statement No. 46, *Net Assets Restricted by Enabling Legislation (an amendment of GASB Statement No. 34)*, which clarifies the definition of legal enforceability as it relates net assets restricted by enabling legislation and requires disclosure of the amount of net assets restricted by enabling legislation.

There was no significant impact on the ROE's financial statements as a result of adopting these statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: DEPOSITS AND INVESTMENTS

The investment and deposit of ROE monies is governed by the provisions of the Illinois Revised Statutes. The ROE has no policy regarding custodial credit risk for deposits.

At June 30, 2006 the carrying amount of the ROE's deposits were \$51,434 for fiduciary funds, \$224,471 for proprietary funds and \$285,870 for governmental funds totaling \$561,775. The bank balances were \$51,435 for fiduciary funds, \$230,031 for proprietary funds, and \$322,303 for governmental funds totaling \$603,769. Of these balances, \$398,989 was covered by federal depository insurance and \$204,780 was collateralized with securities held in trust in the ROE's name.

NOTE 3: DUE FROM/TO OTHER FUNDS

As of June 30, 2006, the interfund account balances were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Fingerprinting Fund	Institute Fund	\$10,000
Learn and Serve America	Local Fund	23

NOTE 4: DUE TO OTHER GOVERNMENTAL UNITS

Due to other governmental units consists of the following at June 30, 2006:

<u>Due to</u>	<u>Fund</u>	<u>Amount</u>
Illinois State Board of Education	Scientific Literacy (T.I.P.)	\$ 3,627
Illinois State Board of Education	Scientific Literacy (C.L.I.C.K.)	1,645
Illinois State Board of Education	Scientific Literacy Bonus	2,160
Illinois State Board of Education	Title II-Leadership	46
Illinois State Board of Education	Title I-School Improvement	10,370
Illinois State Board of Education	Learn and Serve America	22
Illinois State Board of Education	Title I-Reading First Part B	1,171
Illinois State Board of Education	Standard Aligned Classrooms	19,818
Illinois State Board of Education	ROE/ISC Technology	34
Illinois Central College	Distributive Fund	18,591
Various Local Educational Agencies	Distributive Fund	<u>2,450</u>
Total		<u>\$59,934</u>

NOTE 5: COMMON BANK ACCOUNT

The ROE does not maintain separate bank accounts for all funds. The accounting records being maintained show the portion of the common checking account balance attributable to each participating fund. The negative cash balance reflected in the General Fund is not a bank overdraft but rather is the portion of the common bank account attributable to that fund.

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: CAPITAL ASSETS

Capital asset activity during the 2006 fiscal year was as follows:

Governmental Activities:

	Balance 7-01-05	Additions	Deletions	Balance 6-30-06
Equipment	\$345,499	\$ -	\$ -	\$345,499
Less accumulated depreciation	<u>278,829</u>	<u>24,611</u>	<u>-</u>	<u>303,440</u>
Total Governmental	<u>\$ 66,670</u>	<u>\$(24,611)</u>	<u>\$ -</u>	<u>\$ 42,059</u>

Business-Type activities:

	Balance 7-01-05	Additions	Deletions	Balance 6-30-06
Equipment	\$ 574	\$ -	\$ -	\$ 574
Less accumulated depreciation	<u>96</u>	<u>115</u>	<u>-</u>	<u>211</u>
Total Business-Type	<u>\$ 478</u>	<u>\$(115)</u>	<u>\$ -</u>	<u>\$ 363</u>
Total Capital Assets	<u>\$ 67,148</u>	<u>\$(24,726)</u>	<u>\$ -</u>	<u>\$ 42,422</u>

NOTE 7: RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate through June 30, 2006 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: RETIREMENT FUND COMMITMENTS – continued

A. Teachers' Retirement System of the State of Illinois - continued

In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not part of this retirement plan. The employer THIS Fund contribution was 0.6 percent during the year ended June 30, 2006 and the member THIS Fund health insurance contribution was 0.80 percent.

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

- **On-behalf contributions**

The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2006, State of Illinois contributions were based on 7.06 percent of creditable earnings, and the ROE recognized revenue and expenditures of \$7,643 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2005 and June 30, 2004, the State of Illinois contribution rates as percentages of creditable earnings were 11.76 percent (\$13,512) and 13.98 percent (\$17,365), respectively.

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

- **2.2 formula contributions**

Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ending June 30, 2006 were \$628. Contributions for the years ended June 30, 2005 and June 30, 2004, were \$666 and \$720, respectively.

- **Federal and trust fund contributions**

When TRS members are paid from federal and trust funds administered by the ROE, there is a statutory requirement for the district to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2006, the employer pension contribution was 7.06 percent of salaries paid from federal and trust funds. For the two years ended June 30, 2005, the employer contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2006, salaries totaling \$-0- were paid from federal and trust funds that required employer contributions of \$-0-. For the years ended June 30, 2005 and June 30, 2004, required ROE contributions were \$-0- and \$235, respectively.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: RETIREMENT FUND COMMITMENTS – continued

A. Teachers' Retirement System of the State of Illinois – continued

• **Early Retirement Option**

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

Under Public Act 94-0004, a "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007. If members do not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the Pipeline ERO).

Under the ERO program that expired on June 30, 2005 and the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation.

Under the Modified ERO, the maximum employer contribution is 117.5 percent.

Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement.

For the year ended June 30, 2006, the ROE made no employer contributions under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2005 and June 30, 2004, the ROE made no employer ERO contributions.

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, 2005. The report for the year ended June 30, 2006 is expected to be available in late 2006.

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 Website at trs.illinois.gov.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: RETIREMENT FUND COMMITMENTS – continued

B. Illinois Municipal Retirement Fund

The ROE's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by State statute. The employer is required to contribute at an actuarially determined rate. The employer rate for calendar year 2005 was 15.40% of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2005 was 5 years.

For December 31, 2005, the ROE's annual pension cost of \$7,042 was equal to the ROE's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.0% per year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2005 actuarial valuation were based on the 2002-2004 experience study.

TREND INFORMATION

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
12/31/05	\$ 7,042	100%	\$ -
12/31/04	10,009	100%	-
12/31/03	15,885	100%	-
12/31/02	9,858	100%	-
12/31/01	10,124	100%	-
12/31/00	13,622	100%	-
12/31/99	13,239	100%	-
12/31/98	11,341	100%	-
12/31/97	9,791	100%	-
12/31/96	9,295	100%	-

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: ON-BEHALF PAYMENTS

The following 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:

Regional Superintendent salary	\$ 88,540
Assistant Regional Superintendent salary	79,686
Regional Superintendent benefits (Includes State paid insurance)	18,341
Assistant Regional Superintendent benefits (Includes State paid insurance)	11,943
TRS contributions	<u>7,643</u>
Total	<u>\$206,153</u>

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

Salaries	\$ 74,524
Benefits	<u>27,219</u>
Total	<u>\$101,743</u>

NOTE 9: CAPITAL LEASE - LESSEE DISCLOSURE

The ROE has a capitalized lease for office equipment. This lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "*Accounting for Leases*", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The assumption of capital leases are recorded as other financing sources and payments are reflected as other financing uses on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the governmental funds. Equipment acquired by lease is capitalized in the year of acquisition in the amount of the present value of the future minimum lease payments at the time of acquisition. This equipment was originally capitalized in the year ended June 30, 2005 in the amount of \$18,396.

Prepayments on the capital lease were made in June of 2005 to the extent that the next payment is due in May of 2008. There were no payments made on the lease for the year ended June 30, 2006. The principal balance on the lease at June 30, 2006 was \$7,151 and the capital lease will finalize in December 2009.

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53

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
FOR THE YEAR ENDED JUNE 30, 2006
(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)
12/31/05	\$ 167,470	\$ 184,537	\$ 17,067	90.75%	\$ 45,728	37.32%
12/31/04	147,369	168,017	20,648	87.71%	44,171	46.75%
12/31/03	134,478	153,986	19,508	87.33%	68,619	28.43%
12/31/02	196,927	243,684	46,757	80.81%	85,946	54.40%
12/31/01	169,677	217,036	47,359	78.18%	96,056	49.30%
12/31/00	252,145	268,610	16,465	93.87%	105,274	15.64%
12/31/99	206,039	222,089	16,050	92.77%	87,047	18.44%
12/31/98	164,463	193,122	28,659	85.16%	77,042	37.20%
12/31/97	133,709	172,281	38,572	77.61%	75,900	50.82%
12/31/96	-	-	-	N/A	-	N/A

On a market value basis, the actuarial value of assets as of December 31, 2005 is \$169,954. On a market basis, the funded ratio would be 92.10%.

*Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2005 are based on the 2002-2004 Experience Study.

The principal changes were:

- The 1994 Group Annuity Mortality implemented
- For Regular members, fewer normal and more early retirements are expected to occur.

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND - ROE OPERATIONS
 FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES:				
State sources	\$ 183,950	\$ 183,950	\$ 183,950	\$ -
On-behalf payments	-	-	304,075	304,075
Total Revenues	\$ 183,950	\$ 183,950	\$ 488,025	\$ 304,075
EXPENDITURES:				
Salaries and benefits	\$ 167,887	\$ 138,621	\$ 139,125	\$ 504
Purchased services	12,000	40,541	40,295	(246)
Supplies and materials	4,063	4,063	3,704	(359)
Capital outlay	-	-	-	-
Other objects	-	725	826	101
On-behalf payments	-	-	304,075	304,075
Total Expenditures	\$ 183,950	\$ 183,950	\$ 488,025	\$ 304,075
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ -	\$ -
OTHER FINANCING SOURCES (USES):				
Other Financing Sources	\$ -	\$ -	\$ -	\$ -
Other Financing Uses	-	-	-	-
Net other sources and uses	\$ -	\$ -	\$ -	\$ -
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ -	\$ -
Fund balance - Beginning	-	-	-	-
Fund balance - Ending	\$ -	\$ -	\$ -	\$ -

See accompanying Independent Auditors' Report.

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2006

	Learn and Serve America Grant FY04	Learn and Serve America Grant FY05	McKinney Education for Homeless Children	School & Community Assistance Team	ROE/ISC Technology	Scientific Literacy (T.I.P.)	Scientific Literacy (C.L.I.C.K.)	Title I Reading First Grant FY05	Title I Reading First Grant FY06	Standard Aligned Classroom Grant FY06
Cash	\$ 45	\$ -	\$ -	\$ 685	\$ 34	\$ 3,627	\$ 1,645	\$ -	\$ 1,171	\$ 15,187
Total Assets	\$ 45	\$ -	\$ -	\$ 685	\$ 34	\$ 3,627	\$ 1,645	\$ -	\$ 1,171	\$ 15,187
<u>LIABILITIES</u>										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	23	-	-	-	-	-	-	-	-	-
Due to other governmental units:										
State	22	-	-	-	34	3,627	1,645	-	1,171	-
Deferred revenue	-	-	-	685	-	-	-	-	-	15,187
Total Liabilities	\$ 45	\$ -	\$ -	\$ 685	\$ 34	\$ 3,627	\$ 1,645	\$ -	\$ 1,171	\$ 15,187
<u>FUND BALANCES</u>										
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Fund Balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities and Fund Balances	\$ 45	\$ -	\$ -	\$ 685	\$ 34	\$ 3,627	\$ 1,645	\$ -	\$ 1,171	\$ 15,187

See accompanying Independent Auditors' Report.
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TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2006

	Standard Aligned Classroom Grant FY04	Standard Aligned Classroom Grant FY03	Title II Leadership	Title I School Improvement	Scientific Literacy Bonus	Regional Safe Schools	Alternative School Program	Regional System Provider/ Federal System of Support FY05	Regional System Provider/ Federal System of Support FY06	Total
ASSETS										
Cash	\$ 7,048	\$ 12,770	\$ 46	\$ 10,370	\$ 2,160	\$ -	\$ -	\$ 29,346	\$ 19,222	\$ 103,356
Total Assets	\$ 7,048	\$ 12,770	\$ 46	\$ 10,370	\$ 2,160	\$ -	\$ -	\$ 29,346	\$ 19,222	\$ 103,356
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-	-	23
Due to other governmental units:										
State	7,048	12,770	46	10,370	2,160	-	-	-	-	38,893
Deferred revenue	-	-	-	-	-	-	-	29,346	19,222	64,440
Total Liabilities	\$ 7,048	\$ 12,770	\$ 46	\$ 10,370	\$ 2,160	\$ -	\$ -	\$ 29,346	\$ 19,222	\$ 103,356
FUND BALANCES										
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Fund Balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities and Fund Balances	\$ 7,048	\$ 12,770	\$ 46	\$ 10,370	\$ 2,160	\$ -	\$ -	\$ 29,346	\$ 19,222	\$ 103,356

See accompanying Independent Auditors' Report.
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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, 2006.

Learn and Serve America Grant FY05	McKinney Education for Homeless Children	School & Community Assistance Team	Title I Reading First		Standard Aligned Classroom Grant FY06	Standard Aligned Classroom Grant FY04	Regional Safe Schools	Alternative School Program	Regional System Provider/ Federal System of Support		Total
			Grant FY05	Grant FY06					FY05	FY06	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	29,813	2,375	349,487	282,471	-	38,936	703,082
6,560	17,500	-	11,776	23,123	-	-	-	-	3,275	35,940	98,174
-	-	-	-	-	-	-	-	-	-	3,821	3,821
\$ 6,560	\$ 17,500	\$ -	\$ 11,776	\$ 23,123	\$ 29,813	\$ 2,375	\$ 349,487	\$ 282,471	\$ 3,275	\$ 78,697	\$ 805,077

REVENUES:

Local sources	\$ -
State sources	-
Federal sources	6,560
On-behalf payments	-
Total Revenues	\$ 6,560

EXPENDITURES:

Salaries and benefits	\$ -
Purchased services	5,052
Supplies and materials	1,508
Capital outlay	-
Other objects	-
On-behalf payments	-
Total Expenditures	\$ 6,560

NET CHANGE IN FUND BALANCES	\$ -
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Fund balances - Beginning	-
Fund balances - Ending	-

See accompanying Independent Auditors' Report.
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TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
 BUDGETARY COMPARISON SCHEDULES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2006

	Learn and Serve America Grant - FY05			McKinney Education for Homeless Children		
	Budgeted Amounts Original	Actual Amounts Final	Variance with Final Budget	Budgeted Amounts Original	Actual Amounts Final	Variance with Final Budget
REVENUES:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	14,005	14,005	(7,445)	17,500	17,500	-
On-behalf payments	-	-	-	-	-	-
Total Revenues	\$ 14,005	\$ 14,005	\$ (7,445)	\$ 17,500	\$ 17,500	\$ -
EXPENDITURES:						
Salaries and benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased services	9,073	9,073	(4,021)	13,950	13,950	1,978
Supplies and materials	4,932	4,932	(3,424)	3,550	3,550	(1,978)
Capital outlay	-	-	-	-	-	-
Other objects	-	-	-	-	-	-
On-behalf payments	-	-	-	-	-	-
Total Expenditures	\$ 14,005	\$ 14,005	\$ (7,445)	\$ 17,500	\$ 17,500	\$ -
NET CHANGE IN FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances - Beginning	-	-	-	-	-	-
Fund balances - Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying Independent Auditors' Report.

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
 BUDGETARY COMPARISON SCHEDULES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2006

	Title 1 Reading First Grant - FY05			Title 1 Reading First Grant - FY06		
	Budgeted Amounts Original	Actual Amounts	Variance with Final Budget	Budgeted Amounts Original	Actual Amounts	Variance with Final Budget
REVENUES:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	76,764	95,315	11,776 (83,539)	24,294	24,294	23,123 (1,171)
On-half payments	-	-	-	-	-	-
Total Revenues	\$ 76,764	\$ 95,315	\$ 11,776 (83,539)	\$ 24,294	\$ 24,294	\$ 23,123 (1,171)
EXPENDITURES:						
Salaries and benefits	\$ 2,686	\$ 3,337	\$ - (3,337)	\$ 2,424	\$ 2,424	\$ - (2,424)
Purchased services	45,078	45,078	3,474 (41,604)	10,390	10,390	12,224 1,834
Supplies and materials	23,000	40,900	8,302 (32,598)	11,480	11,480	10,899 (581)
Capital outlay	6,000	6,000	- (6,000)	-	-	-
Other objects	-	-	-	-	-	-
On-half payments	-	-	-	-	-	-
Total Expenditures	\$ 76,764	\$ 95,315	\$ 11,776 (83,539)	\$ 24,294	\$ 24,294	\$ 23,123 (1,171)
NET CHANGE IN FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances - Beginning	-	-	-	-	-	-
Fund balances - Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying Independent Auditors' Report.

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
 BUDGETARY COMPARISON SCHEDULES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2006

	Regional Service Provider/System of Support FY05			Regional Service Provider/System of Support FY06				
	Budgeted Original	Budgeted Final	Actual Amounts	Variance with Final Budget	Budgeted Original	Budgeted Final	Actual Amounts	Variance with Final Budget
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	46,379	46,379	38,936	(7,443)
Federal sources	60,500	60,500	3,275	(57,225)	42,378	42,378	35,940	(6,438)
On-behalf payments	-	-	-	-	-	-	3,821	3,821
Total Revenues	\$ 60,500	\$ 60,500	\$ 3,275	\$ (57,225)	\$ 88,757	\$ 88,757	\$ 78,697	\$ (10,060)
EXPENDITURES:								
Salaries and benefits	\$ 42,000	\$ 42,000	\$ 3,200	\$ (38,800)	\$ 61,750	\$ 61,750	\$ 61,750	\$ -
Purchased services	18,500	18,500	75	(18,425)	27,007	27,007	13,126	(13,881)
Supplies and materials	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other objects	-	-	-	-	-	-	-	-
On-behalf payments	-	-	-	-	-	-	3,821	3,821
Total Expenditures	\$ 60,500	\$ 60,500	\$ 3,275	\$ (57,225)	\$ 88,757	\$ 88,757	\$ 78,697	\$ (10,060)
NET CHANGE IN FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances - Beginning	-	-	-	-	-	-	-	-
Fund balances - Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying Independent Auditors' Report.

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2006

<u>ASSETS</u>	<u>G.E.D.</u> <u>Fund</u>	<u>Bus Driver</u> <u>Fund</u>	<u>Supervisory</u> <u>Fund</u>	<u>Total</u>
Cash	\$ 8,653	\$ 1,724	\$ 830	\$ 11,207
Total Assets	\$ 8,653	\$ 1,724	\$ 830	\$ 11,207
<u>LIABILITIES</u>				
Accounts payable	\$ 475	\$ -	\$ -	\$ 475
Total Liabilities	\$ 475	\$ -	\$ -	\$ 475
<u>FUND BALANCES</u>				
Unreserved	\$ 8,178	\$ 1,724	\$ 830	\$ 10,732
Total Fund Balances	\$ 8,178	\$ 1,724	\$ 830	\$ 10,732
Total Liabilities and Fund Balances	\$ 8,653	\$ 1,724	\$ 830	\$ 11,207

See accompanying Independent Auditors' Report.

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, 2006

	G.E.D. <u>Fund</u>	Bus Driver <u>Fund</u>	Supervisory <u>Fund</u>	<u>Total</u>
REVENUES:				
Local sources	\$ 9,750	\$ 2,160	\$ -	\$ 11,910
State sources	-	600	1,000	1,600
Total Revenues	<u>\$ 9,750</u>	<u>\$ 2,760</u>	<u>\$ 1,000</u>	<u>\$ 13,510</u>
EXPENDITURES:				
Purchased services	\$ 5,770	\$ 2,689	\$ 299	\$ 8,758
Supplies and materials	3,175	19	89	3,283
Other objects	127	179	203	509
Total Expenditures	<u>\$ 9,072</u>	<u>\$ 2,887</u>	<u>\$ 591</u>	<u>\$ 12,550</u>
NET CHANGE IN FUND BALANCES	\$ 678	\$ (127)	\$ 409	\$ 960
Fund balances - Beginning	<u>7,500</u>	<u>1,851</u>	<u>421</u>	<u>9,772</u>
Fund balances - Ending	<u>\$ 8,178</u>	<u>\$ 1,724</u>	<u>\$ 830</u>	<u>\$ 10,732</u>

See accompanying Independent Auditors' Report.

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
JUNE 30, 2006

<u>ASSETS</u>	Distributive <u>Fund</u>	Interest on Distributions to Other Vision 25 <u>Governmental Units</u>	<u>Fund</u>	<u>Total</u>
Cash	\$ 18,591	\$ 2,450	\$ -	\$ 21,041
Total Assets	\$ 18,591	\$ 2,450	\$ -	\$ 21,041
<u>LIABILITIES</u>				
Due to other governmental units	\$ 18,591	\$ 2,450	\$ -	\$ 21,041
Due to others	-	-	-	-
Total Liabilities	\$ 18,591	\$ 2,450	\$ -	\$ 21,041

See accompanying Independent Auditors' Report.

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Balance July 1, <u>2005</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2006</u>
<u>Distributive Fund</u>				
Assets:				
Cash	\$ 34,951	\$ 1,544,703	\$ 1,561,063	\$ 18,591
Total Assets	<u>\$ 34,951</u>	<u>\$ 1,544,703</u>	<u>\$ 1,561,063</u>	<u>\$ 18,591</u>
Liabilities:				
Due to other governmental units	\$ 34,951	\$ 1,544,703	\$ 1,561,063	\$ 18,591
Total Liabilities	<u>\$ 34,951</u>	<u>\$ 1,544,703</u>	<u>\$ 1,561,063</u>	<u>\$ 18,591</u>
 <u>Interest on Distributions to Other Governmental Units</u>				
Assets:				
Cash	\$ 2,178	\$ 272	\$ -	\$ 2,450
Total Assets	<u>\$ 2,178</u>	<u>\$ 272</u>	<u>\$ -</u>	<u>\$ 2,450</u>
Liabilities:				
Due to other governmental units	\$ 2,178	\$ 272	\$ -	\$ 2,450
Total Liabilities	<u>\$ 2,178</u>	<u>\$ 272</u>	<u>\$ -</u>	<u>\$ 2,450</u>
 <u>Vision 25 Fund</u>				
Assets:				
Cash	\$ -	\$ 12,254	\$ 12,254	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 12,254</u>	<u>\$ 12,254</u>	<u>\$ -</u>
Liabilities:				
Due to others	\$ -	\$ 12,254	\$ 12,254	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 12,254</u>	<u>\$ 12,254</u>	<u>\$ -</u>
 <u>Total</u>				
Assets:				
Cash	\$ 37,129	\$ 1,557,229	\$ 1,573,317	\$ 21,041
Total Assets	<u>\$ 37,129</u>	<u>\$ 1,557,229</u>	<u>\$ 1,573,317</u>	<u>\$ 21,041</u>
Liabilities:				
Due to other governmental units	\$ 37,129	\$ 1,544,975	\$ 1,561,063	\$ 21,041
Due to others	-	12,254	12,254	-
Total Liabilities	<u>\$ 37,129</u>	<u>\$ 1,557,229</u>	<u>\$ 1,573,317</u>	<u>\$ 21,041</u>

See accompanying Independent Auditors' Report

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
 SCHEDULE OF DISBURSEMENTS TO OTHER ENTITIES
 DISTRIBUTIVE FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Education for Employment	Mid-Illini Educational Cooperative	Regional Office of Education #53	Total
General State Aid	\$ -	\$ -	\$ 462,530	\$ 462,530
Vocational Education Second Program Imp.	497,481	-	-	497,481
Agriculture Education	11,278	-	-	11,278
School Bus Driver Training	-	-	600	600
Regional Safe School Program	-	-	185,788	185,788
Service Center Operations	-	183,950	-	183,950
Supervisory	-	-	1,000	1,000
Voc. Ed. Perkins Title IIC Secondary	204,431	-	-	204,431
Learn & Serve America	-	-	14,005	14,005
	<u>\$ 713,190</u>	<u>\$ 183,950</u>	<u>\$ 663,923</u>	<u>\$ 1,561,063</u>

See accompanying Independent Auditors' Report.

FEDERAL COMPLIANCE SECTION

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Project #	Federal Expenditures <u>7/1/05-6/30/06</u>
U.S. Dept. of Education passed through Illinois State Board of Education:			
(M)Title I - Reading First Part B SEA Funds	84.357B	06-4337-02	\$ 23,123
(M)Title I - Reading First Part B SEA Funds	84.357B	05-4337-02	11,776
			<u>\$ 34,899</u>
U.S. Dept. of Education passed through Illinois State Board of Education and Hancock/McDonough Regional Office of Education #26:			
McKinney Education for Homeless Children	84.196	06-4920-00	<u>\$ 17,500</u>
Corporation for National and Community Service passed through Illinois State Board of Education:			
Learn and Serve America Grant	94.004	05-4910-00	<u>\$ 6,560</u>
U.S. Dept. of Education passed through Illinois State Board of Education and Peoria County Regional Office of Education #48: RESPRO System of Support Grant			
(M)Title I - School Improvement & Accountability	84.010A	06-4331-SS	\$ 35,940
(M)Title II - Teacher Quality - Leadership Grant	84.367A	05-4935-SS	3,275
			<u>\$ 39,215</u>
Total Expenditures of Federal Awards			<u><u>\$ 98,174</u></u>

(M) Program was audited as a major program

The accompanying notes are an integral part of this schedule.

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Tazewell County Regional Office of Education #53 and is presented on the modified accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2: SUBRECIPIENTS

None

NOTE 3: DESCRIPTION OF MAJOR FEDERAL PROGRAMS

The Title I - Reading First Part B SEA Funds grant focuses on providing a significant increase in professional development to ensure that all teachers have the skills they need to teach programs that ensure all children can read at their grade level or above by the end of third grade.

The Title I - School Improvement and Accountability program provides funding to help children, who are academically challenged and who reside in areas with high concentrations of children with low income families, to meet academic standards. These activities can consist of instructional, counseling, or mentoring programs.

The Title II - Teacher Quality - Leadership Grant provides funding for workshops for teachers for the improvement of classroom instruction.

NOTE 4: NON-CASH ASSISTANCE

None

NOTE 5: AMOUNT OF INSURANCE

None

NOTE 6: LOANS OR LOAN GUARANTEES OUTSTANDING

None