

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, 2005

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

Assistant Regional Superintendent (retired effective 6/15/05)

Ms. Joy A. Wojtas

Assistant Regional Superintendent (acting effective 6/1/05)

Ms. Gail Owen

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.

AUDITOR’S REPORTS

The auditor’s 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	2	4
Repeated audit findings	1	0
Prior recommendations implemented or not repeated	3	0

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)		
05-1	16	Noncompliance with Statutory Mandates
FINDINGS (FEDERAL COMPLIANCE)		
05-2	17	Extended time elapsing between drawdown and disbursement
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)		
04-1	19	Report not filed with the County Board
04-1	19	Enterprise Fund for discretionary activities
04-2	19	1099’s not being issued
PRIOR FINDING NOT REPEATED (FEDERAL COMPLIANCE)		
04-3	19	Inadequate subrecipient monitoring

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on October 27, 2005. Attending were Mark Reinken and Robin Houchin. Responses to the recommendations were provided by Robin Houchin in a letter dated November 21, 2005.

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 agency's basic financial statements.



INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, 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, 2005, 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, 2005, 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 22, 2005 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 51 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 22, 2005



**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, 2005, which collectively comprise the Tazewell County Regional Office of Education #53's basic financial statements and have issued our report thereon dated September 22, 2005. 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 are required by the *Guidelines to Auditing and Reporting for a Regional Office of Education*, to be reported on the accompanying Schedule of Findings and Questioned Costs as item 05-1.

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 22, 2005



**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, 2005. 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 on the Tazewell County Regional Office of Education #53's compliance with those requirements.

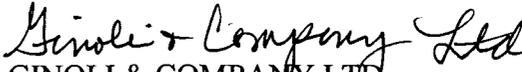
In our opinion, the Tazewell County Regional Office of Education #53 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 criteria as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*, and which is described in the accompanying Schedule of Findings and Questioned Costs as item 05-2.

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
Certified Public Accountants

Peoria, Illinois
September 22, 2005

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005

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, 2005
 (CONTINUED)

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.357B	Title I - Reading First Part B SEA Funds
93.558	General State Aid - RSSP (TANF)

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
FOR THE YEAR ENDED JUNE 30, 2005

Section II: Findings Related to the Basic Financial Statements:

FINDING NO. 05-1 - Controls Over Compliance with Laws and Regulations

Criteria/specific requirement:

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.

Condition:

The Regional Office 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 signs off on the Annual Financial Reports from the school districts in his region. In addition, the Regional Office gets a spreadsheet from the Illinois State Board of Education (ISBE) that outlines all of the school districts and their audit exceptions, if any.

While these are reviews involving the finances of school treasurers, they are not in the level of detail required by 105 ILCS 5/3-14.11.

Effect:

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

Cause:

The Regional Office of Education #53 was unaware of this statute.

Recommendation:

The Regional Office of Education #53 should comply with the requirements of 105 ILCS 5/3-14.11. If the Regional Office believes the statutory mandate is obsolete or otherwise unnecessary, then it should seek legislative action to revise the statute accordingly.

Management's response:

In 1953, there were 102 county superintendents and their duties were a lot less numerous than today. Few schools had budgets that exceeded \$500,000. Under such conditions, this law probably made sense. During the past 50+ years, various practices have evolved eliminating the need for this type of monitoring. In the 21st century, all schools have multi-million dollar budgets that are: 1.) audited annually by professionally certified outside auditing firms; 2.) audits are filed for public record & inspection; and 3.) this is tracked through the process by the procedures mentioned above in the section titled "Condition". Requiring the ROE's to do another review would be redundant, costly, and require the hiring of teams of new staff members in each ROE to carry out the task. The latter begs the question of which level(s) of government would bear the cost to carry out this task and how costly might that be to reinstitute the practice?

We are grateful for the OAG's assistance in calling this to our collective attention because it provides the Regional Offices of Education with additional justification to request that the General Assembly delete this and other obsolete sections from the statutes. We will seek a legislative solution to this and other obsolete passages.

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005

Section III: Findings Related to Federal Awards:

**FINDING NO. 05-2 - Extended time elapsing between drawdown and disbursement:
REPEATED FROM 04-4**

Title I - Reading First Grant Part B SEA

Project #: 05-4337-02 CFDA #: 84.357B

Passed through Illinois State Board of Education

Federal Agency: U.S. Dept. of Education

Criteria/specific requirement:

The Tazewell County Regional Office of Education #53 is required to minimize the time elapsing between drawdown and disbursement of federal money. According to the compliance requirements of OMB Circular A-133, recipients of federal monies must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement.

Condition:

The Regional Office of Education #53 requested additional drawdown of federal funds in the Title I Reading First Grant Part B SEA Program before payments of funds previously drawn down were exhausted or monthly expenditures were known and obligated. April and May drawdown requests were made even with excess cash balances, known workshop cancellations, and lower workshop responses than obligated for.

Questioned costs:

None

Context:

Program balances were in excess of monetary needs for May and June 2005.

Effect:

The Regional Office of Education #53 was not in compliance with draw-down requirements. However, excess federal funds were not held in an interest bearing account and therefore did not earn interest and had they been held in an interest bearing account would have earned less than \$100.

Cause:

On quarterly expenditure reports, the Tazewell County Regional Office of Education #53 showed the remaining unspent portion of the grant as obligations allowing for complete drawdown of the program money. Not all obligations were fulfilled due to a lack of response to the workshops. The ROE continued to drawdown the amount allowed per budget agreement.

Recommendation:

The Regional Office of Education #53 should only submit drawdown requests for a dollar amount sufficient to cover known expenditures to be paid in the near future.

Management's response:

We had targeted that item last year and were surprised to see the problem again this year. The high balance resulted when workshops which had been scheduled were cancelled due to lack of enrollment. Encumbered funds for the workshops were not expended, leaving a high balance. We also have no control over the amount of funds being sent from ISBE.

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
JUNE 30, 2005

Finding No. 05-1

Condition:

The Regional Office 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 signs off on the Annual Financial Reports from the school districts in his region. In addition, the Regional Office gets a spreadsheet from the Illinois State Board of Education (ISBE) that outlines all of the school districts and their audit exceptions, if any.

While these are reviews involving the finances of school treasurers, they are not in the level of detail required by 105 ILCS 5/3-14.11.

Corrective Action Plan:

The Regional Offices will seek legislative solution to this and other obsolete passages

Anticipated Date of Completion:

As soon as practical

Contact Person:

Robin Houchin, Regional Superintendent

Finding No. 05-2

Condition:

The Regional Office of Education #53 requested additional drawdown of federal funds in the Title I Reading First Grant Part B SEA Program before payments of funds previously drawn down were exhausted or monthly expenditures were known and obligated. April and May drawdown requests were made even with excess cash balances, known workshop cancellations, and lower workshop responses than obligated for.

Corrective Action Plan:

The Regional Superintendent will monitor this account more closely and identify short-term needs more effectively to avoid drawing more funds than are actually needed.

Anticipated Date of Completion:

Immediately

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, 2005

<u>Finding #</u>	<u>Condition</u>	<u>Current Status</u>
04-1	A. Superintendent not reporting to County Board	Corrective action taken
	B. Establish Enterprise Fund for discretionary activities	Corrective action taken
04-2	All required 1099's not issued	Corrective action taken
04-3	Inadequate subrecipient monitoring	Corrective action taken
04-4	Extended time elapsing between drawdown and disbursement of federal program	Unresolved – repeated as 05-2

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005

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, 2005. Readers are encouraged to consider information in conjunction with the Regional Office's financial statements, which follows.

2005 Financial Highlights

- Within the Governmental Funds, the General Fund revenues decreased by \$69,753 from \$556,780 in fiscal year 2004 to \$ 487,027 in fiscal year 2005. General Fund expenditures decreased by \$36,286 from \$526,041 in FY04 to \$489,755 in FY05. The decrease is primarily due to the transfer of the Local Fund activities from a General Fund to a Proprietary Fund.
- Within the Governmental Funds, the Special Revenue Fund revenue increased by \$96,678 from \$766,856 in FY04 to \$863,534 in FY05. The Special Revenue Fund expenditures increased by \$90,435 from \$775,168 in FY04 to \$865,603 in FY05. The increase comes as a result of additional grant monies available through the Reading First, Standard Aligned Classroom, and System of Support grants.
- The Local Fund was transferred from a General Fund to a Proprietary Fund in 2005. Income from workshops exceeded expenses by \$33,137 for FY05.

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 provide 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
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005

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 allows 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 financial assets that can be readily converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the 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 the goods and services provided by one fund for the benefit of the 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 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 the FY05 totaled \$316,883. At the end of FY04, the net assets were \$292,966. The analysis that follows provides a summary of the office's net assets at June 30, 2005, for the governmental funds.

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005

CONDENSED STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current Assets	\$319,397	\$403,450	\$168,937	\$ -	\$488,334	\$403,450
Capital Assets, being depreciated, net	<u>66,670</u>	<u>71,093</u>	<u>478</u>	<u>-</u>	<u>67,148</u>	<u>71,093</u>
Total Assets	<u>\$386,067</u>	<u>\$474,543</u>	<u>\$169,415</u>	<u>\$ -</u>	<u>\$555,482</u>	<u>\$474,543</u>
Current Liabilities	\$231,448	\$181,577	\$ -	\$ -	\$231,448	\$181,577
Noncurrent Liabilities	<u>7,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,151</u>	<u>-</u>
Total Liabilities	<u>\$238,599</u>	<u>\$181,577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$238,599</u>	<u>\$181,577</u>
Net Assets:						
Invested in Capital Assets, net of related debt	\$ 59,519	\$ 66,670	\$ 478	\$ -	\$ 59,997	\$ 66,670
Unrestricted	<u>87,949</u>	<u>226,296</u>	<u>168,937</u>	<u>-</u>	<u>256,886</u>	<u>226,296</u>
Total Net Assets	<u>\$147,468</u>	<u>\$292,966</u>	<u>\$169,415</u>	<u>\$ -</u>	<u>\$316,883</u>	<u>\$292,966</u>

The Regional Office of Education's net assets increased by \$23,917 from FY04 to FY05.

The following analysis shows the changes in net assets for the year ended June 30, 2005.

CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
REVENUES:						
Program Revenues:						
Operating grants and contributions	\$ 998,805	\$ 892,892	\$ -	\$ -	\$ 998,805	\$ 892,892
General Revenues:						
Local sources	47,973	79,655	49,265	-	97,238	79,655
State sources	1,000	59,670	-	-	1,000	59,670
Administrative:						
On-behalf payments- State	210,127	212,361	-	-	210,127	212,361
On-behalf payments- Local	<u>92,656</u>	<u>79,058</u>	<u>-</u>	<u>-</u>	<u>92,656</u>	<u>79,058</u>
Total Revenues	<u>\$1,350,561</u>	<u>\$1,323,636</u>	<u>\$ 49,265</u>	<u>\$ -</u>	<u>\$1,399,826</u>	<u>\$1,323,636</u>
EXPENDITURES:						
Salaries and benefits	\$167,173	\$183,919	\$ -	\$ -	\$167,173	\$183,919
Purchased services	173,278	145,042	16,028	-	189,306	145,042
Supplies and materials	69,468	59,944	4	-	69,472	59,944
Other Objects	610,833	608,469	-	-	610,833	608,469
Depreciation expense	36,246	33,321	96	-	36,342	33,321
Administrative:						
On-behalf payments- State	210,127	212,361	-	-	210,127	212,361
On-behalf payments- Local	<u>92,656</u>	<u>79,058</u>	<u>-</u>	<u>-</u>	<u>92,656</u>	<u>79,058</u>
Total Expenditures	<u>\$1,359,781</u>	<u>\$1,322,114</u>	<u>\$ 16,128</u>	<u>\$ -</u>	<u>\$1,375,909</u>	<u>\$1,322,114</u>
Increase (decrease) before transfers	\$ (9,220)	\$ 1,522	\$ 33,137	\$ -	\$ 23,917	\$ 1,522
Transfers	<u>(136,278)</u>	<u>-</u>	<u>136,278</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	\$(145,498)	\$ 1,522	\$ 169,415	\$ -	\$ 23,917	\$ 1,522
Net assets – beginning of year	<u>292,966</u>	<u>291,444</u>	<u>-</u>	<u>-</u>	<u>292,966</u>	<u>291,444</u>
Net assets – end of year	<u>\$147,468</u>	<u>\$292,966</u>	<u>\$ 169,415</u>	<u>\$ -</u>	<u>\$ 316,883</u>	<u>\$292,966</u>

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005

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 \$87,949, \$138,347 less than FY04. Of this amount, \$136,278 was from the transfer of funds to the enterprise fund.

Governmental Fund Highlights

- There was another decrease of funding from the State of Illinois in 2005 relative to the ROE operations grant, which resulted in a 14% (\$31,788) reduction in dollars received when compared to FY04.
- County support for the Regional Office of Education #53 increased by 2% for non-personnel funds.
- There was an increase in the state aid foundation level to \$4,964 per student from \$4,810. This helped to off-set the reduction in the grant dollars provided for the Safe Schools Program.

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, Standard Aligned Classroom Grant, Regional Service Provider/System of Support, and General 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 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 county's 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, and 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 FY05 was approximately \$3,945.

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005

Economic Factors and Next 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 \$5,164 per student. This will affect the Safe School Program.
- The interest rate on investments remains low, however, more funds have been moved to interest bearing accounts in order to gain additional interest.
- Several grants have remained near or at previous levels. The S.O.S. Grant level will be increased again for FY05 to an amount yet to be determined.
- The General Operations Grant has been decreased again for FY06 by approximately \$7,107.
- The County Board support will decrease by 1% for FY06.
- ROE #53 has taken on the responsibility of fingerprinting all new school employees in the county, as well as offering fingerprinting services to others not in the field of education. The result will increase special revenues by approximately \$1,000 in the upcoming year.
- Reading First funds will not be available next year.
- Homeless Education grant will see a small increase of approximately \$1,000.

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, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 317,084	\$ 168,914	\$ 485,998
Due from other funds	-	23	23
Due from other governmental units:			
State	-	-	-
Federal	-	-	-
Other Receivable	2,313	-	2,313
Prepays	-	-	-
Total current assets	\$ 319,397	\$ 168,937	\$ 488,334
Noncurrent assets:			
Capital assets, being depreciated, net	\$ 66,670	\$ 478	\$ 67,148
Total noncurrent assets	\$ 66,670	\$ 478	\$ 67,148
Total Assets	\$ 386,067	\$ 169,415	\$ 555,482
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 17,227	\$ -	\$ 17,227
Due to other funds	23	-	23
Due to other governmental units:			
State	17,904	-	17,904
Federal	-	-	-
Deferred revenue	196,294	-	196,294
Total current liabilities	\$ 231,448	\$ -	\$ 231,448
Noncurrent liabilities:			
Capital lease payable	\$ 7,151	\$ -	\$ 7,151
Total noncurrent liabilities	\$ 7,151	\$ -	\$ 7,151
Total Liabilities	\$ 238,599	\$ -	\$ 238,599
<u>NET ASSETS</u>			
Investment in capital assets, net of related debt	\$ 59,519	\$ 478	\$ 59,997
Unrestricted	87,949	168,937	256,886
Total Net Assets	\$ 147,468	\$ 169,415	\$ 316,883

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, 2005

FUNCTIONS/PROGRAMS	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary government:						
Governmental activities:						
Instructional activities:						
Salaries and benefits	\$ 167,173	\$ -	\$ 167,173	\$ -	\$ -	\$ -
Purchased services	173,278	-	127,799	(45,479)	-	(45,479)
Supplies and materials	69,468	-	65,541	(3,927)	-	(3,927)
Capital outlay	-	-	29,095	29,095	-	29,095
Other objects	610,833	-	609,197	(1,636)	-	(1,636)
Unallocated depreciation expense	36,246	-	-	(36,246)	-	(36,246)
Administrative:						
On-behalf payments- State	210,127	-	-	(210,127)	-	(210,127)
On-behalf payments- Local	92,656	-	-	(92,656)	-	(92,656)
Total governmental activities	\$ 1,359,781	\$ -	\$ 998,805	\$ (360,976)	\$ -	\$ (360,976)
Business-type activities:						
Other	\$ 16,128	\$ 49,265	\$ -	\$ -	\$ 33,137	\$ 33,137
Total business-type activities	\$ 16,128	\$ 49,265	\$ -	\$ -	\$ 33,137	\$ 33,137
Total primary government	\$ 1,375,909	\$ 49,265	\$ 998,805	\$ (360,976)	\$ 33,137	\$ (327,839)
General Revenues:						
Local sources				\$ 47,973	\$ -	\$ 47,973
State sources				1,000	-	1,000
Federal sources				-	-	-
Administrative:						
On-behalf payments- State				210,127	-	210,127
On-behalf payments- Local				92,656	-	92,656
Transfers				(136,278)	136,278	-
Total general revenues				\$ 215,478	\$ 136,278	\$ 351,756
Changes in net assets				\$ (145,498)	\$ 169,415	\$ 23,917
Net assets, beginning				292,966	-	292,966
Net assets, ending				\$ 147,468	\$ 169,415	\$ 316,883

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, 2005

<u>ASSETS</u>	General Fund	Education Fund	Institute Fund	Media Cooperative Fund	Teacher Leadership Academy	Nonmajor Funds	Total Governmental Funds
Cash	\$ 6,033	\$ 122,572	\$ 77,848	\$ 44,254	\$ 56,000	\$ 10,377	\$ 317,084
Due from other funds	-	-	-	-	-	-	-
Other Receivables	2,313	-	-	-	-	-	2,313
Total Assets	<u>\$ 8,346</u>	<u>\$ 122,572</u>	<u>\$ 77,848</u>	<u>\$ 44,254</u>	<u>\$ 56,000</u>	<u>\$ 10,377</u>	<u>\$ 319,397</u>
<u>LIABILITIES</u>							
Accounts payable	\$ 8,346	\$ 7,916	\$ 360	\$ -	\$ -	\$ 605	\$ 17,227
Due to other funds	-	23	-	-	-	-	23
Due to other governmental units							
State	-	17,904	-	-	-	-	17,904
Federal	-	-	-	-	-	-	-
Deferred revenue	-	96,729	43,565	-	56,000	-	196,294
Total Liabilities	<u>\$ 8,346</u>	<u>\$ 122,572</u>	<u>\$ 43,925</u>	<u>\$ -</u>	<u>\$ 56,000</u>	<u>\$ 605</u>	<u>\$ 231,448</u>
<u>FUND BALANCES</u>							
Unreserved, reported in:							
General fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special revenue funds	-	-	33,923	44,254	-	9,772	87,949
Total Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,923</u>	<u>\$ 44,254</u>	<u>\$ -</u>	<u>\$ 9,772</u>	<u>\$ 87,949</u>
Total Liabilities and Fund Balances	<u>\$ 8,346</u>	<u>\$ 122,572</u>	<u>\$ 77,848</u>	<u>\$ 44,254</u>	<u>\$ 56,000</u>	<u>\$ 10,377</u>	<u>\$ 319,397</u>

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, 2005

Total Fund Balances - Governmental Funds	\$ 87,949
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore are not reported in the government funds.	66,670
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><u>\$ 147,468</u></u>

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

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	<u>General Fund</u>	<u>Education Fund</u>	<u>Institute Fund</u>	<u>Media Cooperative Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES:						
Local sources	\$ -	\$ 55	\$ 33,464	\$ 409	\$ 14,045	\$ 47,973
State sources	191,057	637,407	-	-	1,600	830,064
Federal sources	-	169,741	-	-	-	169,741
Administrative:						
On-behalf payments- State	203,314	6,813	-	-	-	210,127
On-behalf payments- Local	92,656	-	-	-	-	92,656
Total Revenues	<u>\$ 487,027</u>	<u>\$ 814,016</u>	<u>\$ 33,464</u>	<u>\$ 409</u>	<u>\$ 15,645</u>	<u>\$ 1,350,561</u>
EXPENDITURES:						
Education:						
Salaries and benefits	\$ 104,836	\$ 62,337	\$ -	\$ -	\$ -	\$ 167,173
Purchased services	50,705	76,524	34,242	2,362	9,445	173,278
Supplies and materials	9,226	56,315	506	614	2,807	69,468
Capital outlay	25,223	6,600	-	-	-	31,823
Other objects	3,795	605,427	157	-	1,454	610,833
Administrative:						
On-behalf payments- State	203,314	6,813	-	-	-	210,127
On-behalf payments- Local	92,656	-	-	-	-	92,656
Total Expenditures	<u>\$ 489,755</u>	<u>\$ 814,016</u>	<u>\$ 34,905</u>	<u>\$ 2,976</u>	<u>\$ 13,706</u>	<u>\$ 1,355,358</u>
Excess (deficiency) of revenues over expenditures	\$ (2,728)	\$ -	\$ (1,441)	\$ (2,567)	\$ 1,939	\$ (4,797)
OTHER FINANCING SOURCES (USES):						
Other financing sources	\$ 18,396	\$ -	\$ -	\$ -	\$ -	\$ 18,396
Transfers out	(136,278)	-	-	-	-	(136,278)
Other financing uses	(15,668)	-	-	-	-	(15,668)
Net other sources (uses) of financial resources	<u>\$ (133,550)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (133,550)</u>
Net change in fund balances	\$ (136,278)	\$ -	\$ (1,441)	\$ (2,567)	\$ 1,939	\$ (138,347)
Fund balances - Beginning	136,278	-	35,364	46,821	7,833	226,296
Fund balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,923</u>	<u>\$ 44,254</u>	<u>\$ 9,772</u>	<u>\$ 87,949</u>

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, 2005

Net change in fund balances \$ (138,347)

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	\$ 31,823	
Depreciation expense	<u>(36,246)</u>	(4,423)

The Statement of Activities report the cost of acquiring a capital asset using
a capital lease when the lease begins and depreciate the asset over its
useful life whereas Governmental funds report the payments on a capital
lease as expenditures over the lease term.

New capital lease		(18,396)
Principal payments on capital leases		<u>15,668</u>

Change in net assets of governmental activities		<u>\$ (145,498)</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, 2005

		Business-Type Activities- Enterprise Fund
		Local Fund
ASSETS		
Current assets:		
Cash	\$	168,914
Due from other funds		23
Total current assets	\$	168,937
Noncurrent assets:		
Capital assets, net of accumulated depreciation:		
Equipment, Net	\$	478
Total Assets	\$	169,415
 NET ASSETS		
Investment in capital assets	\$	478
Unrestricted		168,937
Total Net Assets	\$	169,415

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, 2005

	Business-Type Activities- <u>Enterprise Fund</u> <u>Local Fund</u>
OPERATING REVENUES:	
Local fees	<u>\$ 49,265</u>
OPERATING EXPENSES:	
Salaries and benefits	\$ -
Purchased services	16,028
Supplies and materials	4
Depreciation	<u>96</u>
Total Expenses	<u>\$ 16,128</u>
NET OPERATING INCOME	\$ 33,137
TRANSFERS IN	136,278
TOTAL NET ASSETS - BEGINNING	<u>-</u>
TOTAL NET ASSETS - ENDING	<u><u>\$ 169,415</u></u>

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, 2005

	Business-Type Activities-
	<u>Enterprise Fund</u>
	<u>Local Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 49,265
Payments to suppliers and providers of goods and services	(17,294)
Net cash provided by operating activities	\$ 31,971
Cash flows from capital and related financing activities:	
Purchase of capital assets	\$ (574)
Transfer of cash from General Fund	137,517
Net cash used for capital and related financing activities	\$ 136,943
Net increase in cash	\$ 168,914
Cash - beginning	-
Cash - ending	\$ 168,914
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 33,137
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	96
Changes in assets and liabilities:	
Decrease in accounts payable	(1,262)
Net cash provided by operating activities	\$ 31,971

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, 2005

	<u>Private-Purpose Trust</u>	<u>Agency Funds</u>
ASSETS:		
Cash and cash equivalents	\$ 29,494	\$ 37,129
Total Assets	\$ 29,494	\$ 37,129
LIABILITIES:		
Due to other governmental units	\$ -	\$ 37,129
Total Liabilities	\$ -	\$ 37,129
NET ASSETS:		
Held in trust for other purposes	\$ 29,494	

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, 2005

	<u>Private-Purpose Trust</u>
ADDITIONS	
Investment earnings:	
Interest	\$ 754
	<hr/>
Total additions	\$ 754
	<hr/> <hr/>
DEDUCTIONS	
Benefits	\$ -
	<hr/>
Total deductions	\$ -
	<hr/>
Change in net assets	\$ 754
Net assets - beginning	<hr/> 28,740
Net assets - ending	<hr/> <hr/> \$ 29,494

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. Principles Used to Determine the Scope of the 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 principal financial duty of the Regional Superintendent is to receive and distribute monies due to school districts from general state aid, state categorical grants, and various other sources.

The ROE's reporting entity includes all related organizations for which it exercises oversight responsibility in accordance with Statement No. 1 of the Governmental Accounting Standards Board. 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 #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 ROE is not aware of any entity which would exercise such oversight as to result in the ROE being considered a component unit of the entity.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. 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

B. 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

B. 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.

Title IV Community Service Learning – funds are transferred to Illinois Central College, the administrative agent, to run this program.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. 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

B. 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 fund's ongoing operations. The principal operating revenues of the ROE's proprietary fund are charges for workshops and consulting. 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.

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

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.

C. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

C. Measurement Focus/Basis of Accounting - continued

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.

D. 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, Standard Aligned Classroom Grant, Regional Service Provider/System of Support Grant, and General Operations.

E. 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. Negative balances are shown separately as overdrafts.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

E. Assets, Liabilities and Net Assets - continued

Prepaid expenses

Amounts disbursed to pay expenses allocable to future periods are recorded as prepaid expenses in the current period.

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 two 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.

F. 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

G. 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.

H. New Accounting Pronouncements

Effective July 1, 2004, the ROE adopted the provisions of Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*, an amendment to certain provisions of GASB Statement No. 3. This Statement requires certain disclosures for common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. There was no significant impact on the ROE's financial statements as a result of adopting this Statement.

I. Interest on Distributive Fund Allocation

Any excess interest earned will be allocated to the school districts in the region based on General State Aid formulas. Excess interest is any interest earning above bank charges on the account.

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, 2005 the carrying amount of the ROE's deposits were \$66,623 for fiduciary funds, \$168,914 for proprietary funds and \$317,084 for governmental funds totaling \$552,621. The bank balances were \$66,623 for fiduciary funds, \$172,114 for proprietary funds, and \$395,211 for governmental funds totaling \$633,948. Of these balances, \$272,183 was covered by federal depository insurance and \$361,765 was collateralized with securities.

NOTE 3: DUE FROM/TO OTHER FUNDS

As of June 30, 2005, the interfund account balances were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Learn and Serve America	Local Fund	\$ 23

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: DUE TO OTHER GOVERNMENTAL UNITS

Due to other governmental units consists of the following at June 30, 2005:

<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	ROE/ISC Technology	<u>34</u>
Total		<u>\$ 17,904</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.

NOTE 6: CAPITAL ASSETS

Capital asset activity during the 2005 fiscal year was as follows:

Governmental Activities:

	<u>Balance</u> <u>7-01-04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6-30-05</u>
Equipment	\$346,176	\$ 31,823	\$ 32,500	\$345,499
Less accumulated depreciation	<u>275,083</u>	<u>36,246</u>	<u>32,500</u>	<u>278,829</u>
Total Governmental	<u>\$ 71,093</u>	<u>\$ (4,423)</u>	<u>\$ -</u>	<u>\$ 66,670</u>

Business-Type activities:

	<u>Balance</u> <u>7-01-04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6-30-05</u>
Equipment	\$ -	\$ 574	\$ -	\$ 574
Less accumulated depreciation	<u>-</u>	<u>96</u>	<u>-</u>	<u>96</u>
Total Business-Type	<u>\$ -</u>	<u>\$ 478</u>	<u>\$ -</u>	<u>\$ 478</u>
Total Capital Assets	<u>\$ 71,093</u>	<u>\$ (3,945)</u>	<u>\$ -</u>	<u>\$ 67,148</u>

NOTES TO THE FINANCIAL STATEMENTS

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, 2005 was 9 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. 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 0.5 percent during the year ended June 30, 2005 and the member THIS Fund health insurance contribution was 0.75 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, 2005, State of Illinois contributions were based on 11.76 percent of creditable earnings, and the ROE recognized revenue and expenditures of \$13,512 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2004 and June 30, 2003, the State of Illinois contribution rates as percentages of creditable earnings were 13.98 percent (\$17,365) and 13.01 percent (\$22,932), respectively.

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

- **2.2 formula contributions.** For the year ended June 30, 2005, and June 30, 2004, employers contributed 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ending June 30, 2005, and June 30, 2004 were \$666 and \$720, respectively.

For the year ended June 30, 2003, part of the employer's 2.2 formula contribution (0.58 percent of pay) was reduced as a result of a new employer THIS Fund contribution for retiree health insurance (0.4 percent of pay). The remaining 0.18 percent is submitted to TRS. Contributions for the year ended June 30, 2003 were \$317.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: RETIREMENT FUND COMMITMENTS - continued

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

- **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. For the three years ended June 30, 2005, the employer contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2005 salaries totaling \$0 were paid from federal and trust funds that required employer contributions of \$0. For the years ended June 30, 2004 and June 30, 2003, required ROE contributions were \$235 and \$0, respectively.
- **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. No member or employer contributions are required if the member has 34 years of service. The maximum employer payment of 100 percent of the member's highest salary used in the calculation of final average salary is required if the member is 55 years old. There were no retirements under the Early Retirement Option during the years ended June 30, 2005, 2004 and 2003.

Public Act 94-0004, which was signed into law on June 1, 2005, contained a number of provisions affecting employer and active member contributions. Most will not be effective until the year ending June 30, 2006. The changes are summarized below:

- **Active member contributions.** The active member contribution rate will increase from the current 9.0 percent of creditable earnings to 9.4 percent beginning July 1, 2005. The increase is to help cover the cost of the new ERO program and will be refunded if the member does not retire under ERO.
- **State/federal contributions.** Under a policy adopted by the Board of Trustees before Public Act 94-0004 was enacted, the employer contribution rate for employees paid from federal funds will be the same as the rate paid by the state. Under Public Act 94-0004, the state contribution rate in FY 2006 was reduced to 7.06 percent of pay. Therefore, the employer contribution rate for employees paid from federal funds in FY 2006 will be 7.06 percent, a decrease from the current 10.5 percent.
- **New employer contributions.**
 - **Salary increases over 6 percent.** If employers grant salary increases in excess of 6 percent that are used in final average salary calculations, the employer will make a lump-sum contribution to TRS to cover the cost of the portion of the benefit due to salary increased over 6 percent. Public Act 94-0004 exempts salary increases granted under contracts and collective bargaining agreements in effect on June 1, 2005.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: RETIREMENT FUND COMMITMENTS – continued

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

- **Sick leave in excess of normal allotment.** If employers grant sick leave near retirement in excess of the normal annual allotment and that sick leave is counted as service credit, the employer will make a lump-sum contribution to TRS. The act exempts sick leave granted under contracts and collective bargaining agreements in effect on June 1, 2005.
- **Early retirement option.** In addition to changes described above, the following changes were made to ERO:
 - Both active member and employer ERO contribution rates are increased. For employers, the maximum contribution increases from the current 100 percent of the member's highest salary used in the calculation of final average salary to 117.5 percent.
 - The waiver of member and employer ERO contributions when the member has 34 years of service ended with the program that expired June 30, 2005.
 - 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.
 - Public Act 94-0004 provides for a review of the member and employer ERO contributions every five years to ensure that the program is revenue neutral.

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, 2004. The report for the year ended June 30, 2005 is expected to be available in late 2005. 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 www.trs.illinois.gov.

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: RETIREMENT FUND COMMITMENTS – continued

B. Illinois Municipal Retirement Fund - continued

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 2004 was 22.66% 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, 2004 was 3 years.

For December 31, 2004, the ROE's annual pension cost of \$10,009 was equal to the ROE's required and actual contributions. The required contribution was determined as part of the December 31, 2002 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 2004 actuarial valuation were based on the 1999-2001 experience study.

TREND INFORMATION

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
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%	-
12/31/95	-	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	79,685
Regional Superintendent benefits (Includes State paid insurance)	17,349
Assistant Regional Superintendent benefits (Includes State paid insurance)	11,041
TRS contributions	<u>13,512</u>
Total	<u>\$210,127</u>

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

Salaries	\$ 69,731
Benefits	<u>22,925</u>
Total	<u>\$ 92,656</u>

NOTE 9: CAPITAL LEASES - LESSEE DISCLOSURE

The ROE paid off a prior year lease and entered into a new capitalized lease, in January of 2005, for office equipment. These leases meet 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. The new equipment was capitalized in the amount of \$18,396. Principal payments in fiscal year 2005 on the capital leases were \$15,668 in the General Fund.

Prepayments on the capital lease were made in June of 2005 to the extent that the next payment is due in May of 2008. The principal balance on the lease at June 30, 2005 was \$7,151 and the capital lease will finalize in December 2009.

NOTE 10: TRANSFER

On July 1, 2004, the ROE recharacterized the fund balance (\$136,278) of the Local Fund (a component of the General Fund at June 30, 2004) to the Enterprise Fund in order to properly account for workshops, seminars and consulting work it provides for a fee to area schools and educators. The change is reported as a "transfer in" to the Enterprise Fund and a "transfer out" from the General Fund.

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, 2005
(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)
12/31/04	\$ 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
12/31/95	-	-	-	N/A	-	N/A

On a market value basis, the actuarial value of assets as of December 31, 2004 is \$147,805. On a market basis, the funded ratio would be 87.97%.

*Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2004 are based on the 1999-2001 Experience Study.

The principal changes were:

- Fewer members are expected to take refunds early in their career.
- For Regular members, fewer normal and 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, 2005

	<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	\$ 191,057	\$ 191,057	\$ 191,057	\$ -
Total Revenues	\$ 191,057	\$ 191,057	\$ 191,057	\$ -
EXPENDITURES:				
Salaries and benefits	\$ 177,428	\$ 104,355	\$ 104,836	\$ 481
Purchased services	13,629	71,018	50,705	(20,313)
Supplies and materials	-	8,914	9,226	312
Capital outlay	-	6,300	25,223	18,923
Other objects	-	470	3,795	3,325
Total Expenditures	\$ 191,057	\$ 191,057	\$ 193,785	\$ 2,728
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ (2,728)	\$ (2,728)
OTHER FINANCING SOURCES (USES):				
Other Financing Sources	\$ -	\$ -	\$ 18,396	\$ 18,396
Other Financing Uses	-	-	(15,668)	(15,668)
Net other sources and uses	\$ -	\$ -	\$ 2,728	\$ 2,728
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ -	\$ -
Fund balance - Beginning	-	-	-	-
Fund balance - Ending	\$ -	\$ -	\$ -	\$ -

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
 JUNE 30, 2005

	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 FY04	Standard Aligned Classroom Grant FY05
<u>ASSETS</u>										
Cash	\$ 45	\$ 12,604	\$ -	\$ 685	\$ 34	\$ 3,627	\$ 1,645	\$ 36,542	\$ -	\$ -
Total Assets	\$ 45	\$ 12,604	\$ -	\$ 685	\$ 34	\$ 3,627	\$ 1,645	\$ 36,542	\$ -	\$ -
<u>LIABILITIES</u>										
Accounts payable	\$ -	\$ 7,445	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 471	\$ -	\$ -
Due to other funds	23	-	-	-	-	-	-	-	-	-
Due to other governmental units:										
State	22	-	-	-	34	3,627	1,645	-	-	-
Federal	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	5,159	-	685	-	-	-	36,071	-	-
Total Liabilities	\$ 45	\$ 12,604	\$ -	\$ 685	\$ 34	\$ 3,627	\$ 1,645	\$ 36,542	\$ -	\$ -
<u>FUND BALANCES</u>										
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Fund Balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities and Fund Balances	\$ 45	\$ 12,604	\$ -	\$ 685	\$ 34	\$ 3,627	\$ 1,645	\$ 36,542	\$ -	\$ -

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
JUNE 30,2005

	Standard Aligned Classroom Grant FY04	Standard Aligned Classroom Grant FY03	Title II Leadership	Title I School Improvement	Scientific Literacy Bonus	Title IV Community Service	Regional Safe Schools	Alternative School Program	Regional System Provider/ Federal System of Support	Total
<u>ASSETS</u>										
Cash	\$ 9,423	\$ 12,770	\$ 46	\$ 10,370	\$ 2,160	\$ -	\$ -	\$ -	\$ 32,621	\$ 122,572
Total Assets	\$ 9,423	\$ 12,770	\$ 46	\$ 10,370	\$ 2,160	\$ -	\$ -	\$ -	\$ 32,621	\$ 122,572
<u>LIABILITIES</u>										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,916
Due to other funds	-	-	-	-	-	-	-	-	-	23
Due to other governmental units:										
State	-	-	46	10,370	2,160	-	-	-	-	17,904
Federal	-	-	-	-	-	-	-	-	-	-
Deferred revenue	9,423	12,770	-	-	-	-	-	-	32,621	96,729
Total Liabilities	\$ 9,423	\$ 12,770	\$ 46	\$ 10,370	\$ 2,160	\$ -	\$ -	\$ -	\$ 32,621	\$ 122,572
<u>FUND BALANCES</u>										
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Fund Balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities and Fund Balances	\$ 9,423	\$ 12,770	\$ 46	\$ 10,370	\$ 2,160	\$ -	\$ -	\$ -	\$ 32,621	\$ 122,572

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, 2005

	Learn and Serve America Grant FY04	Learn and Serve America Grant FY05	McKinney Education for Homeless Children	School & Community Assistance Team	Title I Reading First Grant FY05	Title I Reading First Grant FY04	Standard Aligned Classroom Grant FY05	Standard Aligned Classroom Grant FY04	Title IV Community Service	Regional Safe Schools	Alternative School Program	Regional System Provider/ Federal System of Support	Total
REVENUES:													
Local sources	\$ -	\$ -	\$ -	\$ 55	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55
State sources	-	-	-	-	-	-	61,198	-	-	289,687	286,522	-	637,407
Federal sources	661	7,445	17,500	-	59,245	24,818	-	-	7,045	22,148	-	30,879	169,741
Administrative:													
On-behalf payments- State	-	-	-	-	-	-	4,388	-	-	-	-	2,425	6,813
Total Revenues	\$ 661	\$ 7,445	\$ 17,500	\$ 55	\$ 59,245	\$ 24,818	\$ 65,586	\$ -	\$ 7,045	\$ 311,835	\$ 286,522	\$ 33,304	\$ 814,016
EXPENDITURES:													
Salaries and benefits	\$ -	\$ -	\$ -	\$ -	\$ 3,337	\$ -	\$ 38,000	\$ -	\$ -	\$ -	\$ -	\$ 21,000	\$ 62,337
Purchased services	565	4,265	17,152	30	15,835	8,619	20,179	-	-	-	-	9,879	76,524
Supplies and materials	96	3,180	348	-	33,473	16,199	3,019	-	-	-	-	-	56,315
Capital outlay	-	-	-	-	6,600	-	-	-	-	-	-	-	6,600
Other objects	-	-	-	25	-	-	-	-	7,045	311,835	286,522	-	605,427
Administrative:													
On-behalf payments- State	-	-	-	-	-	-	4,388	-	-	-	-	2,425	6,813
Total Expenditures	\$ 661	\$ 7,445	\$ 17,500	\$ 55	\$ 59,245	\$ 24,818	\$ 65,586	\$ -	\$ 7,045	\$ 311,835	\$ 286,522	\$ 33,304	\$ 814,016
NET CHANGE IN FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances - Beginning	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances - Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
 BUDGETARY COMPARISON SCHEDULES
 EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2005

	Learn and Serve America Grant - FY04				Learn and Serve America Grant - FY05			
	<u>Budgeted Amounts</u>		Actual <u>Amounts</u>	Variance with <u>Final Budget</u>	<u>Budgeted Amounts</u>		Actual <u>Amounts</u>	Variance with <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-	-
Federal sources	4,762	4,762	661	(4,101)	14,005	14,005	7,445	(6,560)
Total Revenues	\$ 4,762	\$ 4,762	\$ 661	\$ (4,101)	\$ 14,005	\$ 14,005	\$ 7,445	\$ (6,560)
EXPENDITURES:								
Salaries and benefits	\$ 1,675	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased services	930	1,482	565	(917)	9,073	9,073	4,265	(4,808)
Supplies and materials	2,157	3,280	96	(3,184)	4,932	4,932	3,180	(1,752)
Capital outlay	-	-	-	-	-	-	-	-
Other objects	-	-	-	-	-	-	-	-
Total Expenditures	\$ 4,762	\$ 4,762	\$ 661	\$ (4,101)	\$ 14,005	\$ 14,005	\$ 7,445	\$ (6,560)
NET CHANGE IN FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances - Beginning	-	-	-	-	-	-	-	-
Fund balances - Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
 BUDGETARY COMPARISON SCHEDULES
 EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2005

	<u>McKinney Education for Homeless Children</u>				<u>Title 1 Reading First Grant - FY05</u>			
	<u>Budgeted Amounts</u>		Actual <u>Amounts</u>	Variance with <u>Final Budget</u>	<u>Budgeted Amounts</u>		Actual <u>Amounts</u>	Variance with <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-	-
Federal sources	17,500	17,500	17,500	-	76,764	95,315	59,245	(36,070)
Total Revenues	<u>\$ 17,500</u>	<u>\$ 17,500</u>	<u>\$ 17,500</u>	<u>\$ -</u>	<u>\$ 76,764</u>	<u>\$ 95,315</u>	<u>\$ 59,245</u>	<u>\$ (36,070)</u>
EXPENDITURES:								
Salaries and benefits	\$ -	\$ -	\$ -	\$ -	\$ 2,686	\$ 3,337	\$ 3,337	\$ -
Purchased services	17,050	17,050	17,152	102	45,078	45,078	15,835	(29,243)
Supplies and materials	450	450	348	(102)	23,000	40,900	33,473	(7,427)
Capital outlay	-	-	-	-	6,000	6,000	6,600	600
Other objects	-	-	-	-	-	-	-	-
Total Expenditures	<u>\$ 17,500</u>	<u>\$ 17,500</u>	<u>\$ 17,500</u>	<u>\$ -</u>	<u>\$ 76,764</u>	<u>\$ 95,315</u>	<u>\$ 59,245</u>	<u>\$ (36,070)</u>
NET CHANGE IN FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances - Beginning	-	-	-	-	-	-	-	-
Fund balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
 BUDGETARY COMPARISON SCHEDULES
 EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Title 1 Reading First Grant - FY04</u>				<u>Standard Aligned Classroom Grant FY05</u>			
	<u>Budgeted Amounts</u>		Actual <u>Amounts</u>	Variance with <u>Final Budget</u>	<u>Budgeted Amounts</u>		Actual <u>Amounts</u>	Variance with <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	58,745	58,745	61,198	2,453
Federal sources	89,797	89,797	24,818	(64,979)	-	-	-	-
Total Revenues	\$ 89,797	\$ 89,797	\$ 24,818	\$ (64,979)	\$ 58,745	\$ 58,745	\$ 61,198	\$ 2,453
EXPENDITURES:								
Salaries and benefits	\$ 2,240	\$ 2,240	\$ -	\$ (2,240)	\$ 38,000	\$ 38,000	\$ 38,000	\$ -
Purchased services	24,000	28,500	8,619	(19,881)	20,215	20,215	20,179	(36)
Supplies and materials	53,557	46,857	16,199	(30,658)	530	530	3,019	2,489
Capital outlay	10,000	12,200	-	(12,200)	-	-	-	-
Other objects	-	-	-	-	-	-	-	-
Total Expenditures	\$ 89,797	\$ 89,797	\$ 24,818	\$ (64,979)	\$ 58,745	\$ 58,745	\$ 61,198	\$ 2,453
NET CHANGE IN FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances - Beginning	-	-	-	-	-	-	-	-
Fund balances - Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
 BUDGETARY COMPARISON SCHEDULES
 EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Regional Service Provider/System of Support</u>			
	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	60,500	60,500	30,879	(29,621)
	<hr/>			
Total Revenues	\$ 60,500	\$ 60,500	\$ 30,879	\$ (29,621)
	<hr/>			
EXPENDITURES:				
Salaries and benefits	\$ 42,000	\$ 42,000	\$ 21,000	\$ (21,000)
Purchased services	18,500	18,500	9,879	(8,621)
Supplies and materials	-	-	-	-
Capital outlay	-	-	-	-
Other objects	-	-	-	-
	<hr/>			
Total Expenditures	\$ 60,500	\$ 60,500	\$ 30,879	\$ (29,621)
	<hr/>			
NET CHANGE IN FUND BALANCES	\$ -	\$ -	\$ -	\$ -
	<hr/>			
Fund balances - Beginning	-	-	-	-
	<hr/>			
Fund balances - Ending	\$ -	\$ -	\$ -	\$ -
	<hr/> <hr/>			

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2005

<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	\$ 8,105	\$ 1,851	\$ 421	\$ 10,377
Total Assets	\$ 8,105	\$ 1,851	\$ 421	\$ 10,377
<u>LIABILITIES</u>				
Accounts payable	\$ 605	\$ -	\$ -	\$ 605
Total Liabilities	\$ 605	\$ -	\$ -	\$ 605
<u>FUND BALANCES</u>				
Unreserved	\$ 7,500	\$ 1,851	\$ 421	\$ 9,772
Total Fund Balances	\$ 7,500	\$ 1,851	\$ 421	\$ 9,772
Total Liabilities and Fund Balances	\$ 8,105	\$ 1,851	\$ 421	\$ 10,377

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, 2005

	G.E.D. <u>Fund</u>	Bus Driver <u>Fund</u>	Supervisory <u>Fund</u>	<u>Total</u>
REVENUES:				
Local sources	\$ 10,669	\$ 2,097	\$ 1,279	\$ 14,045
State sources	-	600	1,000	1,600
Total Revenues	<u>\$ 10,669</u>	<u>\$ 2,697</u>	<u>\$ 2,279</u>	<u>\$ 15,645</u>
EXPENDITURES:				
Purchased services	\$ 6,983	\$ 2,128	\$ 334	\$ 9,445
Supplies and materials	2,677	-	130	2,807
Other objects	-	-	1,454	1,454
Total Expenditures	<u>\$ 9,660</u>	<u>\$ 2,128</u>	<u>\$ 1,918</u>	<u>\$ 13,706</u>
NET CHANGE IN FUND BALANCES	\$ 1,009	\$ 569	\$ 361	\$ 1,939
Fund balances - Beginning	<u>6,491</u>	<u>1,282</u>	<u>60</u>	<u>7,833</u>
Fund balances - Ending	<u><u>\$ 7,500</u></u>	<u><u>\$ 1,851</u></u>	<u><u>\$ 421</u></u>	<u><u>\$ 9,772</u></u>

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 JUNE 30, 2005

<u>ASSETS</u>	<u>Distributive Fund</u>	Interest on <u>Distributions to Other Governmental Units</u>	<u>Total</u>
Cash	\$ 34,951	\$ 2,178	\$ 37,129
Total Assets	\$ 34,951	\$ 2,178	\$ 37,129
<u>LIABILITIES</u>			
Due to other governmental units	\$ 34,951	\$ 2,178	\$ 37,129
Total Liabilities	\$ 34,951	\$ 2,178	\$ 37,129

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2005

	Balance July 1, <u>2004</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2005</u>
<u>Distributive Fund</u>				
Assets:				
Cash	\$ -	\$ 1,632,687	\$ 1,597,736	\$ 34,951
Due from other governmental units	-	-	-	-
 Total Assets	 \$ -	 \$ 1,632,687	 \$ 1,597,736	 \$ 34,951
Liabilities:				
Due to other governmental units	\$ -	\$ 1,632,687	\$ 1,597,736	\$ 34,951
Due to other funds	-	-	-	-
 Total Liabilities	 \$ -	 \$ 1,632,687	 \$ 1,597,736	 \$ 34,951
 <u>Interest on Distributions to Other Governmental Units</u>				
Assets:				
Cash	\$ 2,094	\$ 113	\$ 29	\$ 2,178
Liabilities:				
Due to other governmental units	\$ 2,094	\$ 113	\$ 29	\$ 2,178
 <u>Total</u>				
Assets:				
Cash	\$ 2,094	\$ 1,632,800	\$ 1,597,765	\$ 37,129
Due from other governmental units	-	-	-	-
 Total Assets	 \$ 2,094	 \$ 1,632,800	 \$ 1,597,765	 \$ 37,129
Liabilities:				
Due to other governmental units	\$ 2,094	\$ 1,632,800	\$ 1,597,765	\$ 37,129
Due to other funds	-	-	-	-
 Total Liabilities	 \$ 2,094	 \$ 1,632,800	 \$ 1,597,765	 \$ 37,129

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
SCHEDULE OF DISBURSEMENTS TO OTHER ENTITIES
DISTRIBUTIVE FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Education for Employment	Mid-Illini Educational Cooperative	Regional Office of Education #53	Total
General State Aid	\$ -	\$ -	\$ 419,408	\$ 419,408
Vocational Education Second Program Imp.	471,311	-	-	471,311
Agriculture Education	9,405	-	-	9,405
School Bus Driver Training	-	-	600	600
Regional Safe School Program	-	-	178,949	178,949
Service Center Operations	-	191,057	-	191,057
Supervisory	-	-	1,000	1,000
Title I - Reading First Part B	-	82,897	-	82,897
Title IV - Community Service	-	-	7,045	7,045
Voc. Ed. Perkins Title IIC Secondary	222,984	-	-	222,984
Learn & Serve America	-	-	13,080	13,080
	<u>\$ 703,700</u>	<u>\$ 273,954</u>	<u>\$ 620,082</u>	<u>\$ 1,597,736</u>

TAZEWELL COUNTY REGIONAL OFFICE OF EDUCATION #53
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005

Federal Grantor/Pass-Through <u>Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Project #</u>	Federal Expenditures <u>7/1/04-6/30/05</u>
U.S. Dept. of Education passed through Illinois State Board of Education:			
(M)Title I - Reading First Part B SEA Funds	84.357B	04-4337-02	\$ 24,818
(M)Title I - Reading First Part B SEA Funds	84.357B	05-4337-02	59,245
			<u>\$ 84,063</u>
 Title IV - Community Service	 84.184C	 04-4420-00	 <u>\$ 7,045</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	04-4920-00	<u>\$ 17,500</u>
U.S. Dept. of Human Services passed through Illinois State Board of Education:			
(M)Regional Safe Schools (TANF)	93.558	05-3696-00	\$ -
(M)General State Aid - RSSP (TANF)	93.558	05-3001-93	22,148
			<u>\$ 22,148</u>
Corporation for National and Community Service passed through Illinois State Board of Education:			
Learn and Serve America Grant	94.004	04-4910-00	\$ 661
Learn and Serve America Grant	94.004	05-4910-00	7,445
			<u>\$ 8,106</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			
Title II - Teacher Quality - Leadership Grant	84.367	05-4935-SS	<u>\$ 30,879</u>
 Total Expenditures of Federal Awards			 <u><u>\$ 169,741</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, 2005

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

Of the federal expenditures presented in the schedule, ROE #53 provided federal awards to subrecipients as follows:

Title IV – Community Service	84.184C	\$ 7,045
Regional Safe Schools (TANF)	93.558	\$ 22,148

NOTE 3: DESCRIPTION OF MAJOR FEDERAL PROGRAMS

The Regional Safe Schools (TANF) and General State Aid – RSSP (TANF) programs are used to support other programs that prevent violence in and around schools and strengthen programs that prevent the illegal use of alcohol, tobacco, and drugs. These programs also involve parents and coordinate with related Federal, State, and community efforts and resources.

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.

NOTE 4: NON-CASH ASSISTANCE

None

NOTE 5: AMOUNT OF INSURANCE

None

NOTE 6: LOANS OR LOAN GUARANTEES OUTSTANDING

None