

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

**FINANCIAL AUDIT
For the year ended June 30, 2012**

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

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

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REGIONAL OFFICE OF EDUCATION #53**

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REGIONAL OFFICE OF EDUCATION #53**

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

OFFICIALS

Regional Superintendent (current and during the audit period).....Ms. Gail Owen

Assistant Regional Superintendent (July 1, 2011 – November 15, 2011)Ms. Louise Bassett

Assistant Regional Superintendent (November 16, 2011 –
March 15, 2012 and July 1, 2012 - current).....Mr. Robin G. Houchin

Assistant Regional Superintendent (March 16, 2012 – June 30, 2012)..... Ms. Lorna Sherwood

Office is located at:

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

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

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

The auditors' reports do not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	7	7
Repeated audit findings	5	3
Prior recommendations implemented or not repeated	2	1

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

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
12-01	11-12	Controls Over Financial Statement Preparation	Material Weakness
12-02	13 - 14	Miscoding of Revenues and Expenditures	Material Weakness
12-03	15	Noncompliance with the Grant Funds Recovery Act	Compliance
12-04	16 - 17	Inadequate Internal Control Procedures	Significant Deficiency
12-05	18	Inadequate Review of Journal Entries	Material Weakness
12-06	19	Inadequate Controls Over Cash	Material Weakness
12-07	20	Expenditure Reports Did Not Agree to the General Ledger	Compliance and Significant Deficiency

FINDINGS AND RESPONSES (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2012.

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

FINANCIAL REPORT SUMMARY (Continued)

SUMMARY OF FINDINGS AND RESPONSES (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)			
11-02	29	Restricted Funds Used for Unauthorized Purpose	Compliance
11-07	29	Expenditure Reports Were Not Filed Timely	Compliance and Significant Deficiency

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

There were no prior findings.

EXIT CONFERENCE

An informal exit conference was held on November 2, 2012. Attending were Gail Owen, Regional Superintendent of Schools; Louise Bassett, Assistant Regional Superintendent of Schools; Robin Houchin, Assistant Regional Superintendent of Schools; and Alex Hagen, CPA of West & Company, LLC. Responses to recommendations were provided by Gail Owen via email on March 28, 2013.

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

FINANCIAL STATEMENT REPORT

SUMMARY

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

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

WEST & COMPANY, LLC

MEMBERS

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

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tazewell County Regional Office of Education #53, as of and for the year ended June 30, 2012, 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, 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, 2012, and the respective changes in financial position and, where applicable, cash flows 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 July 3, 2013 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.

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Illinois Municipal Retirement Fund – Schedule of Funding Progress on pages 30A-30F and 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurers and Other Entities are fairly stated in all material respects in relation to the financial statements taken as a whole.

West & Company, LLC

July 3, 2013

MEMBERS

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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tazewell County Regional Office of Education #53, as of and for the year ended June 30, 2012, which collectively comprise the Tazewell County Regional Office of Education #53's basic financial statements and have issued our report thereon dated July 3, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Tazewell County Regional Office of Education #53 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Tazewell County Regional Office of Education #53's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tazewell County Regional Office of Education #53's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tazewell County Regional Office of Education #53's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in findings 12-01, 12-02, 12-05 and 12-06 in the accompanying Schedule of Findings and Responses to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in findings 12-04 and 12-07 in the accompanying Schedule of Findings and Responses to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tazewell County Regional Office of Education #53's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 12-03 and 12-07.

We also noted certain matters which we have reported to management of the Tazewell County Regional Office of Education #53 in a separate letter dated July 3, 2013.

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

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

West + Company, LLC

July 3, 2013

SCHEDULE OF FINDINGS AND RESPONSES

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

**SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2012**

Section I -- Summary of Auditors' Results

Financial statements

Type of auditors' report issued:

UNQUALIFIED

Internal control over financial reporting:

- Material weakness(es) identified?

X yes no

- Significant deficiency(ies) identified?

X yes none reported

Noncompliance material to financial statements noted?

X yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?

N/A yes no

- Significant deficiency(ies) identified?

N/A yes none reported

Type of auditors' report issued on compliance for major programs:

N/A

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?

N/A yes no

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

**SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2012**

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

Identification of major programs:

CFDA Number(s)

Name of federal program or cluster

This section is not applicable.

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

N/A

Auditee qualified as a low-risk auditee?

N/A

_____ yes

_____ no

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53
SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2012**

Section II - Financial Statement Findings

FINDING NO. 12-01 – Controls Over Financial Statement Preparation (Repeat of 11-01, 10-01, 09-01, 08-01, and 07-01)

Criteria/Specific Requirement:

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

Condition:

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

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

Effect:

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

Cause:

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

TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53
SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2012

Section II - Financial Statement Findings (Continued)

FINDING NO. 12-01 – Controls Over Financial Statement Preparation (Repeat of 11-01, 10-01, 09-01, 08-08, and 07-01) (Continued)

Auditors' Recommendation:

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

Management's Response:

The Regional Office of Education #53 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. Management will review year end reporting controls annually and investigate securing the services of a Certified Public Accounting firm to reach an appropriate level of expertise to do a comprehensive preparation and/or review of financial statements. Because the state does not provide funding to the ROE for this purpose, and county funds will not allow for the services of a CPA firm, the ROE will continue to pursue additional training for the individual(s) responsible for financial statement preparation.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53
SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2012**

Section II - Financial Statement Findings (Continued)

FINDING NO. 12-02 – Miscoding of Revenues and Expenditures (Repeat of 11-03 and 10-03)

Criteria/Specific Requirement:

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

Condition:

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

- Various payroll expenditures were recorded in the wrong funds. According to documents provided by management, payroll was to be allocated between certain funds. When payroll was posted, those allocations were not followed and payroll expenses were posted to different funds.
- Receipts totaling \$127,764 from the Illinois State Board of Education (ISBE) were incorrectly recorded in the Regional Safe Schools Fund and the Truants Alternative/Optional Education Fund instead of the General State Aid Funds. Additionally, receipts totaling \$17,753 from the ISBE were incorrectly recorded in the General State Aid Funds instead of the Truants Alternative/Optional Education Fund.
- \$23,678 in revenue from local sources was incorrectly coded as State revenue sources.

Effect:

Since many of the funds with the miscodings were grants, inaccurate expenditure reports could be submitted, which could lead to the granting agency requesting a return of grant funds or adjusting the fiscal year 2013 grant amounts. In addition, revenues by source could be materially misstated if revenues are not recorded in the proper accounts.

Cause:

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

Auditors' Recommendation:

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

TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53
SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2012

Section II - Financial Statement Findings (Continued)

FINDING NO. 12-02 – Miscoding of Revenues and Expenditures (Repeat of 11-03 and 10-03)
(Continued)

Management’s Response:

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53
SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2012**

Section II - Financial Statement Findings (Continued)

FINDING NO. 12-03 – Noncompliance with the Grant Funds Recovery Act (Repeat of 11-04)

Criteria/Specific Requirement:

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

Condition:

Mid-Illini Educational Cooperative (MIEC), a component unit of the Regional Office of Education #53, had unspent grant funds in the following programs at the end of prior audit periods. These programs and amounts are: Gifted Education, \$28,021; Standards Aligned Classroom, \$29,392; RESPRO, \$104,128. These balances were not reflected on expenditure reports or returned to the granting agencies. MIEC was a grant subrecipient for each of these grants.

Effect:

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

Cause:

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

Auditors' Recommendation:

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

Management's Response:

Unspent grant funds will be returned to the appropriate grant agency as soon as final figures have been determined.

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

**SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2012**

Section II - Financial Statement Findings (Continued)

FINDING NO. 12-04 – Inadequate Internal Control Procedures (Repeat of 11-05)

Criteria/Specific Requirement:

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

Condition:

During our review of cash disbursements, we tested seventy-eight (78) transactions and the following exceptions were noted:

- In six (6) of the seventy-eight (78) (8%) transactions tested, there was no supporting documentation with the copy of the check. While the checks were signed by the Regional Superintendent or Assistant Regional Superintendent, there was no documentation that the invoices had been reviewed and approved, or checks were written for the correct amount.
- In three (3) out of seventy-eight (78) (4%) transactions tested, there was no approval on the invoice by the Regional Superintendent or the Assistant Regional Superintendent. The checks were signed by management, but there was no documentation on the invoice noting review or authorization.

Effect:

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

Cause:

According to Regional Office officials, there were sporadic incidents when management's signatures were not on the documents required for authorizing payments. However, there was a signature on the check disbursed so the Assistant Regional Superintendent was aware of what transaction took place. With respect to missing documentation, management believes this was due to multiple checks for the same purpose, as four of them were to the State Superintendent of Schools and the other two were from a smaller checking account used for a single purpose.

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

**SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2012**

Section II - Financial Statement Findings (Continued)

FINDING NO. 12-04 – Inadequate Internal Control Procedures (Repeat of 11-05) (Continued)

Auditors' Recommendation:

The Regional Office of Education #53's management should ensure the Regional Office follows the established system of internal controls over disbursements to prevent errors and fraud. Regional Office management should ensure the Regional Superintendent or Assistant Regional Superintendent approves, by initialing, all check disbursement documentation, including invoices and reports showing the recording of the payment. This verifies the check was written from the proper account for the correct amount.

Management's Response:

The Regional Office of Education #53's management will review procedures to ensure the Regional Office follows the established system of internal controls over disbursements to prevent errors and fraud. The Regional Superintendent or Assistant Regional Superintendent will approve, by initialing, all check disbursement documentation, including invoices and reports showing the recording of the payment. This process will verify the check was written from the proper account for the correct amount.

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

**SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2012**

Section II - Financial Statement Findings (Continued)

FINDING NO. 12-05 – Inadequate Review of Journal Entries

Criteria/Specific Requirement:

The Regional Office of Education #53 is responsible for establishing and maintaining an internal control system over journal entries to prevent errors or fraud. In addition, adequate controls over compliance with laws, regulations, and grant agreements require supervisory review of expenditures charged to grant programs.

Condition:

The Regional Superintendent or Assistant Regional Superintendent did not sign off on journal entries in a timely manner. Upon review of the journal entries, all journal entries for the fiscal year were signed off on the same date.

Effect:

Unallowable costs could be charged to grant program expenditures or errors in calculating allocations could be made and not be detected within a reasonable period of time.

Cause:

According to the Regional Office of Education #53 management, having multiple bookkeepers and periods of time without a formal bookkeeper caused the financial records to need adjustment. Management allowed the final bookkeeper to adjust the financial records. While management was informed verbally of changes, there was not proper documentation.

Auditors' Recommendation:

The Regional Superintendent or Assistant Regional Superintendent should sign off his or her approval on all journal entries along with their documentation supporting the necessary adjustments prior to the entries being posted in the accounting records.

Management's Response:

The Regional Superintendent or Assistant Regional Superintendent will sign off her or his approval on all journal entries along with an explanation supporting the necessary adjustments prior to the final posting in the accounting records.

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

**SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2012**

Section II - Financial Statement Findings (Continued)

FINDING NO. 12-06 – Inadequate Controls Over Cash (Partial Repeat of 11-06)

Criteria/Specific Requirement:

Adequate internal controls over cash require all cash in the custody of the Regional Office be recorded in the general ledger and each month's bank statement be reconciled to the general ledger account balance.

Condition:

The Regional Office of Education #53's ending general ledger balance for the Illinois Funds – Institute account was not reconciled to the bank balance and activity in the account was not included in the general ledger.

In addition, the bank reconciliation for the pooled cash accounts did not agree to the total pooled cash accounts on the general ledger.

Effect:

Failure to reconcile bank accounts could lead to revenues, expenses, and cash being materially misstated.

Cause:

The Regional Office of Education #53 did not follow the internal controls in place to ensure that all bank statements were reconciled to the related general ledger cash accounts on a monthly basis.

Auditors' Recommendation:

Regional Office of Education #53 personnel should complete bank statement reconciliations to the general ledger for all bank accounts. Management should review all bank statement reconciliations to ensure the completion and accuracy of the general ledger.

Management's Response:

The ROE bookkeeper will complete bank statement reconciliations to the general ledger for all bank accounts. Management will review all bank statement reconciliations to ensure the completion and accuracy of the general ledger.

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

**SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2012**

Section II - Financial Statement Findings (Continued)

FINDING NO. 12-07 – Expenditure Reports Did Not Agree to the General Ledger (Repeat of 10-04 and 09-03)

Criteria/Specific Requirement:

Expenditure reports submitted to the Illinois State Board of Education and other granting agencies should agree with the expenditures on the Regional Office of Education #53's general ledger.

Condition:

The expenditure reports submitted to the Illinois State Board of Education and other granting agencies for Regional Safe Schools, Truants Alternative Optional Education, and McKinney Education for Homeless Children did not agree with the Regional Office's books, resulting in inaccurate expenditure reports.

Effect:

Inaccurate expenditure reports were submitted, which could lead to the granting agency requesting a return of grant funds.

Cause:

According to Regional Office officials, vacancies in the bookkeeping position caused difficulties in the proper recording of entries in the accounting software.

Auditors' Recommendation:

The Regional Office of Education #53 personnel responsible for preparing expenditure reports should compare the categorization of expenditures by line item with the general ledger accounts and make necessary corrections before filing the reports.

Management's Response:

The Regional Office of Education #53 personnel responsible for preparing expenditure reports will compare the categorization of expenditures by line item with the general ledger accounts and make necessary corrections before filing the reports.

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

**SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2012**

Section III -- Federal Award Findings

This section is not applicable for the year ended June 30, 2012.

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the year ended June 30, 2012**

Corrective Action Plan

FINDING NO. 12-01 – Controls Over Financial Statement Preparation (Repeat of 11-01, 10-01, 09-01, 08-01, and 07-01)

Condition:

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

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

Plan:

The Regional Office of Education #53 will continue to work with the other Regional Offices of Education to determine the most effect method of ensuring employees have the knowledge and skills required to compile the necessary GAAP based financial statements. Training will be provided to personnel responsible for this task.

Anticipated Date of Completion:

On-going, Bookkeeper training by June 30, 2013

Name of Contact Person:

Gail Owen, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the year ended June 30, 2012**

Corrective Action Plan (Continued)

FINDING NO. 12-02 – Miscoding of Revenues and Expenditures (Repeat of 11-03 and 10-03)

Condition:

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

- Various payroll expenditures were recorded in the wrong funds. According to documents provided by management, payroll was to be allocated between certain funds. When payroll was posted, those allocations were not followed and payroll expenses were posted to different funds.
- Receipts totaling \$127,764 from the Illinois State Board of Education (ISBE) were incorrectly recorded in the Regional Safe Schools Fund and the Truants Alternative/Optional Education Fund instead of the General State Aid Funds. Additionally, receipts totaling \$17,753 from the ISBE were incorrectly recorded in the General State Aid Funds instead of the Truants Alternative/Optional Education Fund.
- \$23,678 in revenue from local sources was incorrectly coded as State revenue sources.

Plan:

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

Anticipated Date of Completion:

December 2012

Name of Contact Person:

Gail Owen, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the year ended June 30, 2012**

Corrective Action Plan (Continued)

FINDING NO. 12-03 – Noncompliance with the Grant Funds Recovery Act (Repeat of 11-04)

Condition:

Mid-Illini Educational Cooperative (MIEC), a component unit of the Regional Office of Education #53, had unspent grant funds in the following programs at the end of prior audit periods. These programs and amounts are: Gifted Education, \$28,021; Standards Aligned Classroom, \$29,392; RESPRO, \$104,128. These balances were not reflected on expenditure reports or returned to the granting agencies. MIEC was a grant subrecipient for each of these grants.

Plan:

Unspent grant funds will be returned to the appropriate grant agency as soon as final figures have been determined by the auditors.

Anticipated Date of Completion:

May 2013

Name of Contact Person:

Gail Owen, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the year ended June 30, 2012**

Corrective Action Plan (Continued)

FINDING NO. 12-04 – Inadequate Internal Control Procedures (Repeat of 11-05)

Condition:

During our review of cash disbursements, we tested sixty-eight (68) transactions and the following exceptions were noted:

- In six (6) of the sixty-eight (68) (9%) transactions tested, there was no supporting documentation with the copy of the check. While the checks were signed by the Regional Superintendent or Assistant Regional Superintendent, there was no documentation that the invoices had been reviewed and approved, or checks were written for the correct amount.
- In three (3) out of sixty-eight (68) (4%) transactions tested, there was no approval on the invoice by the Regional Superintendent or the Assistant Regional Superintendent. The checks were signed by management, but there was no documentation on the invoice noting review or authorization.

Plan:

The Regional Office of Education #53's management will review procedures to ensure the Regional Office follows the established system of internal controls over disbursements to prevent errors and fraud. The Regional Superintendent or Assistant Regional Superintendent will approve, by initialing, all check disbursement documentation, including invoices and reports showing the recording of the payment. This process will verify the check was written from the proper account for the correct amount.

Anticipated Date of Completion:

December 2012

Name of Contact Person:

Gail Owen, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the year ended June 30, 2012**

Corrective Action Plan (Continued)

FINDING NO. 12-05 – Inadequate Review of Journal Entries

Condition:

The Regional Superintendent or Assistant Regional Superintendent did not sign off on journal entries in a timely manner. Upon review of the journal entries, all journal entries for the fiscal year were signed off on the same date.

Plan:

The Regional Superintendent or Assistant Regional Superintendent will sign off her or his approval on all journal entries along with an explanation supporting the necessary adjustments prior to the final posting in the accounting records.

Anticipated Date of Completion:

December 2012

Name of Contact Person:

Gail Owen, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the year ended June 30, 2012**

Corrective Action Plan (Continued)

FINDING NO. 12-06 – Inadequate Controls Over Cash (Partial Repeat of 11-06)

Condition:

The Regional Office of Education #53's ending general ledger balance for the Illinois Funds – Institute account was not reconciled to the bank balance and activity in the account was not included in the general ledger.

In addition, the bank reconciliation for the pooled cash accounts did not agree to the total pooled cash accounts on the general ledger.

Plan:

The ROE bookkeeper will complete bank statement reconciliations to the general ledger for all bank accounts. Management will review all bank statement reconciliations to ensure the completion and accuracy of the general ledger.

Anticipated Date of Completion:

June 30, 2013

Name of Contact Person:

Gail Owen, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the year ended June 30, 2012**

Corrective Action Plan (Continued)

FINDING NO. 12-07 – Expenditure Reports Did Not Agree to the General Ledger (Repeat of 10-04 and 09-03)

Condition:

The expenditure reports submitted to the Illinois State Board of Education and other granting agencies for Regional Safe Schools, Truants Alternative Optional Education, and McKinney Education for Homeless Children did not agree with the Regional Office's books, resulting in inaccurate expenditure reports.

Plan:

The Regional Office of Education #53 personnel responsible for preparing expenditure reports will compare the categorization of expenditures by line item with the general ledger accounts and make necessary corrections before filing the reports.

Anticipated Date of Completion:

June 30, 2013

Name of Contact Person:

Gail Owen, Regional Superintendent

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2012**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
11-01	Controls over financial statement preparation	Repeated
11-02	Restricted funds used for unauthorized purpose	Not Repeated
11-03	Miscoding of revenues and expenditures	Repeated
11-04	Noncompliance with the Grant Funds Recovery Act	Repeated
11-05	Inadequate internal control procedures	Repeated
11-06	Inadequate internal controls over cash	Partially Repeated as finding 12-06
11-07	Expenditure reports were not filed timely	Not Repeated

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2012**

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, 2012. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements, which follow.

2012 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$894,050 from \$973,405 in fiscal year 2011 to \$1,867,455 in fiscal year 2012. The increase in General Fund revenues from FY11 to FY12 is attributed to ROE assuming the responsibility of the Regional Safe School Program and Truants Alternative Schools in FY 12. General Fund expenditures decreased insignificantly by \$1,209 from \$970,944 in FY11 to \$969,735 in FY12.
- Within the Governmental Funds, the Special Revenue Fund revenues decreased by \$388,969 from \$852,557 in 2011 to \$463,588 in FY12 due to the loss of Federal and State grants. The Special Revenue Fund expenditures decreased by \$318,522 from \$715,696 in FY11 to \$397,174 in FY12. With a reduction of Federal and State grants, expenditures decreased.

Using This Report

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2012**

Reporting the Office as a Whole

The Statement of Net Assets and the Statement of Activities:

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

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

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

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

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

The Office has three kinds of funds:

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

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2012**

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

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

Office-Wide Financial Analysis

As noted earlier, net assets may serve, when examined over time, as one indicator of the financial position of the Regional Office. The net assets at the end of FY11 totaled \$1,037,881. At the end of FY12, the net assets were \$1,545,766, an increase of \$507,885.

The analysis that follows provides a summary of the Office's net assets at June 30, 2012 and 2011, for the governmental and business-type activities.

STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current assets	\$ 1,436,008	\$ 1,220,656	\$ 390,592	\$ 355,343	\$ 1,826,600	\$ 1,575,999
Capital assets, net	21,513	24,216	433	-	21,946	24,216
Total assets	1,457,521	1,244,872	391,025	355,343	1,848,546	1,600,215
Current liabilities	302,368	422,729	412	9,008	302,780	431,737
Noncurrent liabilities	-	-	-	130,597	-	130,597
Total liabilities	302,368	422,729	4,472	139,605	302,780	562,334
Net Assets:						
Invested in capital assets	21,513	24,216	433	-	21,946	24,216
Restricted for educational purposes	202,838	102,755	-	-	202,838	102,755
Unrestricted	930,802	695,172	390,180	215,738	1,320,982	910,910
Total net assets	\$ 1,155,153	\$ 822,143	\$ 390,613	\$ 215,738	\$ 1,545,766	\$ 1,037,881

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2012**

The Regional Office of Education's net assets increased from FY11 by \$507,885. The change occurred primarily as a result of a substantial increase in funds from General State Aid through the Alternative Schools. The ROE assumed the operation of the two regional alternative schools in July 2012 when Illinois Central College ceased the contract. Since the assets accumulated from prior periods, they are reported as due from other governmental units and operating grants and contributions on the ROE's FY 12 government-wide statements. All restricted net assets are to be used for educational purposes.

The following analysis shows the changes in net assets for the years ended June 30, 2012 and 2011.

CHANGES IN NET ASSETS

	Governmental		Business-Type		Totals	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Operating grants and contributions	\$1,076,002	\$ 1,238,399	\$ -	\$ -	\$ 1,076,002	\$ 1,238,399
Charges for services	-	-	51,813	49,540	51,813	49,540
General revenues:						
Local sources	180,829	729,203	-	-	180,829	729,203
On-behalf payments - Local	124,261	132,009	-	-	124,261	132,009
On-behalf payments - State	271,063	274,763	-	-	271,063	274,763
Miscellaneous income	-	-	10,789	146	10,789	146
Interest	560	1,046	1,354	2,853	1,914	3,899
TOTAL REVENUES	1,652,715	2,375,420	63,956	52,539	1,716,671	2,427,959
Expenses						
Instructional Services:						
Salaries and benefits	382,383	171,482	-	-	382,383	171,482
Purchased services	236,448	165,154	-	-	236,448	165,154
Supplies and materials	21,761	88,893	-	-	21,761	88,893
Payments to other governments	322,134	828,112	-	-	322,134	828,112
Other objects	1,501	9,084	-	-	1,501	9,084
Depreciation	8,455	8,858	-	-	8,455	8,858
Transfers	(2,362)	-	2,362	-	-	-
Loss on disposal of equipment	1,606	-	-	-	1,606	-
Administrative						
On-behalf payments-Local	124,261	132,009	-	-	124,261	132,009
On-behalf payments-State	271,063	274,763	-	-	271,063	274,763
Business type expenses			17,316	175,858	17,316	175,858
TOTAL EXPENSES	1,367,250	1,678,355	19,678	175,858	1,386,928	1,854,213
Changes in Net Assets	285,465	697,065	44,278	(123,319)	329,743	573,746
Net Assets-beginning, restated	869,688	125,078	346,335	339,057	1,216,023	464,135
Net Assets-ending	\$1,155,153	\$ 822,143	\$ 390,613	\$ 215,738	\$ 1,545,766	\$ 1,037,881

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2012**

Governmental Activities

For FY12, revenues for governmental activities were \$1,652,715 which is \$722,705 less than FY11 amounts, a result of decreased local source revenue. Expenses were \$1,367,250 in FY12 which is \$311,105 less than FY11 amounts. The expenses for supplies and materials decreased approximately \$67,132 due to the reduction in grants as well.

Financial Analysis of the Regional Office of Education #53 Funds

As previously noted, the Regional Office of Education #53 uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The Agency's Governmental Funds reported a fund balance of \$1,133,640 which is \$966,496 more than FY11 due to GSA funds received from ICC which had accumulated over several years.

Governmental Fund Highlights

- The Education Fund revenue decreased by \$414,618 while the General Fund increased by \$894,050 from FY11 to FY12. The decrease in the Education Fund was primarily through reductions in the ROE/ISC Operations, Title I and Title II grants. The increase in the General Fund revenue is due to the addition of the TAOEP grant and GSA and the Regional Safe School Grant and GSA.
- The Institute Fund increased by \$49,144 from \$111,811 in FY 11 to \$160,955 due to an increase in fees established by the State and an increase in the number of people registering certificates. The Regional Office also changed its accounting of revenue recognition for institute revenue which causes a prior period adjustment, as described in Note 17.

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 ROE/ISC Operations, TAOEP, and Regional Safe Schools grants. All grant budgets are prepared by the Regional Office of Education #53 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Schedules showing the grant budget amounts compared to the Office's actual grant activity are included in other supplementary information in this report. The Regional Superintendent also prepares an annual budget for expenditures to be paid on the Office's behalf by Tazewell County and submits it to the County Board for their approval. This budget covers the fiscal year which runs from December 1 to November 30.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2012**

Capital Assets

Capital Assets of the Regional Office of Education #53 include office equipment, computers, audio-visual equipment and office furniture. The Regional Office of Education #53 maintains an inventory of capital assets, which have been accumulated over time. The \$2,703 net decrease for FY12 came as a result of equipment purchases less depreciation of current assets. Proprietary Funds capital assets had a net increase of \$433 resulting from the purchase of equipment less depreciation. The Regional Office of Education #53 has adopted a depreciation schedule, which reflects the level of Governmental Activities Net Capital Assets and Business-type Activities Net Capital Assets.

Proprietary Fund Highlights

- The Fingerprinting Fund revenue decreased by \$4,261 primarily due to less substitute teachers being fingerprinted this fiscal year. However, net assets increased by \$8,161 over FY11.
- The Local Fund net assets increased by \$36,117 as a result of a decrease in purchased services and salaries and benefits, and an increase in operating revenues.

Economic Factors and Next Year's Budget

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

- The State of Illinois Foundation level is scheduled to be reduced during the 2013-2014 school year.
- Both the Regional Safe School and Alternative school populations have decreased affecting the GSA that will be received in 2013-2014.
- The interest rate on investments will continue to be low.
- It is uncertain at this time what allocation the State will allow for the Regional Office of Education.
- It is uncertain at this time whether the Regional Office of Education will receive State grant money in a timely manner in the upcoming year.

Contacting the Regional Office's Financial Management

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

BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF NET ASSETS
June 30, 2012**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,289,994	\$ 311,845	\$ 1,601,839
Investments	70,836	-	70,836
Accounts receivable	13,951	3,095	17,046
Due from other governments	136,294	585	136,879
Internal balances	(75,067)	75,067	-
Total current assets	1,436,008	390,592	1,826,600
Noncurrent assets:			
Capital assets, net	21,513	433	21,946
Total assets	1,457,521	391,025	1,848,546
LIABILITIES			
Current liabilities:			
Accounts payable	38,361	412	38,773
Accrued salaries and benefits	20,828	-	20,828
Due to other governments	204,599	-	204,599
Deferred revenue	38,580	-	38,580
Total current liabilities	302,368	412	302,780
NET ASSETS			
Invested in capital assets	21,513	433	21,946
Restricted for educational purposes	202,838	-	202,838
Unrestricted	930,802	390,180	1,320,982
Total net assets	\$ 1,155,153	\$ 390,613	\$ 1,545,766

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

**STATEMENT OF ACTIVITIES
For the year ended June 30, 2012**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 382,383	\$ -	\$ 459,958	\$ 77,575	\$ -	\$ 77,575
Purchased services	236,448	-	201,033	(35,415)	-	(35,415)
Supplies and materials	21,761	-	20,919	(842)	-	(842)
Capital outlay	-	-	6,408	6,408	-	6,408
Payments to other governments	322,134	-	387,486	65,352	-	65,352
Other objects	1,501	-	198	(1,303)	-	(1,303)
Depreciation	8,455	-	-	(8,455)	-	(8,455)
Administrative:						
On-behalf payments - Local	124,261	-	-	(124,261)	-	(124,261)
On-behalf payments - State	271,063	-	-	(271,063)	-	(271,063)
Total governmental activities	<u>1,368,006</u>	<u>-</u>	<u>1,076,002</u>	<u>(292,004)</u>	<u>-</u>	<u>(292,004)</u>
Business-type activities:						
Other	17,316	51,813	-	-	34,497	34,497
Total primary government	<u>\$ 1,385,322</u>	<u>\$ 51,813</u>	<u>\$ 1,076,002</u>	<u>(292,004)</u>	<u>34,497</u>	<u>(257,507)</u>
General revenues:						
Local sources				180,829	-	180,829
On-behalf payments - Local				124,261	-	124,261
On-behalf payments - State				271,063	-	271,063
Miscellaneous income				-	10,789	10,789
Interest				560	1,354	1,914
Loss on disposal of equipment				(1,606)	-	(1,606)
Transfers				2,362	(2,362)	-
Total general revenues				<u>577,469</u>	<u>9,781</u>	<u>587,250</u>
Changes in net assets				285,465	44,278	329,743
Net assets - beginning, restated				<u>869,688</u>	<u>346,335</u>	<u>1,216,023</u>
Net assets - ending				<u>\$ 1,155,153</u>	<u>\$ 390,613</u>	<u>\$ 1,545,766</u>

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012**

	General Fund	Education Fund	Institute Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 944,843	\$ 202,116	\$ 109,211	\$ 33,824	\$1,289,994
Investments	20,836	-	50,000	-	70,836
Accounts receivable	11,172	-	2,770	9	13,951
Due from other governments	62,649	73,645	-	-	136,294
 Total assets	 <u>\$1,039,500</u>	 <u>\$ 275,761</u>	 <u>\$ 161,981</u>	 <u>\$ 33,833</u>	 <u>\$1,511,075</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 31,301	\$ 5,954	\$ 1,026	\$ 80	\$ 38,361
Accrued salaries and benefits	18,930	1,898	-	-	20,828
Due to other funds	-	75,067	-	-	75,067
Due to other governments	20,572	184,027	-	-	204,599
Deferred revenue	37,895	685	-	-	38,580
 Total liabilities	 <u>108,698</u>	 <u>267,631</u>	 <u>1,026</u>	 <u>80</u>	 <u>377,435</u>
FUND BALANCES					
Restricted	-	23,330	160,955	33,753	218,038
Committed	28,106	-	-	-	28,106
Assigned	902,696	-	-	-	902,696
Unassigned	-	(15,200)	-	-	(15,200)
 Total fund balances	 <u>930,802</u>	 <u>8,130</u>	 <u>160,955</u>	 <u>33,753</u>	 <u>1,133,640</u>
 Total liabilities and fund balances	 <u>\$1,039,500</u>	 <u>\$ 275,761</u>	 <u>\$ 161,981</u>	 <u>\$ 33,833</u>	 <u>\$1,511,075</u>

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
June 30, 2012**

Total fund balances - governmental funds	\$1,133,640
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>21,513</u>
Net assets of governmental activities	<u><u>\$1,155,153</u></u>

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

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2012**

	General Fund	Education Fund	Institute Fund	Other Nonmajor Funds	Total Governmental Funds
Revenues:					
Local sources	\$ 105,824	\$ -	\$ 59,041	\$ 15,964	\$ 180,829
State sources	1,337,333	317,665	-	1,329	1,656,327
Federal sources	28,700	69,303	-	-	98,003
Interest	274	-	286	-	560
On-behalf payments	395,324	-	-	-	395,324
Total revenues	1,867,455	386,968	59,327	17,293	2,331,043
Expenditures:					
Instructional services:					
Salaries and benefits	85,083	297,300	-	-	382,383
Purchased services	154,839	66,995	9,143	5,471	236,448
Supplies and materials	7,341	10,282	232	3,906	21,761
Payments to other governments	319,772	2,362	-	-	322,134
Other objects	18	60	808	615	1,501
On-behalf payments	395,324	-	-	-	395,324
Capital outlay	7,358	-	-	-	7,358
Total expenditures	969,735	376,999	10,183	9,992	1,366,909
Excess of revenues over expenditures	897,720	9,969	49,144	7,301	964,134
Other financing sources:					
Transfers in	-	2,362	-	-	2,362
Net changes in fund balances	897,720	12,331	49,144	7,301	966,496
Fund balances (deficits), beginning of year, restated					
	33,082	(4,201)	111,811	26,452	167,144
Fund balances, end of year	\$ 930,802	\$ 8,130	\$ 160,955	\$ 33,753	\$ 1,133,640

**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, 2012**

Net changes in fund balances - governmental funds	\$	966,496
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	\$	7,358
Depreciation expense		(8,455)
Loss on disposal of equipment		(1,606)
		(2,703)
<p>Some revenues will not be collected for several months after the Regional Office's fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds.</p>		
Prior year "deferred" revenue that is recorded as revenue in the fund statements in the current fiscal year.		(678,328)
Changes in net assets of governmental activities	\$	285,465

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

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012**

	Business-Type Activities		
	Enterprise Funds		
	Local Fund	Fingerprinting Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 281,975	\$ 29,870	\$ 311,845
Accounts receivable	-	3,095	3,095
Due from other funds	75,067	-	75,067
Due from other governments	585	-	585
	<u>357,627</u>	<u>32,965</u>	<u>390,592</u>
Total current assets			
Noncurrent assets:			
Capital assets, net	433	-	433
	<u>433</u>	<u>-</u>	<u>433</u>
Total assets			
	<u>358,060</u>	<u>32,965</u>	<u>391,025</u>
LIABILITIES			
Current liabilities:			
Accounts payable	287	125	412
	<u>287</u>	<u>125</u>	<u>412</u>
Total current liabilities			
	<u>287</u>	<u>125</u>	<u>412</u>
NET ASSETS			
Invested in capital assets	433	-	433
Unrestricted	357,340	32,840	390,180
	<u>357,340</u>	<u>32,840</u>	<u>390,180</u>
Total net assets			
	<u>\$ 357,773</u>	<u>\$ 32,840</u>	<u>\$ 390,613</u>

**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, 2012**

	Business-Type Activities		
	Enterprise Funds		
	Local Fund	Fingerprinting Fund	Total
Operating revenues:			
Charges for services	\$ 34,006	\$ 17,807	\$ 51,813
Miscellaneous income	10,454	335	10,789
Total operating revenues	44,460	18,142	62,602
Operating expenses:			
Salaries and benefits	1,148	-	1,148
Purchased services	389	9,087	9,476
Supplies and materials	76	132	208
Other objects	5,650	762	6,412
Depreciation	72	-	72
Total operating expenses	7,335	9,981	17,316
Operating income	37,125	8,161	45,286
Nonoperating revenues:			
Investment income	1,354	-	1,354
Total nonoperating revenues	1,354	-	1,354
Income before transfers	38,479	8,161	46,640
Transfers out	2,362	-	2,362
Change in net assets	36,117	8,161	44,278
Total net assets - beginning	321,656	24,679	346,335
Total net assets - ending	<u>\$ 357,773</u>	<u>\$ 32,840</u>	<u>\$ 390,613</u>

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2012**

	Business-Type Activities		
	Enterprise Funds		
	Local Fund	Fingerprinting Fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 40,806	\$ 23,900	\$ 64,706
Other receipts	10,454	335	10,789
Payments to suppliers and providers of goods and services	(7,444)	(9,944)	(17,388)
Payments to employees	(8,452)	-	(8,452)
Net cash provided by operating activities	<u>35,364</u>	<u>14,291</u>	<u>49,655</u>
Cash flows from noncapital financing activities:			
Transfer to other funds	(2,362)	-	(2,362)
Receipts (payments) from (for) interfund borrowings, net	(27,386)	6,000	(21,386)
Net cash provided (used) by noncapital financing activities	<u>(29,748)</u>	<u>6,000</u>	<u>(23,748)</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	(505)	-	(505)
Cash flows from investing activities:			
Interest received	1,354	-	1,354
Net increase in cash	6,465	20,291	26,756
Cash and cash equivalents - beginning	<u>275,510</u>	<u>9,579</u>	<u>285,089</u>
Cash and cash equivalents - ending	<u>\$ 281,975</u>	<u>\$ 29,870</u>	<u>\$ 311,845</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 37,125	\$ 8,161	\$ 45,286
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	72	-	72
Increase in accounts receivable	-	(1,435)	(1,435)
Decrease in due from other governments	6,800	7,528	14,328
Increase (decrease) in accounts payable	(1,109)	37	(1,072)
Decrease in payroll liabilities payable	(7,304)	-	(7,304)
Decrease in due to other governments	(220)	-	(220)
Net cash provided by operating activities	<u>\$ 35,364</u>	<u>\$ 14,291</u>	<u>\$ 49,655</u>

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

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2012**

	Private-Purpose Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 3,789
Investments	36,844	-
Due from other governments		76,602
	36,844	76,602
Total assets	36,844	\$ 80,391
LIABILITIES		
Due to other governments	-	\$ 80,391
NET ASSETS		
Held in trust for other purposes	\$ 36,844	

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

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the year ended June 30, 2012**

	<u>Private-Purpose Trust Fund</u>
Additions:	
Investment earnings:	
Interest	<u>\$ 1,146</u>
Change in net assets	1,146
Net assets - beginning	<u>35,698</u>
Net assets - ending	<u><u>\$ 36,844</u></u>

NOTES TO FINANCIAL STATEMENTS

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

The Regional Office of Education #53 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education #53's geographic responsibility, including joint agreements which serve pupils from numerous school districts, should be included within its financial entity. The criteria include but are not limited to, whether the Regional Office of Education #53 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as payables, receivables and transfers. Interfund activities between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and the proprietary fund Statement of Net Assets, and as other resources and other uses on the governmental fund Statement of Revenues, Expenses and Changes in Fund Net Assets. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. All internal balances in the Statement of Net Assets have been eliminated.

C. Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net assets and changes in net assets presented in the government-wide financial statements.

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e., when both measurable and available. Available means collectible within the current period, typically 60 days, or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses, and other long-term obligations, which are recognized when paid. Revenue received after the Regional Office's availability period is reported as deferred revenue in the fund statements and is reported as current revenue in the Statement of Activities.

D. Proprietary Fund Financial Statements

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

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

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

1. Governmental Funds

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

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

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

Regional Safe Schools General State Aid - To provide General State Aid for the students' needs at the Regional Safe Schools.

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Governmental Funds (Continued)

General Fund (Continued)

Alternative School Program General State Aid - To provide General State Aid funding to the Tazewell Alternative Academy and to account for the proceeds and expenditures to the ARRA - Education Jobs Fund Program.

Western Illinois University Cohort - To account for tuition money sent to the Regional Office of Education for the Superintendent Cohort classes held in the region by WIU.

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

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Governmental Funds (Continued)

Education Fund (Continued)

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Governmental Funds (Continued)

Education Fund (Continued)

Truants Alternative/Optional Education – To account for the salary of the part-time truancy caseworker and to pay for a portion of the Academy’s academic needs.

Regional Safe Schools - To account for professional staff salaries at the Regional Safe School.

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Proprietary Funds

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

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

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

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

3. Fiduciary Funds

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Fiduciary Funds (Continued)

Agency Funds (Continued)

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

F. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

Statutes authorize the Regional Office of Education #53 to make deposits or invest in obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Money Market Fund.

2. Interfund Transactions

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

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Capital Assets

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

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

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

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

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

4. Equity Classifications

Government-wide Statements

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Equity Classifications (Continued)

Fund Statements

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

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

Restricted Fund Balance – The portion of a Governmental Fund’s net assets that are subject to external enforceable legal restrictions. The following accounts fund balances are restricted by grant agreements or contracts: McKinney Education for Homeless Children, Illinois New Principal Mentoring, Title II - Teacher Quality - Leadership Grant, Regional System Provider/Federal System of Support, Gifted Education Seminar Pilot, Teacher & Administrators Mentoring Program, ARRA - Title I - School Improvement and Accountability, and Various Discontinued Programs. The following funds are restricted by Illinois Statute: Institute Fund, General Education Development, Bus Driver Fund, and Supervisory.

Committed Fund Balance – The portion of a Governmental Fund’s net assets with self-imposed constraints or limitations that have been placed at the highest level of decision making. The following accounts comprise committed fund balance: Regional Safe Schools GSA and Alternative School Program GSA. Management has approved the purchase of forty-seven (47) new computers prior to year end. These computers were received by the Regional Office of Education #53 in July, 2013.

Assigned Fund Balance – The portion of a Governmental Fund’s net assets to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balance: Media Cooperative Fund, Regional Safe Schools GSA, Alternative School Program GSA, Western Illinois University Cohort, Vision & Hearing Screening, and Teacher Leadership Academy.

Unassigned Fund Balance – Available expendable financial resources in a Governmental Fund that are not designated for a specific purpose. The unassigned fund balance is made up of the following: ROE/ISC Operations (MIEC), and Truants Alternative/Optional Education.

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Intergovernmental Agreements

On July 1, 2003, the Regional Office of Education #53 entered into an Intergovernmental Agreement executed pursuant to the provisions of the Intergovernmental Cooperation Clause of the Illinois Constitution as well as the provisions of the Intergovernmental Cooperation Act of 1973 and the Illinois Admin. Code 525.110.

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

H. New Accounting Pronouncement

In 2012, the Regional Office of Education #53 implemented Governmental Accounting Standards Board (GASB) Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans* and GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. The Regional Office of Education #53 implemented these standards during the current year; however, they had no impact on the financial statements.

2. BUDGETS AND BUDGETARY ACCOUNTING

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

Budgets relating to programs funded by grants from the Illinois State Board of Education are prepared and submitted to the State Board for approval as part of the grant awards process. The State Board must also approve amendments to these budgets. Grant project budgets are based on the award period. Budgetary Comparison Schedules have been presented for the following grants: ROE/ISC Operations, Truants Alternative/Optional Education and Regional Safe Schools.

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

NOTES TO FINANCIAL STATEMENTS

3. USE OF ESTIMATES

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

4. INTEREST ON DISTRIBUTIVE FUND ACCOUNTS

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

5. DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2012, the carrying amounts of the Regional Office of Education #53's deposits for the governmental activities, business-type activities, and fiduciary funds were \$1,360,830, \$311,845, and \$40,633, respectively. The bank balances for the governmental and business-type activities and the fiduciary funds totaled \$1,714,091. All bank balances were secured by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education #53's name, and were, therefore, not exposed to custodial credit risk. The Illinois Funds Money Market Fund account had a balance of \$32,201 at June 30, 2012. The amount is fully collateralized and not subject to credit risk.

B. Investments

The Regional Office of Education #53's investments consisted of certificates of deposit with original maturity dates of more than three months. Certificates of deposit comprised the \$70,836 shown as investments for governmental activities. Fiduciary funds had certificates of deposit of \$36,844 at June 30, 2012. Certificates of deposit are considered deposits and, as such, are included in the deposits note (5A) above.

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

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>June 30,</u> <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30,</u> <u>2012</u>
Governmental activities:				
Capital assets being depreciated:				
Equipment	\$122,854	\$ 7,358	\$ 2,119	\$ 128,093
Less accumulated depreciation for:				
Equipment	<u>(98,638)</u>	<u>(8,455)</u>	<u>(513)</u>	<u>(106,580)</u>
Governmental activities capital assets, net	<u>\$ 24,216</u>	<u>\$ (1,097)</u>	<u>\$ 1,606</u>	<u>\$ 21,513</u>
 Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 574	\$ 505	\$ -	\$ 1,079
Less accumulated depreciation for:				
Equipment	<u>(574)</u>	<u>(72)</u>	<u>-</u>	<u>(646)</u>
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ 433</u>	<u>\$ -</u>	<u>\$ 433</u>

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

Governmental activities:	
Instructional services	<u>\$ 8,455</u>
Business-type activities:	
Operating expenses	<u>\$ 72</u>

7. RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

The Regional Office of Education #53 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

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

NOTES TO FINANCIAL STATEMENTS

7. RETIREMENT FUND COMMITMENTS (Continued)

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

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2012 was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2011 and 2010.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #53's TRS-covered employees.

On-Behalf Contributions to TRS – The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #53. For the year ended June 30, 2012, State of Illinois contributions were based on 24.91 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #53 recognized revenue and expenditures of \$58,614 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2011, and June 30, 2010, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.10 percent (\$46,247) and 23.38 percent (\$50,433), respectively.

The Regional Office of Education #53 makes other types of employer contributions directly to TRS.

2.2 Formula Contributions – Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2012 were \$378. Contributions for the years ended June 30, 2011, and June 30, 2010, were \$337 and \$351, respectively.

Federal and Special Trust Fund Contributions – When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #53, there is a statutory requirement for the Regional Office of Education #53 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

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

NOTES TO FINANCIAL STATEMENTS

7. RETIREMENT FUND COMMITMENTS (Continued)

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

For the year ended June 30, 2012, the employer pension contribution was 24.91 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2011 and 2010, the employer contribution was 23.10 and 23.38 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2012, salaries totaling \$24,704 were paid from federal and special trust funds that required employer contributions of \$6,154. For the years ended June 30, 2011, and June 30, 2010, required Regional Office of Education #53 contributions were \$13,153 and \$9,118, respectively.

Early Retirement Option – The Regional Office of Education #53 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

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

For the years ended June 30, 2012, June 30, 2011, and June 30, 2010, the Regional Office of Education #53 made no payments to TRS for employer contributions under the Early Retirement Option.

Salary Increases Over 6 Percent and Excess Sick Leave – If the Regional Office of Education #53 grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the years ended June 30, 2012, June 30, 2011, and June 30, 2010, the Regional Office of Education #53 made no payments for employer contributions to TRS due on salary increases in excess of 6 percent.

If the Regional Office of Education #53 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Regional Office of Education #53 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.83 percent of salary during the year ended June 30, 2012).

For the years ended June 30, 2012, June 30, 2011, and June 30, 2010, the Regional Office of Education #53 made no payments for employer contributions to TRS for sick leave days granted in excess of the normal annual allotment.

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

NOTES TO FINANCIAL STATEMENTS

7. RETIREMENT FUND COMMITMENTS (Continued)

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

TRS 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, 2011. The report for the year ended June 30, 2012, is expected to be available in late 2012.

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

B. Illinois Municipal Retirement Fund

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

Funding Policy – As set by statute, the Regional Office of Education #53's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2011 used by the employer was 10.32 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2011 was 17.50 percent. The Regional Office of Education #53 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

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

NOTES TO FINANCIAL STATEMENTS

7. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Annual Pension Cost – For the fiscal year ending December 31, 2011, the Regional Office of Education #53’s actual contributions for pension costs for the Regular plan were \$2,776. Its required contribution for calendar year 2011 was \$4,691.

Three-Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2011	\$ 4,691	59%	\$ -
12/31/2010	8,503	61%	-
12/31/2009	4,486	100%	-

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 10.0 percent per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3.0 percent annually. The actuarial value of Regional Office of Education #53’s Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20.0 percent corridor between the actuarial and market value of assets. The Regional Office of Education #53’s Regular plan’s unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 10 year basis.

Funded Status and Funding Progress – As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$0 and the actuarial value of assets was \$(119,892), resulting in an underfunded actuarial accrued liability (UAAL) of \$119,892. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$26,806 and the ratio of the UAAL to the covered payroll was 447 percent.

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

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

NOTES TO FINANCIAL STATEMENTS

7. RETIREMENT FUND COMMITMENTS (Continued)

C. Social Security

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

8. OTHER POSTEMPLOYMENT BENEFITS

A. Teacher Health Insurance Security

The Regional Office of Education #53 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the state administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by CMS with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the state make a contribution to THIS Fund.

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

On behalf contributions to THIS Fund - The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #53. State contributions are intended to match contributions to THIS Fund from active members which were 0.88 percent of pay during the year ended June 30, 2012. State of Illinois contributions were \$573, and the Regional Office of Education #53 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2011 and June 30, 2010 were 0.88 percent and 0.84 percent of pay, respectively. State contributions on behalf of the Regional Office of Education #53 employees were \$578 and \$531, respectively.

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

NOTES TO FINANCIAL STATEMENTS

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Teacher Health Insurance Security (Continued)

Employer contributions to THIS Fund - The Regional Office of Education #53 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the years ended June 30, 2012 and June 30, 2011 , and 0.63 percent during the year ended June 30, 2010. For the year ended June 30, 2012, the Regional Office of Education #53 paid \$430 to the THIS Fund. For the years ended June 30, 2011 and June 30, 2010, the Regional Office of Education #53 paid \$434 and \$399 to the THIS Fund, respectively, which was 100 percent of the required contribution.

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

B. Other Postemployment Benefits

The Regional Office of Education #53 allows employees, who retire through the Regional Office of Education #53's plan disclosed in Note 7B, the option to continue in the Regional Office of Education #53's health insurance plan as required by the Illinois Compiled Statutes, but the retiree pays the full premium for the health insurance. This has not created an implicit subsidy as defined by GASB Statement No. 45 (GASB S-45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* as the Regional Office of Education #53's health insurance plan is considered a community rated plan. In addition, the Regional Office of Education #53 has no explicit subsidy as defined in GASB S-45.

9. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2012, interfund receivables and payables were as follows:

Due to (Receivable)	Due From (Payable)	Balance at June 30, 2012
Enterprise Fund:	Education Fund:	
Local Fund	Regional System Provider/ Federal System of Support	\$ 9,465
Local Fund	Regional Safe Schools	26,628
Local Fund	Truants Alternative/ Optional Education	38,974
		\$ 75,067

All of the interfund balances due to the Local Fund from the Education Fund consisted of loans between individual funds. The loans were used to cover cash shortages in these individual funds.

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

NOTES TO FINANCIAL STATEMENTS

10. BOND

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

11. DUE TO/FROM OTHER GOVERNMENTS

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

Due From Other Governments:

General Fund:

Illinois Central College	\$ 28,700
Illinois State Board of Education	7,500
Various School Districts	26,449
	62,649

Education Fund:

Illinois State Board of Education	58,128
Two Rivers Professional Development Center	15,517
	73,645

Proprietary Fund:

Local Governments	585
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Fiduciary Fund:

Illinois State Board of Education	76,602
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Total	\$ 213,481
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Due To Other Governments:

General Fund

Regional Office of Education #48	\$ 20,572
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Education Fund:

Illinois State Board of Education	47,598
Two Rivers	136,421
Regional Office of Education #26	8
	184,027

Fiduciary Funds:

Local Governments	80,391
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Total	\$ 284,990
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**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION #53**

NOTES TO FINANCIAL STATEMENTS

12. ON-BEHALF PAYMENTS

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

Tazewell County:	
Office staff salaries and benefits	<u>\$ 124,261</u>
State of Illinois:	
TRS pension contributions	58,614
THIS contributions	573
Regional Superintendent - salary	104,616
Regional Superintendent - benefits (includes State paid insurance)	15,723
Assistant Regional Superintendent - salary	90,229
Assistant Regional Superintendent - benefits (includes State paid insurance)	<u>1,308</u>
	<u>271,063</u>
	<u><u>\$ 395,324</u></u>

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

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

13. SCHEDULE OF TRANSFERS

During the year ended June 30, 2012, interfund transfers were as follows:

Transfers From Other Funds (Transfers In)	Transfers To Other Funds (Transfers Out)
Education Fund:	Proprietary Fund:
Standards Aligned Classroom <u>\$ 2,362</u>	Local Fund <u>\$ 2,362</u>

Local Fund transferred out money to cover cash for overspent fiscal year 2007 Standards Aligned grant.

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

NOTES TO FINANCIAL STATEMENTS

14. RISK MANAGEMENT - CLAIMS AND JUDGMENTS

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

15. CONTINGENCIES

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

16. DEFICIT FUND BALANCES

The following individual funds carried the following deficit balances as of June 30, 2012:

ROE/ISC Operations (MIEC)	\$	7,726
Truants Alternative/ Optional Education	\$	7,474

The Regional Office of Education #53 intends to reduce these deficits by reducing expenditures in future periods.

17. PRIOR PERIOD ADJUSTMENT

The Regional Office of Education #53 has restated beginning fund balance of the Institute Fund and Local Fund as of June 30, 2011. The Institute Fund was restated to correct the reporting of revenue. The Local Fund was restated to remove a liability recorded in a prior year that is disclosed in the required supplementary information for unfunded pension liability.

	Institute Fund	Governmental Activities	Local Fund	Business- Type Activities
Fund balance at June 30, 2011	\$ 64,266	\$ 822,143	\$ 191,059	\$ 215,738
Prior period adjustment	47,545	47,545	130,597	130,597
Fund balance restated at June 30, 2011	\$ 111,811	\$ 869,688	\$ 321,656	\$ 346,335

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

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

**ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
UNAUDITED
June 30, 2012**

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]
12/31/2011	\$ (119,892)	\$ --	\$ 119,892	-- %	\$ 26,806	447.26 %
12/31/2010	235,128	284,537	49,409	82.64 %	55,395	89.19 %
12/31/2009	217,214	257,713	40,499	84.29 %	52,589	77.01 %

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$(130,597). On a market basis, the funded ratio would be 0.00 percent.

SUPPLEMENTAL INFORMATION

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

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND**

June 30, 2012

	<u>Media Cooperative Fund</u>	<u>Regional Safe Schools GSA</u>	<u>Alternative School Program GSA</u>
ASSETS			
Cash and cash equivalents	\$ 8,365	\$ 711,357	\$ 172,541
Investments	20,836	-	-
Accounts receivable	-	-	-
Due from other governments	-	33,949	28,700
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 29,201</u>	<u>\$ 745,306</u>	<u>\$ 201,241</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 13,512	\$ 2,309
Accrued salaries and benefits	-	18,930	-
Due to other governments	-	-	20,572
Deferred revenue	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>32,442</u>	<u>22,881</u>
FUND BALANCES			
Committed	-	14,352	13,754
Assigned	29,201	698,512	164,606
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>29,201</u>	<u>712,864</u>	<u>178,360</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 29,201</u>	<u>\$ 745,306</u>	<u>\$ 201,241</u>

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

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)
GENERAL FUND
June 30, 2012**

	Western Illinois University Cohort	Vision & Hearing Screening	Teacher Leadership Academy	Total
ASSETS				
Cash and cash equivalents	\$ 11,433	\$ 1,198	\$ 39,949	\$ 944,843
Investments	-	-	-	20,836
Accounts receivable	11,172	-	-	11,172
Due from other governments	-	-	-	62,649
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 22,605</u>	<u>\$ 1,198</u>	<u>\$ 39,949</u>	<u>\$ 1,039,500</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 15,480	\$ -	\$ -	\$ 31,301
Accrued salaries and benefits	-	-	-	18,930
Due to other governments	-	-	-	20,572
Deferred revenue	-	-	37,895	37,895
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>15,480</u>	<u>-</u>	<u>37,895</u>	<u>108,698</u>
FUND BALANCES				
Committed	-	-	-	28,106
Assigned	7,125	1,198	2,054	902,696
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>7,125</u>	<u>1,198</u>	<u>2,054</u>	<u>930,802</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 22,605</u>	<u>\$ 1,198</u>	<u>\$ 39,949</u>	<u>\$ 1,039,500</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the year ended June 30, 2012**

	Media Cooperative Fund	Regional Safe Schools GSA	Alternative School Program GSA
Revenues:			
Local sources	\$ -	\$ 41,999	\$ 9,839
State sources	-	853,992	483,341
Federal sources	-	-	28,700
On-behalf payments	-	395,324	-
Interest	274	-	-
Total revenues	274	1,291,315	521,880
Expenditures:			
Salaries and benefits	-	58,669	26,414
Purchased services	96	98,311	9,714
Supplies and materials	-	5,335	2,006
Capital outlay	-	6,408	-
Payments to other governments	-	14,386	305,386
Other objects	-	18	-
On-behalf payments	-	395,324	-
Total expenditures	96	578,451	343,520
Excess (deficiency) of revenues over (under) expenditures	178	712,864	178,360
Fund balances, beginning of year	29,023	-	-
Fund balances, end of year	<u>\$ 29,201</u>	<u>\$ 712,864</u>	<u>\$ 178,360</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Concluded)
GENERAL FUND ACCOUNTS
For the year ended June 30, 2012**

	Western Illinois University Cohort	Vision & Hearing Screening	Teacher Leadership Academy	Total
Revenues:				
Local sources	\$ 53,686	\$ 300	\$ -	\$ 105,824
State sources	-	-	-	1,337,333
Federal sources	-	-	-	28,700
On-behalf payments	-	-	-	395,324
Interest	-	-	-	274
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	53,686	300	-	1,867,455
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:				
Salaries and benefits	-	-	-	85,083
Purchased services	46,561	157	-	154,839
Supplies and materials	-	-	-	7,341
Capital outlay	-	950	-	7,358
Payments to other governments	-	-	-	319,772
Other objects	-	-	-	18
On-behalf payments	-	-	-	395,324
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	46,561	1,107	-	969,735
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	7,125	(807)	-	897,720
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	-	2,005	2,054	33,082
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ 7,125	\$ 1,198	\$ 2,054	\$ 930,802
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND**

June 30, 2012

	ROE/ISC Operations (ROE #53)	ROE/ISC Operations (MIEC)	McKinney Education for Homeless Children
ASSETS			
Cash and cash equivalents	\$ -	\$ 126	\$ 2,271
Due from other funds	-	-	-
Due from other governments	-	-	-
	-	-	-
Total assets	\$ -	\$ 126	\$ 2,271
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 5,954	\$ -
Accrued salaries and benefits	-	1,898	-
Due to other funds	-	-	-
Due to other governments	-	-	8
Deferred revenue	-	-	-
	-	7,852	8
Total liabilities	-	7,852	8
FUND BALANCES			
Restricted	-	-	2,263
Unassigned	-	(7,726)	-
	-	(7,726)	-
Total fund balances	-	(7,726)	2,263
Total liabilities and fund balances	\$ -	\$ 126	\$ 2,271

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

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2012**

	School & Community Assistance Team	Standards Aligned Classroom	National Board for Professional Teaching Standards
ASSETS			
Cash and cash equivalents	\$ 685	\$ 29,392	\$ -
Due from other funds	-	-	-
Due from other governments	-	-	-
	<u>685</u>	<u>29,392</u>	<u>-</u>
Total assets	<u>\$ 685</u>	<u>\$ 29,392</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-
Due to other funds	-	-	-
Due to other governments	-	29,392	-
Deferred revenue	685	-	-
	<u>685</u>	<u>29,392</u>	<u>-</u>
Total liabilities	<u>685</u>	<u>29,392</u>	<u>-</u>
FUND BALANCES			
Restricted	-	-	-
Unassigned	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 685</u>	<u>\$ 29,392</u>	<u>\$ -</u>

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

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2012**

	Illinois New Principal Mentoring	Title II - Teacher Quality - Leadership Grant	Regional System Provider/ Federal System of Support
ASSETS			
Cash and cash equivalents	\$ 8,615	\$ 468	104,127
Due from other funds	-	-	-
Due from other governments	-	-	15,517
	<u>8,615</u>	<u>468</u>	<u>119,644</u>
Total assets	<u>\$ 8,615</u>	<u>\$ 468</u>	<u>\$ 119,644</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-
Due to other funds	-	-	9,465
Due to other governments	-	-	107,029
Deferred revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>116,494</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>116,494</u>
FUND BALANCES			
Restricted	8,615	468	3,150
Unassigned	-	-	-
	<u>8,615</u>	<u>468</u>	<u>3,150</u>
Total fund balances	<u>8,615</u>	<u>468</u>	<u>3,150</u>
Total liabilities and fund balances	<u>\$ 8,615</u>	<u>\$ 468</u>	<u>\$ 119,644</u>

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

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2012**

	<u>Gifted Education Seminar Pilot</u>	<u>Gifted Education (Mid-Illini)</u>	<u>Gifted Education (ROE #53)</u>
ASSETS			
Cash and cash equivalents	\$ 5,800	\$ 28,021	\$ -
Due from other funds	-	-	28,021
Due from other governments	-	-	-
	<u>5,800</u>	<u>28,021</u>	<u>-</u>
Total assets	<u>\$ 5,800</u>	<u>\$ 28,021</u>	<u>\$ 28,021</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-
Due to other funds	-	28,021	-
Due to other governments	-	-	28,021
Deferred revenue	-	-	-
	<u>-</u>	<u>28,021</u>	<u>28,021</u>
Total liabilities	<u>-</u>	<u>28,021</u>	<u>28,021</u>
FUND BALANCES			
Restricted	5,800	-	-
Unassigned	-	-	-
	<u>5,800</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>5,800</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 5,800</u>	<u>\$ 28,021</u>	<u>\$ 28,021</u>

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

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2012**

	Teacher & Administrators Mentoring Program	Reading First	Title I - Reading First Part B SEA Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 2,385	\$ 1,695	\$ -
Due from other funds	-	-	1,695
Due from other governments	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 2,385</u>	<u>\$ 1,695</u>	<u>\$ 1,695</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-
Due to other funds	-	1,695	-
Due to other governments	-	-	1,695
Deferred revenue	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>1,695</u>	<u>1,695</u>
FUND BALANCES			
Restricted	2,385	-	-
Unassigned	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>2,385</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 2,385</u>	<u>\$ 1,695</u>	<u>\$ 1,695</u>

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

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2012**

	<u>ARRA - Title I - School Improvement and Accountability</u>	<u>Truants Alternative/ Optional Education</u>	<u>Regional Safe Schools</u>
ASSETS			
Cash and cash equivalents	\$ 569	\$ -	\$ -
Due from other funds	-	-	-
Due from other governments	-	31,500	26,628
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 569</u>	<u>\$ 31,500</u>	<u>\$ 26,628</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-
Due to other funds	-	38,974	26,628
Due to other governments	-	-	-
Deferred revenue	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>38,974</u>	<u>26,628</u>
 FUND BALANCES			
Restricted	569	-	-
Unassigned	-	(7,474)	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>569</u>	<u>(7,474)</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 569</u>	<u>\$ 31,500</u>	<u>\$ 26,628</u>

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

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)
EDUCATION FUND
June 30, 2012**

	Various Discontinued Programs	Eliminations	Total
ASSETS			
Cash and cash equivalents	\$ 17,962	\$ -	\$ 202,116
Due from other funds	-	(29,716)	-
Due from other governments	-	-	73,645
	<u>17,962</u>	<u>-</u>	<u>73,645</u>
Total assets	<u>\$ 17,962</u>	<u>\$ (29,716)</u>	<u>\$ 275,761</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 5,954
Accrued salaries and benefits	-	-	1,898
Due to other funds	-	(29,716)	75,067
Due to other governments	17,882	-	184,027
Deferred revenue	-	-	685
	<u>17,882</u>	<u>-</u>	<u>685</u>
Total liabilities	<u>17,882</u>	<u>(29,716)</u>	<u>267,631</u>
FUND BALANCES			
Restricted	80	-	23,330
Unassigned	-	-	(15,200)
	<u>80</u>	<u>-</u>	<u>(15,200)</u>
Total fund balances	<u>80</u>	<u>-</u>	<u>8,130</u>
Total liabilities and fund balances	<u>\$ 17,962</u>	<u>\$ (29,716)</u>	<u>\$ 275,761</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2012**

	ROE/ISC Operations (ROE #53)	ROE/ISC Operations (MIEC)	McKinney Education for Homeless Children
Revenues:			
State sources	\$ 31,412	\$ 80,546	\$ -
Federal sources	-	-	19,235
Total revenues	31,412	80,546	19,235
Expenditures:			
Salaries and benefits	-	43,827	15,000
Purchased services	-	29,528	534
Supplies and materials	-	7,453	1,438
Payments to other governments	31,412	-	-
Other objects	-	60	-
Total expenditures	31,412	80,868	16,972
Excess (deficiency) of revenues over (under) expenditures	-	(322)	2,263
Other financing sources:			
Transfers in	-	-	-
Net changes in fund balances		(322)	2,263
Fund balances (deficits), beginning of year	-	(7,404)	-
Fund balances (deficits), end of year	\$ -	\$ (7,726)	\$ 2,263

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2012**

	School & Community Assistance Team	Standards Aligned Classroom	National Board for Professional Teaching Standards
Revenues:			
State sources	\$ -	\$ -	3
Federal sources	-	-	-
Total revenues	-	-	3
Expenditures:			
Salaries and benefits	-	-	-
Purchased services	-	-	3
Supplies and materials	-	-	-
Payments to other governments	-	2,362	-
Other objects	-	-	-
Total expenditures	-	2,362	3
Excess (deficiency) of revenues over (under) expenditures	-	(2,362)	-
Other financing sources:			
Transfers in	-	2,362	-
Net changes in fund balances	-	-	-
Fund balances (deficits), beginning of year	-	-	-
Fund balances (deficits), end of year	\$ -	\$ -	\$ -

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2012**

	Illinois New Principal Mentoring	Title II - Teacher Quality - Leadership Grant	Regional System Provider/ Federal System of Support
Revenues:			
State sources	\$ -	\$ -	\$ -
Federal sources	-	-	49,988
Total revenues	-	-	49,988
Expenditures:			
Salaries and benefits	-	-	30,619
Purchased services	-	-	16,219
Supplies and materials	-	-	-
Payments to other governments	-	-	-
Other objects	-	-	-
Total expenditures	-	-	46,838
Excess (deficiency) of revenues over (under) expenditures	-	-	3,150
Other financing sources:			
Transfers in	-	-	-
Net changes in fund balances	-	-	3,150
Fund balances (deficits), beginning of year	8,615	468	-
Fund balances (deficits), end of year	\$ 8,615	\$ 468	\$ 3,150

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2012**

	Gifted Education Seminar Pilot	Gifted Education (Mid-Illini)	Gifted Education (ROE #53)
Revenues:			
State sources	\$ 5,800	\$ -	\$ -
Federal sources	-	-	-
Total revenues	<u>5,800</u>	<u>-</u>	<u>-</u>
Expenditures:			
Salaries and benefits	-	-	-
Purchased services	-	-	-
Supplies and materials	-	-	-
Payments to other governments	-	-	-
Other objects	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	5,800	-	-
Other financing sources:			
Transfers in	-	-	-
Net changes in fund balances	5,800	-	-
Fund balances (deficits), beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), end of year	<u><u>\$ 5,800</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2012**

	Teacher & Administrators Mentoring Program	Reading First	Title I - Reading First Part B SEA Funds
Revenues:			
State sources	\$ -	\$ -	\$ -
Federal sources	-	-	-
Total revenues	-	-	-
Expenditures:			
Salaries and benefits	-	-	-
Purchased services	-	-	-
Supplies and materials	-	-	-
Payments to other governments	-	-	-
Other objects	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Other financing sources:			
Transfers in	-	-	-
Net changes in fund balances	-	-	-
Fund balances (deficits), beginning of year	2,385	-	-
Fund balances (deficits), end of year	\$ 2,385	\$ -	\$ -

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2012**

	ARRA - Title I - School Improvement and Accountability	Truants Alternative/ Optional Education	Regional Safe Schools
Revenues:			
State sources	\$ -	\$ 115,964	\$ 115,352
Federal sources	-	-	-
Total revenues	<u>-</u>	<u>115,964</u>	<u>115,352</u>
Expenditures:			
Salaries and benefits	-	101,336	106,518
Purchased services	-	20,711	-
Supplies and materials	-	1,391	-
Payments to other governments	-	-	-
Other objects	-	-	-
Total expenditures	<u>-</u>	<u>123,438</u>	<u>106,518</u>
Excess (deficiency) of revenues over (under) expenditures	-	(7,474)	8,834
Other financing sources:			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	(7,474)	8,834
Fund balances (deficits), beginning of year	<u>569</u>	<u>-</u>	<u>(8,834)</u>
Fund balances (deficits), end of year	<u>\$ 569</u>	<u>\$ (7,474)</u>	<u>\$ -</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Concluded)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2012**

	Various Discontinued Programs	Eliminations	Total
Revenues:			
State sources	\$ -	\$ (31,412)	\$ 317,665
Federal sources	80	-	69,303
Total revenues	80	(31,412)	386,968
Expenditures:			
Salaries and benefits	-	-	297,300
Purchased services	-	-	66,995
Supplies and materials	-	-	10,282
Payments to other governments	-	(31,412)	2,362
Other objects	-	-	60
Total expenditures	-	(31,412)	376,999
Excess (deficiency) of revenues over (under) expenditures	80	-	9,969
Other financing sources:			
Transfers in	-	-	2,362
Net changes in fund balances	80	-	12,331
Fund balances (deficits), beginning of year	-	-	(4,201)
Fund balances (deficits), end of year	\$ 80	\$ -	\$ 8,130

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS - PROJECT #12-3730-00
For the year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	\$ 31,412	\$ 31,412	31,412	\$ -
Expenditures:				
Salaries and benefits	31,412	-	-	-
Payments to other governments	-	31,412	31,412	-
Total expenditures	<u>31,412</u>	<u>31,412</u>	<u>31,412</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION - PROJECT #12-3695-12
For the year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	\$ 115,964	\$ 115,964	\$ 115,964	-
Total revenues				
Expenditures:				
Salaries & benefits	95,866	95,866	101,336	(5,470)
Purchased services	18,744	18,744	20,711	(1,967)
Supplies and materials	1,354	1,354	1,391	(37)
Total expenditures	<u>115,964</u>	<u>115,964</u>	<u>123,438</u>	<u>(7,474)</u>
(Deficiency) of revenues (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	(7,474)	<u>\$ (7,474)</u>
Fund balance, beginning of year			<u>-</u>	
Fund deficit, end of year			<u>\$ (7,474)</u>	

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS - PROJECT #11-3696-00
For the year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	<u>\$ 106,009</u>	<u>\$ 106,009</u>	<u>\$ 8,834</u>	<u>\$ (97,175)</u>
Expenditures:				
Salaries & benefits	<u>106,009</u>	<u>106,009</u>	<u>-</u>	<u>106,009</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>8,834</u>	<u>\$ 8,834</u>
Fund (deficit), beginning of year			<u>(8,834)</u>	
Fund balance, July 1, 2011			<u>\$ -</u>	

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS - PROJECT #12-3696-00
For the year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	<u>\$ 106,518</u>	<u>\$ 106,518</u>	<u>\$ 106,518</u>	<u>\$ -</u>
Expenditures:				
Salaries & benefits	<u>106,518</u>	<u>106,518</u>	<u>106,518</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, July 1, 2011			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

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

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2012**

	General Education Development	Bus Driver Fund	Supervisory	Total
ASSETS				
Cash and cash equivalents	\$ 25,948	\$ 6,557	\$ 1,319	\$ 33,824
Accounts receivable	9	-	-	9
Total assets	\$ 25,957	\$ 6,557	\$ 1,319	\$ 33,833
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 80	\$ -	\$ -	\$ 80
FUND BALANCES				
Restricted	25,877	6,557	1,319	33,753
Total liabilities and fund balances	\$ 25,957	\$ 6,557	\$ 1,319	\$ 33,833

**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, 2012**

	General Education Development	Bus Driver Fund	Supervisory	Total
Revenues:				
Local sources	\$ 13,611	\$ 2,226	\$ 127	\$ 15,964
State sources	-	1,329	-	1,329
Total revenues	13,611	3,555	127	17,293
Expenditures:				
Purchased services	4,108	1,250	113	5,471
Supplies and materials	3,847	-	59	3,906
Other objects	475	86	54	615
Total expenditures	8,430	1,336	226	9,992
Excess (deficiency) of revenues over (under) expenditures	5,181	2,219	(99)	7,301
Fund balance, beginning of year	20,696	4,338	1,418	26,452
Fund balance, end of year	<u>\$ 25,877</u>	<u>\$ 6,557</u>	<u>\$ 1,319</u>	<u>\$ 33,753</u>

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

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2012**

	Distributive	Interest on Distributions to Other Governmental Units	Total
ASSETS			
Cash and cash equivalents	\$ 784	\$ 3,005	\$ 3,789
Due from other governments	76,602	-	76,602
Total assets	\$ 77,386	\$ 3,005	\$ 80,391
LIABILITIES			
Due to other governments	\$ 77,386	\$ 3,005	\$ 80,391

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

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the year ended June 30, 2012**

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<u>DISTRIBUTIVE</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 1,916,251	\$ 1,915,467	\$ 784
Due from other governments	-	76,602	-	76,602
Total assets	\$ -	\$ 1,992,853	\$ 1,915,467	\$ 77,386
LIABILITIES				
Due to other governments	\$ -	\$ 1,992,853	\$ 1,915,467	\$ 77,386
<u>INTEREST ON DISTRIBUTIONS TO OTHER GOVERNMENTAL UNITS</u>				
ASSETS				
Cash and cash equivalents	\$ 3,001	\$ 4	\$ -	\$ 3,005
LIABILITIES				
Due to other governments	\$ 3,001	\$ 4	\$ -	\$ 3,005
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 3,001	\$ 1,916,255	\$ 1,915,467	\$ 3,789
Due from other governments	-	76,602	-	76,602
Total assets	\$ 3,001	\$ 1,992,857	\$ 1,915,467	\$ 80,391
LIABILITIES				
Due to other governments	\$ 3,001	\$ 1,992,857	\$ 1,915,467	\$ 80,391

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

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS
AND OTHER ENTITIES
DISTRIBUTIVE FUND
For the year ended June 30, 2012**

	<u>Education for Employment</u>	<u>Mid-Illini Educational Cooperative</u>	<u>Regional Office of Education #53</u>	<u>Total</u>
General State Aid	\$ -	\$ -	\$ 636,068	\$ 636,068
Career and Technical Ed. Improvement	665,719	-	-	665,719
Agriculture Education	8,171	-	-	8,171
ROE School Bus Driver Training	-	-	1,329	1,329
Truants Alternative/Optional Education	-	-	84,464	84,464
Regional Safe Schools	-	-	132,894	132,894
ROE/ISC Operations	-	127,645	-	127,645
CTE - Perkins - Secondary	192,823	-	-	192,823
ARRA - Title I - School Improvement	-	-	37,654	37,654
ARRA - Education Jobs Fund	-	-	28,700	28,700
TOTAL	<u>\$ 866,713</u>	<u>\$ 127,645</u>	<u>\$ 921,109</u>	<u>\$ 1,915,467</u>