

**STATE OF ILLINOIS
TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**FINANCIAL AUDIT
For the year ended June 30, 2013**

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

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REGIONAL OFFICE OF EDUCATION NO. 53**

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REGIONAL OFFICE OF EDUCATION NO. 53**

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**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

OFFICIALS

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

Assistant Regional Superintendent (July 1, 2012 – November 15, 2012
and July 1, 2013 - current) Mr. Robin G. Houchin

Assistant Regional Superintendent (November 16, 2012 –March 15, 2013) Ms. Louise Bassett

Assistant Regional Superintendent (March 16, 2013 – June 30, 2013) Ms. Lorna Sherwood

Office is located at:

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 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	5	7
Repeated audit findings	5	5
Prior recommendations implemented or not repeated	2	2

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2013-001	12-13	Controls Over Financial Statement Preparation	Material Weakness
2013-002	14	Noncompliance with the Grant Funds Recovery Act	Compliance
2013-003	15-16	Inadequate Internal Control Procedures	Significant Deficiency
2013-004	17	Inadequate Review of Journal Entries	Significant Deficiency
2013-005	18	Inadequate Controls Over Cash	Material Weakness

FINDINGS AND RESPONSES (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2013.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 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)			
12-02	25	Miscoding of Revenues and Expenditures	Material Weakness
12-07	25	Expenditure Reports did not Agree to the General Ledger	Compliance and Significant Deficiency

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

There were no prior findings.

EXIT CONFERENCE

The Tazewell County Regional Office of Education No. 53 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2013. Throughout the audit, numerous meetings were held between auditors and Regional Office officials to discuss matters contained in this audit report. Responses to the recommendations were provided by the Regional Office of Education on January 8, 2014.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying basic financial statements of the Tazewell County Regional Office of Education No. 53 was performed by West & Company, LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Tazewell County Regional Office of Education No. 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
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INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

Report on the Financial Statements

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 No. 53, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Tazewell County Regional Office of Education No. 53's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Tazewell County Regional Office of Education No. 53, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Illinois Municipal Retirement Fund – Schedule of Funding Progress on pages 26A-26F and 61 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tazewell County Regional Office of Education No. 53's basic 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 basic 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 the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2014 on our consideration of the Tazewell County Regional Office of Education No. 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* in considering the Tazewell County Regional Office of Education No. 53's internal control over financial reporting and compliance.

West + Company, LLC

Mattoon, Illinois

May 5, 2014

WEST & COMPANY, LLC

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**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***

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tazewell County Regional Office of Education No. 53, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Tazewell County Regional Office of Education No. 53's basic financial statements, and have issued our report thereon dated May 5, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Tazewell County Regional Office of Education No. 53's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 No. 53's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tazewell County Regional Office of Education No. 53's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 the accompanying Schedule of Findings and Responses as items 2013-001 and 2013-005 to be material weaknesses.

Member of Private Companies Practice Section

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 the accompanying Schedule of Findings and Responses as items 2013-003 and 2013-004 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tazewell County Regional Office of Education No. 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2013-002.

Tazewell County Regional Office of Education No. 53's Responses to Findings

Tazewell County Regional Office of Education No. 53's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Tazewell County Regional Office of Education No. 53's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Tazewell County Regional Office of Education No. 53's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tazewell County Regional Office of Education No. 53's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

West + Company, LLC

Mattoon, Illinois

May 5, 2014

SCHEDULE OF FINDINGS AND RESPONSES

**TAZEWELL COUNTY
 REGIONAL OFFICE OF EDUCATION NO. 53
 SCHEDULE OF FINDINGS AND RESPONSES
 SECTION I – SUMMARY OF AUDITORS’ RESULTS
 For the year ended June 30, 2013**

Section I -- Summary of Auditors' Results

Financial statements

Type of auditors' report issued: UNMODIFIED

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 NO. 53
SCHEDULE OF FINDINGS AND RESPONSES
SECTION I – SUMMARY OF AUDITORS' RESULTS
For the year ended June 30, 2013**

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 NO. 53
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2013**

Section II - Financial Statement Findings

FINDING NO. 2013-001 – Controls Over Financial Statement Preparation (Repeat of 12-01, 11-01, 10-01, 09-01, 08-01, and 07-01)

Criteria/Specific Requirement:

The Tazewell County Regional Office of Education No. 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 of Education No. 53's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments* (Statement), requires governments to present government-wide and fund financial statements as well as a summary reconciliation of the (a) total governmental funds balances to the net position of governmental activities in the Statement of Net Position, and (b) total change in governmental fund balances to the change in the net position of governmental activities in the Statement of Activities. In addition, the Statement requires information about the government's major and nonmajor funds in the aggregate, to be provided in the fund financial statements.

Condition:

The Regional Office of Education No. 53 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education No. 53 maintains its accounting records on cash basis accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office of Education No. 53 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of 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.

During review of the Regional Office of Education No. 53's financial information prepared by the Regional Office of Education No. 53, the following were noted:

- The Regional Office did not have adequate controls over the maintenance of complete records of cash and an accurate breakdown of cash per fund. (See Finding 2013-005)
- The Regional Office recorded \$11,226 of local revenue as State revenue. Additionally, \$28,700 of federal revenue was recorded as State revenue.

Effect:

The Regional Office of Education No. 53 management or its 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.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2013**

Section II - Financial Statement Findings (Continued)

FINDING NO. 2013-001 – Controls Over Financial Statement Preparation (Repeat of 12-01, 11-01, 10-01, 09-01, 08-01, and 07-01) (Continued)

Cause:

According to the Regional Office of Education No. 53 management, a reversing journal entry was not made which caused cash to be understated. Additionally, the accounting software used by the Mid-Illini Education Cooperative does not easily allow for cash to be broken down by fund. The revenue postings were an oversight while posting to the general ledger.

Auditors' Recommendation:

As part of internal control over the preparation of financial statements, the Regional Office of Education No. 53 should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education No. 53's activities and operations.

Management's Response:

The Regional Office of Education No. 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 Regional Office for this purpose, and county funds will not allow for the services of a public accounting firm, the Regional Office of Education No. 53 will have to find alternative ways to continue to secure services of an accounting firm. Additionally, the Regional Office of Education No. 53 will continue to pursue additional training for the individual(s) responsible for financial statement preparation.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2013**

Section II - Financial Statement Findings (Continued)

FINDING NO. 2013-002 – Noncompliance with the Grant Funds Recovery Act (Partial Repeat of 12-03 and 11-04)

Criteria/Specific Requirement:

The Illinois Grant Funds Recovery Act (30 ILCS 705/5) requires 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 blended component unit of the Regional Office of Education No. 53, had unspent grant funds in the Gifted Education Fund of \$28,021. This balance was not reflected on expenditure reports or returned to the granting agencies in accordance with the Illinois Grant Funds Recovery Act. MIEC was a grant subrecipient for this grant.

Effect:

The Regional Office of Education No. 53 was not in compliance with the Illinois Grant Funds Recovery Act (30 ILCS 705/5).

Cause:

According to Regional Office of Education officials, they could not get confirmation from the Illinois State Board of Education on where and how to return the unspent grant money.

Auditors' Recommendation:

The Regional Office of Education No. 53 personnel should continue to contact the Illinois State Board of Education to learn the appropriate procedures for sending back the excess cash. In addition, the Regional Office should monitor all grants for compliance with the Illinois Grant Funds Recovery Act (30 ILCS 705/5).

Management's Response:

Letters were sent to granting agencies requesting procedures for returning unspent grant funds. Management continues to wait for a response. Management will also monitor all grants for compliance with the Illinois Grant Funds Recovery Act (30 ILCS 705/5).

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2013**

Section II - Financial Statement Findings (Continued)

FINDING NO. 2013-003 – Inadequate Internal Control Procedures (Partial Repeat of 12-04 and 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 60 cash disbursement transactions, the following exceptions were noted:

- In five (5) of the sixty (60) (8.3%) 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.
- In four (4) of sixty (60) (6.7%) transactions tested, sales tax was paid when it should not have been paid.

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, an individual within management reviews all invoices prior to checks being written and any exceptions were oversights. Additionally, the Regional Office has made an effort to not pay sales tax and the exceptions noted were oversights.

Auditors' Recommendation:

The Regional Office of Education No. 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, as well as ensures that sales tax is not paid.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2013**

Section II - Financial Statement Findings (Continued)

FINDING NO. 2013-003 – Inadequate Internal Control Procedures (Partial Repeat of 12-04 and 11-05)
(Continued)

Management's Response:

A review of the aforementioned unsigned invoices revealed to the management that this had primarily occurred during the short employment of a former bookkeeper. Following the departure of the previous bookkeeper all procedures were reviewed and revised.

Management has reviewed internal controls and procedures with staff members and re-worked the process for the approval of invoices prior to checks being signed. Management has addressed the issue of paying sales tax with employees and has made available the sales tax exemption letter for those to whom it may apply.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2013**

Section II - Financial Statement Findings (Continued)

FINDING NO. 2013-004 – Inadequate Review of Journal Entries (Repeat of 12-05)

Criteria/Specific Requirement:

The Regional Office of Education No. 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. Journal entries entered by a hired consultant were not approved by management in writing.

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 No. 53 management, they were aware of all journal entries being made into the accounting software. Management allowed the consultant to adjust the financial records. While management was informed verbally of changes, there was not proper documentation of this approval maintained.

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 Office of Education No. 53 hired a Certified Public Accountant. The consultant told the bookkeeper to make the journal entry adjustments which she did without prior approval of management. It has been brought to her attention that management (not the consultant) must sign off on all journal entries. While management was informed verbally of changes, there was not proper documentation.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53
SCHEDULE OF FINDINGS AND RESPONSES
SECTION II – FINANCIAL STATEMENT FINDINGS
For the year ended June 30, 2013**

Section II - Financial Statement Findings (Continued)

FINDING NO. 2013-005 – Inadequate Controls Over Cash (Repeat of 12-06 and 11-06)

Criteria/Specific Requirement:

Adequate internal controls over cash require all cash in the custody of the Regional Office be recorded in the correct fund and reasonably stated.

Condition:

The Mid-Illini Education Cooperative's (MIEC), a blended component unit of the Regional Office of Education No. 53, ending general ledger balance for the Local Workshop Fund account was understated due to a reversing journal entry not being made during the fiscal year.

In addition, the Mid-Illini Education Cooperative maintains its cash in a pooled cash account and did not segregate individual cash transactions in the proper fund within the accounting system.

Effect:

The cash balance in the Local Workshop Fund was understated by \$65,602, a material amount. Additionally, the Mid-Illini Education Cooperative is unable to determine cash by fund.

Cause:

The bank reconciliation for MIEC had numerous outstanding items from previous audit adjustments that were never cleared. Having that many outstanding items did not allow for management to know the cash balance was incorrect. Furthermore, management was not aware of the requirement to segregate individual cash balances by fund because the cash was in a pooled cash account.

Auditors' Recommendation:

Regional Office of Education No. 53 personnel should clear outstanding items on the bank reconciliation and segregate individual cash balances by fund within the accounting software.

Management's Response:

It was determined that personnel did not have a clear understanding of the limitations of their accounting software for fund accounting use. The Regional Office of Education has switched to a different accounting software starting in fiscal year 2014.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53
SCHEDULE OF FINDINGS AND RESPONSES
SECTION III – FEDERAL AWARD FINDINGS
For the year ended June 30, 2013**

Section III -- Federal Award Findings

This section is not applicable for the year ended June 30, 2013.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the year ended June 30, 2013**

Corrective Action Plan

FINDING NO. 2013-001 – Controls Over Financial Statement Preparation (Repeat of 12-01, 11-01, 10-01, 09-01, 08-01, and 07-01)

Condition:

The Regional Office of Education No. 53 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education No. 53 maintains its accounting records on cash basis accounting during the fiscal year and posts year-end accrual entries for financial statement purposes.

While the Regional Office of Education No. 53 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of 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.

During review of the Regional Office of Education No. 53's financial information prepared by the Regional Office of Education No. 53, the following were noted:

- The Regional Office did not have adequate controls over the maintenance of complete records of cash and an accurate breakdown of cash per fund. (See Finding 2013-005)
- The Regional Office recorded \$11,226 of local revenue as State revenue. Additionally, \$28,700 of federal revenue was recorded as State revenue.

Plan:

The Regional Office of Education No. 53 will continue to work with the other Regional Offices of Education to determine the most effective method of ensuring that employees have the knowledge and skills required to compile the necessary GAAP based financial statements. Training has been provided to the personnel responsible for this task. The office has engaged the services of a public accounting firm to assist in the preparation of financial statements.

Anticipated Date of Completion:

On-going

Name of Contact Person:

Gail Owen, Regional Superintendent

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the year ended June 30, 2013**

Corrective Action Plan (Continued)

FINDING NO. 2013-002 – Noncompliance with the Grant Funds Recovery Act (Partial Repeat of 12-03, 11-04)

Condition:

Mid-Illini Educational Cooperative (MIEC), a blended component unit of the Regional Office of Education No. 53, had unspent grant funds in the Gifted Education Fund of \$28,021. This balance was not reflected on expenditure reports or returned to the granting agencies in accordance with the Illinois Grant Funds Recovery Act. MIEC was a grant subrecipient for this grant.

Plan:

Unspent grant funds will be returned to the appropriate granting agency as soon as a response from the Illinois State Board of Education has been received and the Regional Office has been directed as to where to return the funds.

Anticipated Date of Completion:

May 2014

Name of Contact Person:

Gail Owen, Regional Superintendent

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the year ended June 30, 2013**

Corrective Action Plan (Continued)

FINDING NO. 2013-003 – Inadequate Internal Control Procedures (Partial Repeat of 12-04, 11-05)

Condition:

During our review of 60 cash disbursement transactions, the following exceptions were noted:

- In five (5) of the sixty (60) (8.3%) 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.
- In four (4) of sixty (60) (6.7%) transactions tested, sales tax was paid when it should not have been paid.

Plan:

The Regional Office of Education No. 53's management has reviewed internal controls and procedures with staff members and re-worked the process for the approval of invoices prior to checks being signed. Management has addressed the issue of paying sales tax with employees and has made available the sales tax exemption letter for those to whom it may apply. 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:

October 2013

Name of Contact Person:

Gail Owen, Regional Superintendent

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the year ended June 30, 2013**

Corrective Action Plan (Continued)

FINDING NO. 2013-004 – Inadequate Review of Journal Entries (Repeat of 12-05)

Condition:

The Regional Superintendent or Assistant Regional Superintendent did not sign off on journal entries in a timely manner. Journal entries entered by a hired consultant were not approved by management in writing.

Plan:

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

Anticipated Date of Completion:

October 2013

Name of Contact Person:

Gail Owen, Regional Superintendent

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the year ended June 30, 2013**

Corrective Action Plan (Continued)

FINDING NO. 2013-005 – Inadequate Controls Over Cash (Repeat of 12-06 and 11-06)

Condition:

The Mid-Illini Education Cooperative's (MIEC), a blended component unit of the Regional Office of Education No. 53, ending general ledger balance for the Local Workshop Fund account was understated due to a reversing journal entry not being made during the fiscal year.

In addition, the Mid-Illini Education Cooperative maintains its cash in a pooled cash account and did not segregate individual cash transactions in the proper fund within the accounting system.

Plan:

We are switching from our current software which should alleviate this from occurring in the future.

Anticipated Date of Completion:

June 30, 2014

Name of Contact Person:

Gail Owen, Regional Superintendent

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2013**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
12-01	Controls over financial statement preparation	Repeated
12-02	Miscoding of revenues and expenditures	Resolved
12-03	Noncompliance with the Grant Funds Recovery Act	Partially Repeated
12-04	Inadequate internal control procedures	Partially Repeated
12-05	Inadequate review of journal entries	Repeated
12-06	Inadequate controls over cash	Repeated
12-07	Expenditure reports did not agree to the general ledger	Resolved

MANAGEMENT'S DISCUSSION AND ANALYSIS

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2013**

The Regional Office of Education No. 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, 2013. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements, which follow.

2013 Financial Highlights

- Within the Governmental Funds, the General Fund revenues decreased by \$776,082 from \$1,867,455 in fiscal year 2012 to \$1,091,373 in fiscal year 2013. The decrease in General Fund revenues from FY12 to FY13 is attributed to the Regional Office of Education No. 53 no longer sharing revenues with the Regional Office of Education No. 48 for the responsibility of Regional Alternative School in FY 13 as well as enrollment decreases for both the Tazewell Regional Safe School and Academy. General Fund expenditures decreased by \$16,271 from \$969,735 in FY12 to \$953,464 in FY 13. The decrease in expenditures can be attributed to a reduction in one-time expenses for the Alternative programs.
- Within the Governmental Funds, the Special Revenue Fund revenues decreased by \$94,651 from \$463,588 in 2012 to \$368,937 in FY13 due to a decrease in funding for federal and State grants. The Special Revenue Fund expenditures decreased by \$51,628 from \$397,174 in FY12 to \$345,546 in FY13. With a reduction of federal and State grants, expenditures decreased most significantly through a reduction in staff at the Alternative Schools.

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 Position 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 NO. 53**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2013**

Reporting the Office as a Whole

The Statement of Net Position and the Statement of Activities:

The government-wide statements report information about the Regional Office of Education No. 53 as a whole. The Statement of Net Position 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 position and how it has changed. Net position—the difference between the assets and liabilities—is one way to measure the Office's financial health or position.

- Over time, increases or decreases in the net position 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 No. 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 No. 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 Position and Statement of Changes in Fiduciary Net Position.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2013**

Reporting the Office as a Whole (Continued)

- 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 Position, Statement of Revenues, Expenses, and Changes in Fund Net Position, 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 position may serve, when examined over time, as one indicator of the financial position of the Regional Office. At the end of FY12, the net position was \$1,545,766, an increase of \$507,885. The net position at the end of FY13 totaled \$1,628,080, an increase of \$82,314.

The analysis that follows provides a summary of the Office's net position at June 30, 2013 and 2012, for the governmental and business-type activities.

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current assets	\$ 1,411,742	\$ 1,436,008	\$ 294,600	\$ 390,592	\$ 1,706,342	\$ 1,826,600
Capital assets, net	38,665	21,513	332	433	38,997	21,946
Total assets	<u>1,450,407</u>	<u>1,457,521</u>	<u>294,932</u>	<u>391,025</u>	<u>1,745,339</u>	<u>1,848,546</u>
Current liabilities	<u>116,802</u>	<u>302,368</u>	<u>457</u>	<u>412</u>	<u>117,259</u>	<u>302,780</u>
Net Position:						
Invested in capital assets	38,665	21,513	332	433	38,997	21,946
Restricted for educational purposes	226,229	202,838	-	-	226,229	202,838
Unrestricted	<u>1,068,711</u>	<u>930,802</u>	<u>294,143</u>	<u>390,180</u>	<u>1,362,854</u>	<u>1,320,982</u>
Total net position	<u>\$ 1,333,605</u>	<u>\$ 1,155,153</u>	<u>\$ 294,475</u>	<u>\$ 390,613</u>	<u>\$ 1,628,080</u>	<u>\$ 1,545,766</u>

The Regional Office of Education's net position increased from FY12 by \$82,314. The change occurred primarily as a result of a reduction in liabilities and an increase in net investments in capital assets. All restricted net position is to be used for educational purposes.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2013**

The following analysis shows the changes in net position for the years ended June 30, 2013 and 2012.

CHANGES IN NET POSITION

	Governmental		Business-Type		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Operating grants and contributions	\$ 760,781	\$1,076,002	\$ -	\$ -	\$ 760,781	\$1,076,002
Charges for services	-	-	31,713	51,813	31,713	51,813
General revenues:						
Local sources	110,304	180,829	-	-	110,304	180,829
On-behalf payments - Local	236,128	124,261	-	-	236,128	124,261
On-behalf payments - State	352,641	271,063	-	-	352,641	271,063
Miscellaneous income	-	-	5,685	10,789	5,685	10,789
Interest	456	560	638	1,354	1,094	1,914
TOTAL REVENUES	1,460,310	1,652,715	38,036	63,956	1,498,346	1,716,671
Expenses:						
Instructional Services:						
Salaries and benefits	300,703	382,383	-	-	300,703	382,383
Purchased services	236,190	236,448	-	-	236,190	236,448
Supplies and materials	36,991	21,761	-	-	36,991	21,761
Payments to other governments	103,213	322,134	-	-	103,213	322,134
Other objects	1,615	1,501	-	-	1,615	1,501
Depreciation	13,814	8,455	-	-	13,814	8,455
Transfers	-	(2,362)	-	2,362	-	-
Loss on disposal of equipment	563	1,606	-	-	563	1,606
Administrative						
On-behalf payments-Local	236,128	124,261	-	-	236,128	124,261
On-behalf payments-State	352,641	271,063	-	-	352,641	271,063
Business type expenses	-	-	123,174	17,316	123,174	17,316
TOTAL EXPENSES	1,281,858	1,367,250	123,174	19,678	1,405,032	1,386,928
Changes in net position	178,452	285,465	(85,138)	44,278	93,314	329,743
Net position - beginning, restated	1,155,153	869,688	379,613	346,335	1,534,766	1,216,023
Net position - ending	\$ 1,333,605	\$ 1,155,153	\$ 294,475	\$ 390,613	\$ 1,628,080	\$ 1,545,766

Governmental Activities

For FY13, revenues for governmental activities were \$1,460,310 which is \$192,405 less than FY12 amounts, a result of decreased local source revenue and grant funding. Expenses were \$1,281,858 in FY13 which is \$85,392 less than FY12 amounts. This decrease in expenses is attributable primarily to a reduction in staff due to a reduction in grant funding and General State Aid.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2013**

Financial Analysis of the Regional Office of Education No. 53 Funds

As previously noted, the Regional Office of Education No. 53 uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The Agency's Governmental Funds reported a fund balance of \$1,294,940 which is \$161,300 more than FY12 due primarily to a reduction in payments to other governments (Regional Office of Education No. 48).

Governmental Fund Highlights

- The Education Fund and General Fund revenues decreased by \$76,678 and \$776,082, respectively, from FY12 to FY13. The decrease in the Education Fund was due to a decrease in state funding. The decrease in the General Fund revenue is due to the reductions in General State Aid.
- The Institute Fund balance increased by \$15,050 from \$160,955 in FY 12 to \$176,005 in FY13 due to an increase in fees established by the State over the previous year.

Budgetary Highlights

The Regional Office of Education No. 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, Truants Alternative/Optional Education, Regional Safe Schools, and Title II – Teacher Quality Leadership Grant. All grant budgets are prepared by the Regional Office of Education No. 53 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Schedules showing the grant budget amounts compared to the Office's actual grant activity are included in other supplementary information in this report. The Regional Superintendent also prepares an annual budget for expenditures to be paid on the Office's behalf by Tazewell County and submits it to the County Board for their approval. This budget covers the fiscal year which runs from December 1 to November 30.

Capital Assets

Capital Assets of the Regional Office of Education No. 53 include office equipment, computers, audio-visual equipment and office furniture. The Regional Office of Education No. 53 maintains an inventory of capital assets, which have been accumulated over time. The \$17,152 net increase for FY13 came as a result of equipment purchases for the two Alternative school programs. Proprietary Funds capital assets had a net decrease of \$101 resulting from depreciation. The Regional Office of Education No. 53 has adopted a depreciation schedule, which reflects the level of Governmental Activities Net Investment in Capital Assets and Business-type Activities Net Investment in Capital Assets.

Debt

The Regional Office of Education No. 53 incurs no long term debt. All bills are paid by the end of the fiscal year.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2013**

Proprietary Fund Highlights

- The Fingerprinting Fund revenue increased by \$2,136 due to more substitute teachers being fingerprinted this fiscal year. Net position increased by \$10,543 over FY12.
- The Local Fund net position decreased by \$95,681 as a result of a decrease in revenues and an increase in operating expenses. A one-time expense for IMRF payment was made this fiscal year.

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 2014-2015 school year.
- Both the Regional Safe School and Alternative school populations have decreased affecting the General State Aid that will be received in 2014-2015.
- 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.

Subsequent Events

On June 25, 2012, Public Act 97-0703 (and amended by Public Act 98-0594 on November 15, 2013) was signed into law to reduce the total number of Regional Offices of Education to thirty-five. Action taken on November 22, 2013 by the Illinois State Board of Education, which recognized county board resolutions prior to June 30, 2013, will cause Mason and Woodford Counties to consolidate with the Regional Office of Education No. 53. Under the direction of the Illinois State Board of Education, the Regional Superintendent will make the necessary financial plans needed to make the transition into these newly consolidated regions.

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 No. 53 at 414 Court St., Pekin, IL 61554. Ph. 309-447-2290.

BASIC FINANCIAL STATEMENTS

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**STATEMENT OF NET POSITION
June 30, 2013**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,305,569	\$ 282,952	\$ 1,588,521
Investments	71,228	-	71,228
Accounts receivable	-	2,183	2,183
Due from other governments	44,410	-	44,410
Internal balances	(9,465)	9,465	-
Total current assets	1,411,742	294,600	1,706,342
Noncurrent assets:			
Capital assets, net	38,665	332	38,997
Total assets	1,450,407	294,932	1,745,339
LIABILITIES			
Current liabilities:			
Accounts payable	11,917	457	12,374
Accrued salaries and benefits	20,395	-	20,395
Due to other governments	45,910	-	45,910
Deferred revenue	38,580	-	38,580
Total current liabilities	116,802	457	117,259
NET POSITION			
Net investment in capital assets	38,665	332	38,997
Restricted for educational purposes	226,229	-	226,229
Unrestricted	1,068,711	294,143	1,362,854
Total net position	\$ 1,333,605	\$ 294,475	\$ 1,628,080

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**STATEMENT OF ACTIVITIES
For the year ended June 30, 2013**

	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government	
				Governmental Activities	Business-Type Activities
FUNCTIONS/PROGRAMS					
Governmental activities:					
Instructional services:					
Salaries and benefits	\$ 300,703	\$ -	\$ 371,738	\$ 71,035	\$ 71,035
Purchased services	236,190	-	188,954	(47,236)	(47,236)
Supplies and materials	36,991	-	40,573	3,582	3,582
Capital outlay	-	-	31,529	31,529	31,529
Payments to other governments	103,213	-	127,595	24,382	24,382
Other objects	1,615	-	392	(1,223)	(1,223)
Depreciation	13,814	-	-	(13,814)	(13,814)
Administrative:					
On-behalf payments - Local	236,128	-	-	(236,128)	(236,128)
On-behalf payments - State	352,641	-	-	(352,641)	(352,641)
Total governmental activities	<u>1,281,295</u>	<u>-</u>	<u>760,781</u>	<u>(520,514)</u>	<u>(520,514)</u>
Business-type activities:					
Other	123,174	31,713	-	(91,461)	(91,461)
Total primary government	<u>\$ 1,404,469</u>	<u>\$ 31,713</u>	<u>\$ 760,781</u>	<u>(520,514)</u>	<u>(91,461)</u>
General revenues:					
Local sources					
On-behalf payments - Local			110,304	-	110,304
On-behalf payments - State			236,128	-	236,128
Miscellaneous income			352,641	-	352,641
Interest			-	5,685	5,685
Loss on disposal of equipment			456	638	1,094
			(563)	-	(563)
Total general revenues			<u>698,966</u>	<u>6,323</u>	<u>705,289</u>
Change in net position			178,452	(85,138)	93,314
Net position - beginning, restated (Note 18)			1,155,153	379,613	1,534,766
Net position - ending			<u>\$ 1,333,605</u>	<u>\$ 294,475</u>	<u>\$ 1,628,080</u>

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013**

	General Fund	Education Fund	Institute Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,059,678	\$ 76,415	\$ 125,708	\$ 43,768	\$1,305,569
Investments	20,931	-	50,297	-	71,228
Due from other funds	45,646	-	-	-	45,646
Due from other governments	-	44,410	-	-	44,410
Total assets	<u>\$ 1,126,255</u>	<u>\$ 120,825</u>	<u>\$ 176,005</u>	<u>\$ 43,768</u>	<u>\$1,466,853</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 500	\$ 10,568	\$ -	\$ 849	\$ 11,917
Accrued salaries and benefits	19,149	1,246	-	-	20,395
Due to other funds	-	55,111	-	-	55,111
Due to other governments	-	45,910	-	-	45,910
Deferred revenue	37,895	685	-	-	38,580
Total liabilities	<u>57,544</u>	<u>113,520</u>	<u>-</u>	<u>849</u>	<u>171,913</u>
FUND BALANCES					
Restricted	-	19,020	176,005	42,919	237,944
Assigned	1,078,262	-	-	-	1,078,262
Unassigned	(9,551)	(11,715)	-	-	(21,266)
Total fund balances	<u>1,068,711</u>	<u>7,305</u>	<u>176,005</u>	<u>42,919</u>	<u>1,294,940</u>
Total liabilities and fund balances	<u>\$ 1,126,255</u>	<u>\$ 120,825</u>	<u>\$ 176,005</u>	<u>\$ 43,768</u>	<u>\$1,466,853</u>

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2013**

Total fund balances - governmental funds	\$1,294,940
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>38,665</u>
Net position of governmental activities	<u><u>\$1,333,605</u></u>

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2013**

	General Fund	Education Fund	Institute Fund	Other Nonmajor Funds	Total Governmental Funds
Revenues:					
Local sources	\$ 53,347	\$ -	\$ 37,528	\$ 19,429	\$ 110,304
State sources	449,162	263,554	-	1,329	714,045
Federal sources	-	46,736	-	-	46,736
Interest	95	-	361	-	456
On-behalf payments	588,769	-	-	-	588,769
Total revenues	1,091,373	310,290	37,889	20,758	1,460,310
Expenditures:					
Instructional services:					
Salaries and benefits	189,176	111,527	-	-	300,703
Purchased services	120,538	86,690	22,839	6,123	236,190
Supplies and materials	15,108	17,712	-	4,171	36,991
Payments to other governments	11,616	91,597	-	-	103,213
Other objects	-	317	-	1,298	1,615
On-behalf payments	588,769	-	-	-	588,769
Capital outlay	28,257	3,272	-	-	31,529
Total expenditures	953,464	311,115	22,839	11,592	1,299,010
Net change in fund balances	137,909	(825)	15,050	9,166	161,300
Fund balances, beginning of year	930,802	8,130	160,955	33,753	1,133,640
Fund balances, end of year	\$ 1,068,711	\$ 7,305	\$ 176,005	\$ 42,919	\$ 1,294,940

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 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, 2013**

Net changes in fund balances - governmental funds	\$ 161,300
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlay	\$ 31,529	
Depreciation expense	<u>(13,814)</u>	17,715

Governmental funds only report the proceeds from asset disposals as revenues when received, whereas the Statement of Activities will reduce the proceeds by the book value of the assets disposed exceeding the proceeds.

(563)

Changes in net position of governmental activities	<u><u>\$ 178,452</u></u>
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**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013**

	Business-Type Activities		
	Enterprise Funds		
	Local Fund	Other Nonmajor Fund- Fingerprinting Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 251,687	\$ 31,265	\$ 282,952
Accounts receivable	735	1,448	2,183
Due from other funds	9,465	-	9,465
Total current assets	261,887	32,713	294,600
Noncurrent assets:			
Capital assets, net	332	-	332
Total assets	262,219	32,713	294,932
LIABILITIES			
Current liabilities:			
Accounts payable	127	330	457
NET POSITION			
Net investment in capital assets	332	-	332
Unrestricted	261,760	32,383	294,143
Total net position	\$ 262,092	\$ 32,383	\$ 294,475

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the year ended June 30, 2013**

	Business-Type Activities		
	Enterprise Funds		
	Local Fund	Other Nonmajor Fund- Fingerprinting Fund	Total
Operating revenues:			
Charges for services	\$ 11,435	\$ 20,278	\$ 31,713
Miscellaneous income	5,685	-	5,685
Total operating revenues	17,120	20,278	37,398
Operating expenses:			
Salaries and benefits	107,018	-	107,018
Purchased services	508	9,229	9,737
Supplies and materials	112	203	315
Other objects	5,700	303	6,003
Depreciation	101	-	101
Total operating expenses	113,439	9,735	123,174
Operating income (loss)	(96,319)	10,543	(85,776)
Nonoperating revenues:			
Investment income	638	-	638
Change in net position	(95,681)	10,543	(85,138)
Net position, beginning of year, restated (Note 18)	357,773	21,840	379,613
Net position, end of year	\$ 262,092	\$ 32,383	\$ 294,475

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2013**

	Business-Type Activities		
	Enterprise Funds		
	Local Fund	Other Nonmajor Fund- Fingerprinting Fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 11,285	\$ 21,925	\$ 33,210
Other receipts	5,685	-	5,685
Payments to suppliers and providers of goods and services	(6,480)	(9,530)	(16,010)
Payments to employees	(107,018)	-	(107,018)
Net cash provided by (used for) operating activities	(96,528)	12,395	(84,133)
Cash flows from noncapital financing activities:			
Receipts (payments) from (for) interfund borrowings, net	65,602	(11,000)	54,602
Cash flows from investing activities:			
Interest received	638	-	638
Net increase (decrease) in cash and cash equivalents	(30,288)	1,395	(28,893)
Cash and cash equivalents - beginning	281,975	29,870	311,845
Cash and cash equivalents - ending	\$ 251,687	\$ 31,265	\$ 282,952
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (96,319)	\$ 10,543	\$ (85,776)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	101	-	101
Decrease (increase) in accounts receivable	(735)	1,647	912
Decrease in due from other governments	585	-	585
Increase (decrease) in accounts payable	(160)	205	45
Net cash provided by (used for) operating activities	\$ (96,528)	\$ 12,395	\$ (84,133)

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2013**

	Private-Purpose Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 3,008
Investments	38,024	-
Due from other governments	-	41,015
Total assets	38,024	\$ 44,023
LIABILITIES		
Due to other governments	-	\$ 44,023
NET POSITION		
Held in trust for other purposes	\$ 38,024	

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the year ended June 30, 2013**

	<u>Private-Purpose Trust Fund</u>
Additions:	
Investment earnings:	
Interest	<u>\$ 1,180</u>
Change in net assets	1,180
Net position - beginning	<u>36,844</u>
Net position - ending	<u><u>\$ 38,024</u></u>

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

NOTES TO FINANCIAL STATEMENTS

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education No. 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 No. 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 No. 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 No. 53 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education No. 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 No. 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 NO. 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 No. 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 No. 53, the administrative agent, Logan-Mason-Menard Counties Regional Office of Education No. 38, and the Fulton-Schuyler Counties Regional Office of Education No. 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 No. 53's financial statements. In addition, the Regional Office of Education No. 53 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education No. 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 Position and the Statement of Activities) report information on all of the non-fiduciary 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 the business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Net Position includes all of the Regional Office of Education No. 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 NO. 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 governmental accounting standards in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and 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 Position, and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and on the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. All internal balances in the Statement of Net Position have been eliminated.

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 position and changes in net position presented in the government-wide financial statements.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues from exchange transactions are recognized when they are earned, and expenses are recognized 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 when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Regional Office of Education No. 53 considers revenues to be available if they are collectible within 60 days after year-end. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable, with the exception of expenditures for prepaid expenses and other long-term obligations, which are recognized as liabilities when due, as well as expenditures related to compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Revenues susceptible to accrual are recognized in the current fiscal period. Those revenues include local sources, State sources, federal sources, and interest. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria or when resources are received prior to the government having legal claim to them. The revenues are subsequently recognized when both recognition criteria are met or when the government has legal claim to the resources. Revenues 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.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 No. 53's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

It is the Regional Office of Education No. 53's policy to first apply restricted resources when an expenditure or expense is incurred for which both 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 No. 53 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Regional Office of Education No. 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 No. 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 No. 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.

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.

TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53

NOTES TO FINANCIAL STATEMENTS

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

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

1. **Governmental Funds** (Continued)

General Fund (Continued)

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.

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

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

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.

TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53

NOTES TO FINANCIAL STATEMENTS

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

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

1. **Governmental Funds** (Continued)

Education Fund (Continued)

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 No. 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.

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.

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.

Title II Leadership Grant - To account for Title II Teacher Quality Leadership grant from the State which is for the purpose of implementing the purchase of the principal and/or teacher evaluation training.

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: Title I Reading First Grant, 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 No. 53’s stewardship of the assets held in trust for the benefit of the Regional Office of Education No. 53’s teachers. Fees are collected from registration of teachers’ certificates of qualification. Monies are expended to conduct teachers’ institutes, conferences, and workshops.

TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53

NOTES TO FINANCIAL STATEMENTS

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

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

1. **Governmental Funds** (Continued)

The Regional Office of Education No. 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 or committed for specified purposes other than debt service or capital projects. Included among these funds are:

General Education Development (GED) - To account for the Regional Office of Education No. 53's administration of the GED Testing Program. Monies are received from testing and diploma fees.

Transportation Fund - To account for the Regional Office of Education No. 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.

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 No. 53 reports the following major proprietary fund:

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

The Regional Office of Education No. 53 reports the following nonmajor proprietary fund:

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Fiduciary Funds

Fiduciary funds are used to account for assets held by the Regional Office of Education No. 53 in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Fiduciary funds include a Private-Purpose Trust Fund and three Agency Funds.

The Regional Office of Education No. 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 No. 53 to various entities within the region.

Interest on Distributions to Other Governmental Units - The schools within the Regional Office of Education No. 53's geographic responsibility have signed formal agreements which allow the Regional Office of Education No. 53 to retain any interest earned during the year.

Foundation Flow Through – Education endowment agreement between Deer-Creek Mackinaw Education Foundation and the Estate of Mary F. Stowe. This fund accounts for the flow through of the Regional Office of Education.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

The Regional Office of Education No. 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 No. 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 No. 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.

TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53

NOTES TO FINANCIAL STATEMENTS

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

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

2. **Interfund Transactions**

Activities 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.”

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 position and displayed in three components:

Net investment in capital assets - Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of these assets.

Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted net position - The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are included in the determination of net investment in capital assets or the restricted component of net position.

TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53

NOTES TO FINANCIAL STATEMENTS

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

D. **Assets, Liabilities, and Net Position 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 fund balance that is 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 fund balance that is 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, 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, Transportation Fund, and Supervisory.

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

Assigned Fund Balance – The portion of a Governmental Fund’s fund balance 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, 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: Western Illinois University Cohort, Vision & Hearing Screening, ROE/ISC Operations (MIEC), Truants Alternative/Optional Education, and Regional Safe Schools.

TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53

NOTES TO FINANCIAL STATEMENTS

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

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

5. **Compensated Absences**

Full-time non-certified and certified employees who work 12 calendar months earn up to 20 vacation days. As a matter of general practice, vacation days do not carry over from one year to the next; therefore, no liability is accrued. Certified employees who work less than 12 calendar months per year do not earn vacation days.

Employees receive up to 12 sick days annually and the unused portion is accumulated up to 240 days. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay; therefore, no liability is accrued.

E. **Intergovernmental Agreements**

On July 1, 2003, the Regional Office of Education No. 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 No. 53 was designated as the Administrative Agent and as Director.

F. **New Accounting Pronouncements**

In 2013, the Regional Office of Education No. 53 implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The implementation of GASB Statement No. 63 changed how the statement of financial position is presented. The Regional Office of Education No. 53 will now report *net position* instead of *net assets* in the Statement of Net Position and the Statement of Activities. The Regional Office of Education No. 53 also implemented GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, both of which had no effect on the financial statements.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

NOTES TO FINANCIAL STATEMENTS

2. BUDGETS AND BUDGETARY ACCOUNTING

The Regional Office of Education No. 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, Regional Safe Schools, and Title II-Teacher Quality-Leadership Grant.

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 No. 53.

5. DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2013, the carrying amounts of the Regional Office of Education No. 53's deposits for the governmental activities, business-type activities, and fiduciary funds were \$1,376,797, \$282,952, and \$41,032, respectively. The bank balances for the governmental and business-type activities and the fiduciary funds totaled \$1,916,191. 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 No. 53's name, and were, therefore, not exposed to custodial credit risk.

B. Investments

The Regional Office of Education No. 53's investments consisted of certificates of deposit with original maturity dates of more than three months. Certificates of deposit comprised the \$71,228 shown as investments for governmental activities. Fiduciary funds had certificates of deposit of \$38,024 at June 30, 2013. Certificates of deposit are considered deposits and, as such, are included in the deposits note (5A) above.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

NOTES TO FINANCIAL STATEMENTS

5. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

At June 30, 2013 the carrying amount of the Regional Office of Education No. 53's deposits in the Illinois Funds Money Market Fund for the governmental activities and fiduciary funds were \$45,720 and \$1, respectively. The combined bank balance invested in the Illinois Funds Money Market Fund was \$57,080. These deposits are included in cash and cash equivalents in the Regional Office of Education No. 53's governmental activities and fiduciary funds.

Credit Risk

At June 30, 2013, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside, independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

Interest Rate Risk

The Illinois Funds Money Market Fund, created by the Illinois General Assembly, enables custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. The investment policy of the Illinois Funds Money Market Fund states that, unless authorized specifically by the Treasurer, a minimum of 75% of its investments shall have less than one year maturity and no investment shall exceed two years maturity.

Concentration of Credit Risk

Unless specifically authorized by the Treasurer, the Illinois Funds Money Market Fund's investment policy limits investment categories to not exceed 25% of the portfolio, with the exception of cash equivalents and U.S. Treasury securities. Further, certificates of deposit cannot exceed 10% of any single financial institution's total deposits.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>June 30,</u> <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30,</u> <u>2013</u>
Governmental activities:				
Capital assets being depreciated:				
Equipment	\$128,093	\$ 31,529	\$ (563)	\$ 159,059
Less accumulated depreciation for:				
Equipment	<u>(106,580)</u>	<u>(13,814)</u>	<u>-</u>	<u>(120,394)</u>
Governmental activities capital assets, net	<u>\$ 21,513</u>	<u>\$ 17,715</u>	<u>\$ (563)</u>	<u>\$ 38,665</u>
 Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 1,079	\$ -	\$ -	\$ 1,079
Less accumulated depreciation for:				
Equipment	<u>(646)</u>	<u>(101)</u>	<u>-</u>	<u>(747)</u>
Business-type activities capital assets, net	<u>\$ 433</u>	<u>\$ (101)</u>	<u>\$ -</u>	<u>\$ 332</u>

Depreciation expense was charged to functions/programs of Regional Office of Education No. 53 as follows:

Governmental activities:	
Instructional services	<u>\$ 13,814</u>
Business-type activities:	
Operating expenses	<u>\$ 101</u>

7. RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

The Regional Office of Education No. 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 NO. 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, 2013 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, 2012 and 2011.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education No. 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 No. 53. For the year ended June 30, 2013, State of Illinois contributions were based on 28.05 percent of creditable earnings not paid from federal funds, and the Regional Office of Education No. 53 recognized revenue and expenditures of \$117,848 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2012, and June 30, 2011, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 24.91 percent (\$58,614) and 23.10 percent (\$46,247), respectively.

The Regional Office of Education No. 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, 2013 were \$1,251. Contributions for the years ended June 30, 2012, and June 30, 2011, were \$378 and \$337, 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 No. 53, there is a statutory requirement for the Regional Office of Education No. 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 NO. 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, 2013, the Regional Office of Education No. 53 pension contribution was 28.05 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2012 and 2011, the employer contribution was 24.91 and 23.10 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2013, there were no salaries paid from federal and special trust funds that required employer contributions. For the years ended June 30, 2012, and June 30, 2011, required Regional Office of Education No. 53 contributions were \$6,154 and \$13,153, respectively.

Early Retirement Option – The Regional Office of Education No. 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 under the current program is 117.5 percent and applies when the member is age 55 at retirement.

For the years ended June 30, 2013, June 30, 2012, and June 30, 2011, the Regional Office of Education No. 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 No. 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, 2013, June 30, 2012, and June 30, 2011, the Regional Office of Education No. 53 made no payments for employer contributions to TRS due on salary increases in excess of 6 percent.

If the Regional Office of Education No. 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 No. 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 (17.63 percent of salary during the year ended June 30, 2013).

For the years ended June 30, 2013, June 30, 2012, and June 30, 2011, the Regional Office of Education No. 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 NO. 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, 2012. The report for the year ended June 30, 2013, is expected to be available in late 2013.

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

B. Illinois Municipal Retirement Fund

Plan Description – The Regional Office of Education No. 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 No. 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 No. 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 2012 used by the employer was 11.35 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2012 was 18.88 percent. The Regional Office of Education No. 53 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost – For the calendar year ending December 31, 2012, the Regional Office of Education No. 53's actual contributions for pension costs for the Regular plan were \$3,157. Its required contribution for calendar year 2012 was \$898.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

NOTES TO FINANCIAL STATEMENTS

7. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Three-Year Trend Information for the Regular Plan

<u>Calendar Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2012	\$ 898	352%	\$ -
12/31/2011	4,691	59%	-
12/31/2010	8,503	61%	-

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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) postretirement benefit increases of 3.0 percent annually. The actuarial value of Regional Office of Education No. 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 No. 53's Regular plan's unfunded actuarial accrued liability at December 31, 2010 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, 2012, the most recent actuarial valuation date, the Regular plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$16,248 and the actuarial value of assets was \$(117,150), resulting in an underfunded actuarial accrued liability (UAAL) of \$133,578. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$4,756 and the ratio of the UAAL to the covered payroll was 2,809 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.

C. Social Security

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

NOTES TO FINANCIAL STATEMENTS

8. OTHER POSTEMPLOYMENT BENEFITS

A. Teacher Health Insurance Security

The Regional Office of Education No. 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. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to 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 No. 53. State contributions are intended to match contributions to THIS Fund from active members which were 0.92 percent of pay during the year ended June 30, 2013. State of Illinois contributions were \$1,984, and the Regional Office of Education No. 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, 2012 and June 30, 2011 were 0.88 percent of pay, both years. State contributions on behalf of the Regional Office of Education No. 53 employees were \$573 and \$578, respectively.

Employer contributions to THIS Fund - The Regional Office of Education No. 53 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.69 percent during the year ended June 30, 2013, and 0.66 percent during the years ended June 30, 2012 and June 30, 2011. For the year ended June 30, 2013, the Regional Office of Education No. 53 paid \$1,488 to the THIS Fund. For the years ended June 30, 2012 and June 30, 2011, the Regional Office of Education No. 53 paid \$430 and \$434 to the THIS Fund, respectively, which was 100 percent of the required contribution.

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The 2013 report is listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

NOTES TO FINANCIAL STATEMENTS

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Other Postemployment Benefits

The Regional Office of Education No. 53 allows employees, who retire through the Regional Office of Education No. 53's plan disclosed in Note 7B, the option to continue in the Regional Office of Education No. 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 No. 53's health insurance plan is considered a community rated plan. In addition, the Regional Office of Education No. 53 has no explicit subsidy as defined in GASB S-45.

9. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2013, interfund receivables and payables were as follows:

Due to (Receivable)	Due From (Payable)	Balance at June 30, 2013
General Fund:	Education Fund:	
Alternative School Program GSA	McKinney Education for Homeless Children	\$ 7,848
Alternative School Program GSA	Truants Alternative/Optional Education	16,892
Alternative School Program GSA	Regional Safe Schools	16,811
Alternative School Program GSA	Title II Leadership Grant	4,095
		45,646
Proprietary Fund:	Education Fund:	
Local Fund	Regional System Provider/Federal System of Support	9,465
		\$ 55,111

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

10. BOND

The Illinois School Code (105 ILCS 5/3-2) directs the Regional Office of Education No. 53 to execute a bond of not less than \$100,000 on the Regional Superintendent. The Regional Office of Education No. 53 has secured and maintained such a bond with coverage of \$100,000 on the Regional Superintendent.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

NOTES TO FINANCIAL STATEMENTS

11. DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education No. 53's Education Funds and Fiduciary Funds had funds due to and due from various other governmental units which consisted of the following:

Due From Other Governments:	
Education Fund:	
Illinois State Board of Education	\$ 29,373
ROE 22	1,985
Two Rivers Professional Development Center	2,500
Hancock-McDonough ROE 26	10,552
	44,410
Fiduciary Fund:	
Illinois State Board of Education	41,015
	41,015
Total	\$ 85,425
Due To Other Governments:	
Education Fund	
Illinois State Board of Education	\$ 45,910
Fiduciary Funds:	
Local Governments	44,023
	44,023
Total	\$ 89,933

12. DEFICIT FUND BALANCES

The following individual funds carried the following deficit balances as of June 30, 2013:

Western Illinois University Cohort	\$ 8,659
Vision & Hearing Screening	\$ 892
ROE/ISC Operations (MIEC)	\$ 659
Truants Alternative/Optional Education	\$ 7,474
Regional Safe Schools	\$ 3,582

The Regional Office of Education No. 53 intends to reduce these deficits by reducing expenditures in future periods.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

NOTES TO FINANCIAL STATEMENTS

13. ON-BEHALF PAYMENTS

The Regional Office of Education No. 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>\$ 236,128</u>
State of Illinois:	
TRS pension contributions	117,848
THIS contributions	1,984
Regional Superintendent - salary	107,640
Regional Superintendent - benefits (includes State paid insurance)	26,876
Assistant Regional Superintendent - salary	96,888
Assistant Regional Superintendent - benefits (includes State paid insurance)	<u>1,405</u>
	<u>352,641</u>
	<u><u>\$ 588,769</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.

14. RISK MANAGEMENT - CLAIMS AND JUDGMENTS

The Regional Office of Education No. 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 No. 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 No. 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 No. 53 believes any adjustments that may arise will be insignificant to the Regional Office of Education No. 53's operations.

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

NOTES TO FINANCIAL STATEMENTS

16. OPERATING LEASE

The Tazewell County Regional Office of Education No. 53 has entered into an operating lease through July 31, 2015 for the purpose of conducting the Tazewell County Regional Safe School Program and Tazewell Academy alternative school programs. Rent expense under the terms of the lease is \$30,000 per year. In the event that the State of Illinois does not provide adequate funding to maintain these educational programs, this lease may be terminated at any time during the fiscal year, without penalty, by the Tazewell County Regional Office of Education No. 53 giving the landlord thirty days' notice. For the year ended June 30, 2013 rent expense totaled \$27,500.

The following is a schedule, by year, of minimum future rentals on operating leases as of June 30, 2013:

For the Year Ended:	
June 30, 2014	\$ 30,000
June 30, 2015	\$ 30,000
June 30, 2016	\$ 2,500

17. SUBSEQUENT EVENTS

On November 22, 2013 the Illinois State Board of Education adopted a motion pursuant to its obligation under 105 ILCS 5/3A-4(a), which recognizes consolidations agreed to via county board resolutions prior to June 30, 2013. Effective July 1, 2015, Mason and Woodford Counties will be included in the Regional Office of Education No. 53.

18. PRIOR PERIOD ADJUSTMENT

The Regional Office of Education No. 53 has restated beginning fund balance of the Fingerprinting Fund as of June 30, 2012. The Fingerprinting Fund was restated to correct the improper recording of revenue in a prior year.

	Fingerprinting Fund	Business-Type Activities
Fund balance at June 30, 2012	\$ 32,840	\$ 390,613
Prior period adjustment	(11,000)	(11,000)
Fund balance restated at June 30, 2012	\$ 21,840	\$ 379,613

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

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
UNAUDITED
June 30, 2013**

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]
12/31/2012	\$ (117,150)	\$ 16,428	\$ 133,578	-- %	\$ 4,756	2,808.62 %
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 %

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$(109,500). On a market basis, the funded ratio would be 0.00 percent.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Mid-Illini Educational Cooperative. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

On April 16, 2013, the Regional Office of Education No. 53 contributed \$100,000 to IMRF which is not reflected above.

SUPPLEMENTAL INFORMATION

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2013**

	<u>Media Cooperative Fund</u>	<u>Regional Safe Schools GSA</u>	<u>Alternative School Program GSA</u>
ASSETS			
Cash and cash equivalents	\$ 8,395	\$ 668,278	\$ 343,056
Investments	20,931	-	-
Due from other funds	-	-	55,197
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 29,326</u>	<u>\$ 668,278</u>	<u>\$ 398,253</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 500	\$ -
Accrued salaries and benefits	-	19,149	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>19,649</u>	<u>-</u>
FUND BALANCES			
Assigned	29,326	648,629	398,253
Unassigned	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficits)	<u>29,326</u>	<u>648,629</u>	<u>398,253</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 29,326</u>	<u>\$ 668,278</u>	<u>\$ 398,253</u>

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
GENERAL FUND
June 30, 2013**

	Western Illinois University Cohort	Vision & Hearing Screening	Teacher Leadership Academy
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 39,949
Investments	-	-	-
Due from other funds	-	-	-
	-	-	-
Total assets	\$ -	\$ -	\$ 39,949
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-
Due to other funds	8,659	892	-
Deferred revenue	-	-	37,895
	-	-	37,895
Total liabilities	8,659	892	37,895
FUND BALANCES			
Assigned	-	-	2,054
Unassigned	(8,659)	(892)	-
	(8,659)	(892)	-
Total fund balances (deficits)	(8,659)	(892)	2,054
Total liabilities and fund balances	\$ -	\$ -	\$ 39,949

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)
GENERAL FUND
June 30, 2013**

	Eliminations	Total
ASSETS		
Cash and cash equivalents	\$ -	\$ 1,059,678
Investments	-	20,931
Due from other funds	(9,551)	45,646
	(9,551)	45,646
Total assets	\$ (9,551)	\$ 1,126,255
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ -	\$ 500
Accrued salaries and benefits	-	19,149
Due to other funds	(9,551)	-
Deferred revenue	-	37,895
	-	37,895
Total liabilities	(9,551)	57,544
FUND BALANCES		
Assigned	-	1,078,262
Unassigned	-	(9,551)
	-	(9,551)
Total fund balances (deficits)	-	1,068,711
Total liabilities and fund balances	\$ (9,551)	\$ 1,126,255

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the year ended June 30, 2013**

	Media Cooperative Fund	Regional Safe Schools GSA	Alternative School Program GSA
Revenues:			
Local sources	\$ 30	\$ 31,884	\$ 6,425
State sources	-	204,502	244,660
On-behalf payments	-	588,769	-
Interest	95	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	125	825,155	251,085
	<hr/>	<hr/>	<hr/>
Expenditures:			
Salaries and benefits	-	181,898	7,278
Purchased services	-	79,680	7,976
Supplies and materials	-	13,936	1,172
Capital outlay	-	13,491	14,766
Payments to other governments	-	11,616	-
On-behalf payments	-	588,769	-
	<hr/>	<hr/>	<hr/>
Total expenditures	-	889,390	31,192
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	125	(64,235)	219,893
Fund balances, beginning of year	<hr/> 29,201	<hr/> 712,864	<hr/> 178,360
Fund balances (deficits), end of year	<hr/> <u>\$ 29,326</u>	<hr/> <u>\$ 648,629</u>	<hr/> <u>\$ 398,253</u>

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Concluded)
GENERAL FUND ACCOUNTS
For the year ended June 30, 2013**

	Western Illinois University Cohort	Vision & Hearing Screening	Teacher Leadership Academy	Total
Revenues:				
Local sources	\$ 15,008	\$ -	\$ -	\$ 53,347
State sources	-	-	-	449,162
On-behalf payments	-	-	-	588,769
Interest	-	-	-	95
Total revenues	15,008	-	-	1,091,373
Expenditures:				
Salaries and benefits	-	-	-	189,176
Purchased services	30,792	2,090	-	120,538
Supplies and materials	-	-	-	15,108
Capital outlay	-	-	-	28,257
Payments to other governments	-	-	-	11,616
On-behalf payments	-	-	-	588,769
Total expenditures	30,792	2,090	-	953,464
Excess (deficiency) of revenues over (under) expenditures	(15,784)	(2,090)	-	137,909
Fund balances, beginning of year	7,125	1,198	2,054	930,802
Fund balances (deficits), end of year	<u>\$ (8,659)</u>	<u>\$ (892)</u>	<u>\$ 2,054</u>	<u>\$ 1,068,711</u>

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND**

June 30, 2013

	ROE/ISC Operations (ROE #53)	ROE/ISC Operations (MIEC)	McKinney Education for Homeless Children
ASSETS			
Cash and cash equivalents	\$ -	\$ 4,945	\$ -
Due from other funds	-	2,631	-
Due from other governments	2,631	1,985	10,552
Total assets	\$ 2,631	\$ 9,561	\$ 10,552
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 8,974	\$ 1,594
Accrued salaries and benefits	-	1,246	-
Due to other funds	2,631	-	7,848
Due to other governments	-	-	7
Deferred revenue	-	-	-
Total liabilities	2,631	10,220	9,449
FUND BALANCES			
Restricted	-	-	1,103
Unassigned	-	(659)	-
Total fund balances (deficits)	-	(659)	1,103
Total liabilities and fund balances	\$ 2,631	\$ 9,561	\$ 10,552

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2013**

	School & Community Assistance Team	Illinois New Principal Mentoring	Title II - Teacher Quality - Leadership Grant
ASSETS			
Cash and cash equivalents	\$ 685	\$ 8,615	\$ 468
Due from other funds	-	-	-
Due from other governments	-	-	-
	<u>685</u>	<u>8,615</u>	<u>468</u>
Total assets	<u>\$ 685</u>	<u>\$ 8,615</u>	<u>\$ 468</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Deferred revenue	685	-	-
	<u>685</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>685</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted	-	8,615	468
Unassigned	-	-	-
	<u>-</u>	<u>8,615</u>	<u>468</u>
Total fund balances (deficits)	<u>-</u>	<u>8,615</u>	<u>468</u>
	<u>\$ 685</u>	<u>\$ 8,615</u>	<u>\$ 468</u>
Total liabilities and fund balances	<u>\$ 685</u>	<u>\$ 8,615</u>	<u>\$ 468</u>

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2013**

	Regional System Provider/ Federal System of Support	Gifted Education Seminar Pilot	Gifted Education (Mid-Illini)
ASSETS			
Cash and cash equivalents	\$ 6,965	\$ 5,800	\$ 28,021
Due from other funds	-	-	-
Due from other governments	2,500	-	-
	<u>9,465</u>	<u>5,800</u>	<u>28,021</u>
Total assets	<u>\$ 9,465</u>	<u>\$ 5,800</u>	<u>\$ 28,021</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-
Due to other funds	9,465	-	28,021
Due to other governments	-	-	-
Deferred revenue	-	-	-
	<u>9,465</u>	<u>-</u>	<u>28,021</u>
Total liabilities	<u>9,465</u>	<u>-</u>	<u>28,021</u>
FUND BALANCES			
Restricted	-	5,800	-
Unassigned	-	-	-
	<u>-</u>	<u>5,800</u>	<u>-</u>
Total fund balances (deficits)	<u>-</u>	<u>5,800</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 9,465</u>	<u>\$ 5,800</u>	<u>\$ 28,021</u>

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2013**

	Gifted Education (ROE #53)	Teacher & Administrators Mentoring Program	ARRA - Title I - School Improvement and Accountability
ASSETS			
Cash and cash equivalents	\$ -	\$ 2,385	\$ 569
Due from other funds	28,021	-	-
Due from other governments	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 28,021</u>	<u>\$ 2,385</u>	<u>\$ 569</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-
Due to other funds	-	-	-
Due to other governments	28,021	-	-
Deferred revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>28,021</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted	-	2,385	569
Unassigned	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficits)	<u>-</u>	<u>2,385</u>	<u>569</u>
Total liabilities and fund balances	<u>\$ 28,021</u>	<u>\$ 2,385</u>	<u>\$ 569</u>

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)
EDUCATION FUND
June 30, 2013**

	Truants Alternative/ Optional Education	Regional Safe Schools	Title II Leadership Grant
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from other funds	-	-	-
Due from other governments	9,418	13,229	4,095
Total assets	\$ 9,418	\$ 13,229	\$ 4,095
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-
Due to other funds	16,892	16,811	4,095
Due to other governments	-	-	-
Deferred revenue	-	-	-
Total liabilities	16,892	16,811	4,095
FUND BALANCES			
Restricted	-	-	-
Unassigned	(7,474)	(3,582)	-
Total fund balances (deficits)	(7,474)	(3,582)	-
Total liabilities and fund balances	\$ 9,418	\$ 13,229	\$ 4,095

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)
EDUCATION FUND
June 30, 2013**

	Various Discontinued Programs	Eliminations	Total
ASSETS			
Cash and cash equivalents	\$ 17,962	\$ -	\$ 76,415
Due from other funds	-	(30,652)	-
Due from other governments	-	-	44,410
	<u>\$ 17,962</u>	<u>\$ (30,652)</u>	<u>\$ 120,825</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 10,568
Accrued salaries and benefits	-	-	1,246
Due to other funds	-	(30,652)	55,111
Due to other governments	17,882	-	45,910
Deferred revenue	-	-	685
	<u>17,882</u>	<u>(30,652)</u>	<u>113,520</u>
FUND BALANCES			
Restricted	80	-	19,020
Unassigned	-	-	(11,715)
	<u>80</u>	<u>-</u>	<u>7,305</u>
Total fund balances (deficits)	<u>80</u>	<u>-</u>	<u>7,305</u>
Total liabilities and fund balances	<u>\$ 17,962</u>	<u>\$ (30,652)</u>	<u>\$ 120,825</u>

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2013**

	ROE/ISC Operations (ROE #53)	ROE/ISC Operations (MIEC)	McKinney Education for Homeless Children
Revenues:			
State sources	\$ 31,572	\$ 80,571	\$ -
Federal sources	-	-	22,641
Total revenues	31,572	80,571	22,641
Expenditures:			
Salaries and benefits	-	7,120	-
Purchased services	-	50,573	880
Supplies and materials	-	12,222	3,308
Capital outlay	-	3,272	-
Payments to other governments	31,572	-	19,613
Other objects	-	317	-
Total expenditures	31,572	73,504	23,801
Excess (deficiency) of revenues over (under) expenditures	-	7,067	(1,160)
Fund balances (deficits), beginning of year	-	(7,726)	2,263
Fund balances (deficits), end of year	\$ -	\$ (659)	\$ 1,103

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2013**

	School & Community Assistance Team	Illinois New Principal Mentoring	Title II - Teacher Quality - Leadership Grant
Revenues:			
State sources	\$ -	\$ -	\$ -
Federal sources	-	-	-
Total revenues	-	-	-
Expenditures:			
Salaries and benefits	-	-	-
Purchased services	-	-	-
Supplies and materials	-	-	-
Capital outlay	-	-	-
Payments to other governments	-	-	-
Other objects	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Fund balances (deficits), beginning of year	-	8,615	468
Fund balances (deficits), end of year	\$ -	\$ 8,615	\$ 468

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2013**

	Regional System Provider/ Federal System of Support	Gifted Education Seminar Pilot	Gifted Education (Mid-Illini)
Revenues:			
State sources	\$ -	\$ -	\$ -
Federal sources	20,000	-	-
Total revenues	<u>20,000</u>	<u>-</u>	<u>-</u>
Expenditures:			
Salaries and benefits	-	-	-
Purchased services	23,150	-	-
Supplies and materials	-	-	-
Capital outlay	-	-	-
Payments to other governments	-	-	-
Other objects	-	-	-
Total expenditures	<u>23,150</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(3,150)	-	-
Fund balances (deficits), beginning of year	<u>3,150</u>	<u>5,800</u>	<u>-</u>
Fund balances (deficits), end of year	<u>\$ -</u>	<u>\$ 5,800</u>	<u>\$ -</u>

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2013**

	Gifted Education (ROE #53)	Teacher & Administrators Mentoring Program	ARRA - Title I - School Improvement and Accountability
Revenues:			
State sources	\$ -	\$ -	\$ -
Federal sources	-	-	-
Total revenues	-	-	-
Expenditures:			
Salaries and benefits	-	-	-
Purchased services	-	-	-
Supplies and materials	-	-	-
Capital outlay	-	-	-
Payments to other governments	-	-	-
Other objects	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Fund balances (deficits), beginning of year	-	2,385	569
Fund balances (deficits), end of year	\$ -	\$ 2,385	\$ 569

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2013**

	Truants Alternative/ Optional Education	Regional Safe Schools	Title II Leadership Grant
Revenues:			
State sources	\$ 103,604	\$ 79,379	\$ -
Federal sources	-	-	4,095
Total revenues	<u>103,604</u>	<u>79,379</u>	<u>4,095</u>
Expenditures:			
Salaries and benefits	21,446	82,961	-
Purchased services	7,992	-	4,095
Supplies and materials	2,182	-	-
Capital outlay	-	-	-
Payments to other governments	71,984	-	-
Other objects	-	-	-
Total expenditures	<u>103,604</u>	<u>82,961</u>	<u>4,095</u>
Excess (deficiency) of revenues over (under) expenditures	-	(3,582)	-
Fund balances (deficits), beginning of year	<u>(7,474)</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), end of year	<u>\$ (7,474)</u>	<u>\$ (3,582)</u>	<u>\$ -</u>

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Concluded)
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2013**

	Various Discontinued Programs	Eliminations	Total
Revenues:			
State sources	\$ -	\$ (31,572)	\$ 263,554
Federal sources	-	-	46,736
Total revenues	-	(31,572)	310,290
Expenditures:			
Salaries and benefits	-	-	111,527
Purchased services	-	-	86,690
Supplies and materials	-	-	17,712
Capital outlay	-	-	3,272
Payments to other governments	-	(31,572)	91,597
Other objects	-	-	317
Total expenditures	-	(31,572)	311,115
Excess (deficiency) of revenues over (under) expenditures	-	-	(825)
Fund balances (deficits), beginning of year	80	-	8,130
Fund balances (deficits), end of year	\$ 80	\$ -	\$ 7,305

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS - PROJECT #13-3730-00
For the year ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues:			
State sources	<u>\$ 31,572</u>	<u>\$ 31,572</u>	<u>\$ 31,572</u>
Expenditures:			
Payments to other governments	<u>31,572</u>	<u>31,572</u>	<u>31,572</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance, beginning of year			<u>-</u>
Fund balance, end of year			<u><u>\$ -</u></u>

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION - PROJECT #13-3695-12
For the year ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Revenues:			
State sources	<u>\$ 103,604</u>	<u>\$ 103,604</u>	<u>\$ 103,604</u>
Expenditures:			
Salaries & benefits	48,262	20,453	21,446
Purchased services	7,310	7,118	7,992
Supplies and materials	2,131	2,131	2,182
Payments to other governments	<u>45,901</u>	<u>73,902</u>	<u>71,984</u>
Total expenditures	<u>103,604</u>	<u>103,604</u>	<u>103,604</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-
Fund balance (deficit), beginning of year			<u>(7,474)</u>
Fund balance (deficit), end of year			<u>\$ (7,474)</u>

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS - PROJECT #13-3696-00
For the year ended June 30, 2013**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
State sources	\$ 79,379	\$ 79,379	\$ 79,379
Expenditures:			
Salaries & benefits	79,379	79,379	82,961
(Deficiency) of revenues (under) expenditures	\$ -	\$ -	(3,582)
Fund balance, beginning of year			-
Fund balance (deficit), end of year			\$ (3,582)

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE II – TEACHER QUALITY LEADERSHIP GRANT - PROJECT #13-4935-02
For the year ended June 30, 2013**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Federal sources	\$ 4,095	\$ 5,095	\$ 4,095
Expenditures:			
Purchased services	4,095	5,095	4,095
Excess of revenues over expenditures	\$ -	\$ -	-
Fund balance, beginning of year			-
Fund balance, end of year			\$ -

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2013**

	General Education Development	Transportation Fund	Supervisory	Total
ASSETS				
Cash and cash equivalents	\$ 32,371	\$ 10,100	\$ 1,297	\$ 43,768
Total assets	\$ 32,371	\$ 10,100	\$ 1,297	\$ 43,768
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 849	\$ -	\$ -	\$ 849
Total liabilities	849	-	-	849
FUND BALANCES				
Restricted	31,522	10,100	1,297	42,919
Total liabilities and fund balances	\$ 32,371	\$ 10,100	\$ 1,297	\$ 43,768

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2013**

	General Education Development	Transportation Fund	Supervisory Fund	Total
Revenues:				
Local sources	\$ 15,875	\$ 3,554	\$ -	\$ 19,429
State sources	-	1,329	-	1,329
Total revenues	15,875	4,883	-	20,758
Expenditures:				
Purchased services	4,761	1,340	22	6,123
Supplies and materials	4,171	-	-	4,171
Other objects	1,298	-	-	1,298
Total expenditures	10,230	1,340	22	11,592
Excess (deficiency) of revenues over (under) expenditures	5,645	3,543	(22)	9,166
Fund balances, beginning of year	25,877	6,557	1,319	33,753
Fund balances, end of year	<u>\$ 31,522</u>	<u>\$ 10,100</u>	<u>\$ 1,297</u>	<u>\$ 42,919</u>

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2013**

	<u>Distributive</u>	<u>Interest on Distributions to Other Governmental Units</u>	<u>Foundation Flow Through</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 3,008	\$ -	\$ 3,008
Due from other governments	41,015	-	-	41,015
	<u>41,015</u>	<u>-</u>	<u>-</u>	<u>41,015</u>
Total assets	<u>\$ 41,015</u>	<u>\$ 3,008</u>	<u>\$ -</u>	<u>\$ 44,023</u>
LIABILITIES				
Due to other governments	\$ 41,015	\$ 3,008	\$ -	\$ 44,023
	<u>41,015</u>	<u>3,008</u>	<u>-</u>	<u>44,023</u>

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the year ended June 30, 2013**

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>DISTRIBUTIVE</u>				
ASSETS				
Cash and cash equivalents	\$ 784	\$ 1,441,473	\$ 1,442,257	\$ -
Due from other governments	<u>76,602</u>	<u>41,015</u>	<u>76,602</u>	<u>41,015</u>
Total assets	<u><u>\$ 77,386</u></u>	<u><u>\$ 1,482,488</u></u>	<u><u>\$ 1,518,859</u></u>	<u><u>\$ 41,015</u></u>
LIABILITIES				
Due to other governments	<u><u>\$ 77,386</u></u>	<u><u>\$ 1,482,488</u></u>	<u><u>\$ 1,518,859</u></u>	<u><u>\$ 41,015</u></u>
<u>INTEREST ON DISTRIBUTIONS TO OTHER GOVERNMENTAL UNITS</u>				
ASSETS				
Cash and cash equivalents	<u><u>\$ 3,005</u></u>	<u><u>\$ 3</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,008</u></u>
LIABILITIES				
Due to other governments	<u><u>\$ 3,005</u></u>	<u><u>\$ 3</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,008</u></u>
<u>FOUNDATION FLOW-THROUGH</u>				
ASSETS				
Cash and cash equivalents	<u><u>\$ -</u></u>	<u><u>\$ 306,378</u></u>	<u><u>\$ 306,378</u></u>	<u><u>\$ -</u></u>
LIABILITIES				
Due to others	<u><u>\$ -</u></u>	<u><u>\$ 306,378</u></u>	<u><u>\$ 306,378</u></u>	<u><u>\$ -</u></u>

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

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

For the year ended June 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 3,789	\$ 1,747,854	\$ 1,748,635	\$ 3,008
Due from other governments	<u>76,602</u>	<u>41,015</u>	<u>76,602</u>	<u>41,015</u>
Total assets	<u><u>\$ 80,391</u></u>	<u><u>\$ 1,788,869</u></u>	<u><u>\$ 1,825,237</u></u>	<u><u>\$ 44,023</u></u>
LIABILITIES				
Due to other governments	\$ 80,391	\$ 1,482,491	\$ 1,518,859	\$ 44,023
Due to others	<u>-</u>	<u>306,378</u>	<u>306,378</u>	<u>-</u>
Total liabilities	<u><u>\$ 80,391</u></u>	<u><u>\$ 1,788,869</u></u>	<u><u>\$ 1,825,237</u></u>	<u><u>\$ 44,023</u></u>

**TAZEWELL COUNTY
REGIONAL OFFICE OF EDUCATION NO. 53**

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS
AND OTHER ENTITIES
DISTRIBUTIVE FUND
For the year ended June 30, 2013**

	<u>Education for Employment</u>	<u>Mid-Illini Educational Cooperative</u>	<u>Regional Office of Education #53</u>	<u>Total</u>
General State Aid	\$ -	\$ -	\$ 449,162	\$ 449,162
Career and Technical Ed. Improvement	546,622	-	-	546,622
ROE School Bus Driver Training	-	-	1,329	1,329
Truants Alternative/Optional Education	-	-	103,604	103,604
Regional Safe Schools	-	-	79,379	79,379
ROE/ISC Operations	-	31,572	-	31,572
CTE - Perkins - Secondary	230,589	-	-	230,589
TOTAL	<u>\$ 777,211</u>	<u>\$ 31,572</u>	<u>\$ 633,474</u>	<u>\$1,442,257</u>