

**STATE OF ILLINOIS  
FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21**

**FINANCIAL AUDIT  
(In Accordance with the Single Audit Act  
and OMB Circular A-133)  
For the Year Ended June 30, 2007**

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

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
TABLE OF CONTENTS

	<u>Page</u>
OFFICIALS .....	1
COMPLIANCE REPORT SUMMARY.....	2
FINANCIAL STATEMENT REPORT SUMMARY .....	5
 FINANCIAL SECTION	
Independent Auditors’ Report .....	6
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	8
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 .....	10
Schedule of Findings and Questioned Costs.....	13
Financial Statement Findings.....	14
Federal Award Findings.....	25
Corrective Action Plan for Current Year Audit Findings.....	26
Summary Schedule of Prior Audit Findings.....	31
Management’s Discussion and Analysis .....	32
 BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Assets .....	39
Statement of Activities.....	40
Fund Financial Statements	
Governmental Funds – Balance Sheet .....	41
Governmental Funds – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets .....	42
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balance.....	43
Governmental Funds – Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities .....	44
Proprietary Funds – Statement of Net Assets .....	45
Proprietary Funds – Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	46

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
TABLE OF CONTENTS

	<u>Page</u>
<b>BASIC FINANCIAL STATEMENTS – Continued</b>	
Proprietary Funds – Statement of Cash Flows.....	47
Fiduciary Funds – Statement of Fiduciary Net Assets.....	48
Notes to Financial Statements.....	49
 <b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Illinois Municipal Retirement Fund - Schedule of Funding Progress .....	73
 <b>SUPPLEMENTAL INFORMATION</b>	
<b>General Fund:</b>	
Combining Schedule of Accounts .....	74
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances .....	75
Budgetary Comparison Schedule – ROE/ISC Operations.....	76
 <b>Education Fund:</b>	
Combining Schedule of Accounts .....	77
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances .....	82
<b>Budgetary Comparison Schedules:</b>	
Social/Emotional Standards .....	87
21 <sup>st</sup> Century Community Learning Centers .....	88
Illinois Violence Prevention .....	89
McKinney Education for Homeless Children.....	90
Regional Safe Schools .....	91
Truants Alternative Optional Education Program Training (TAOEP).....	92
 <b>Institute Fund:</b>	
Combining Schedule of Accounts .....	93
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances .....	94
 <b>Nonmajor Special Revenue Funds:</b>	
Combining Balance Sheet.....	95
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	96

FRANKLIN/WILLIAMSON COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 21  
 TABLE OF CONTENTS

	<u>Page</u>
SUPPLEMENTAL INFORMATION – Continued	
General Education Development Fund:	
Combining Balance Sheet by Sub-Account.....	97
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances by Sub-Account .....	98
Fiduciary Funds:	
Combining Statement of Fiduciary Net Assets – All Agency Funds .....	99
Combining Statement of Changes in Assets and Liabilities – All Agency Funds .....	100
Franklin County Regional Delivery System Accounts Combining Statement of Fiduciary Net Assets.....	101
Schedule of Disbursements to School District Treasurers and Others .....	
	102
FEDERAL COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards.....	103
Notes to the Schedule of Expenditures of Federal Awards .....	104

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21

OFFICIALS

Regional Superintendent	R. Matthew Donkin (July 1, 2007 – present)
Regional Superintendent	Dr. Ronda Baker (June 1, 2006 – June 30, 2007)
Assistant Regional Superintendent	Kurt Endebrock (July 1, 2007 – present)
Assistant Regional Superintendent	Mr. Paul Oldani (August 1, 2006 – January 15, 2007)

Offices are located at:

202 West Main Street  
Benton, IL 62812

404 North Monroe  
Marion, IL 62959

Franklin/Williamson Project ECHO  
900 Washington  
Johnston City, IL 62951

S.T.A.R. Quest Academy  
410 West 5<sup>th</sup>  
Benton, IL 62812

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21

COMPLIANCE REPORT

SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	5	9
Repeated audit findings	3	6
Prior recommendations implemented or not repeated	6	2

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

*FINDINGS (GOVERNMENT AUDITING STANDARDS)*

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
07-01	14	Improper allocation of costs
07-02	16	Controls over compliance with laws and regulations
07-03	18	Failure to allocate interest earned
07-04	21	Inadequate controls over property and equipment
07-05	23	Controls over financial statement preparation

*FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)*

07-01	14	Improper allocation of costs
07-03	18	Failure to allocate interest earned

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21

PRIOR FINDINGS NOT REPEATED  
(*GOVERNMENT AUDITING STANDARDS*)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
06-01	31	Lack of pay-rate authorizations and formal employee evaluations
06-02	31	Unallowable expenditures
06-03	31	Lack of internal control over payroll
06-04	31	Unallowable cell phone charges
06-07	31	Questionable employee reimbursements
06-09	31	ROE employee received outside compensation

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

06-01	31	Lack of pay-rate authorizations and formal employee evaluations
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FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21

EXIT CONFERENCE

The Regional Office of Education No. 21 opted not to have a formal exit conference during the financial audit for the year ended June 30, 2007. Responses to the recommendations were provided by R. Matthew Donkin, Regional Superintendent on February 8, 2008.

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21

FINANCIAL STATEMENT REPORT  
SUMMARY

The audit of the accompanying basic financial statements of the Franklin/Williamson Counties Regional Office of Education No. 21 was performed by Sikich LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Franklin/Williamson Counties Regional Office of Education No. 21's basic financial statements.



## INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin/Williamson Counties Regional Office of Education No. 21, as of and for the year ended June 30, 2007, which collectively comprise the Franklin/Williamson Counties Regional Office of Education No. 21's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office of Education No. 21's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin/Williamson Counties Regional Office of Education No. 21, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 23, 2008 on our consideration of the Franklin/Williamson Counties Regional Office of Education No. 21's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 32 through 38 and 73 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Franklin/Williamson Counties Regional Office of Education No. 21's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Others are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Others, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sikich LLP*

Springfield, Illinois  
May 23, 2008



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin/Williamson Counties Regional Office of Education No. 21, as of and for the year ended June 30, 2007, which collectively comprise the Franklin/Williamson Counties Regional Office of Education No. 21's basic financial statements and have issued our report thereon dated May 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Franklin/Williamson Counties Regional Office of Education No. 21's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the Franklin/Williamson Counties Regional Office of Education No. 21's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Franklin/Williamson Counties Regional Office of Education No. 21's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting

principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting (07-01, 07-03, 07-04, and 07-05).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and, accordingly, would not necessarily disclose all significant deficiencies that are also considered material weaknesses. However, of the significant deficiencies described above, we consider items 07-01 and 07-05 to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Franklin/Williamson Counties Regional Office of Education No. 21's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 07-01. We also noted certain immaterial instances of noncompliance or other matters which we reported on the accompanying Schedule of Findings and Questioned Costs as items 07-02, 07-03 and 07-04.

The Franklin/Williamson Counties Regional Office of Education No. 21's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Franklin/Williamson Counties Regional Office of Education No. 21's response and, accordingly, we express no opinion on it.

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

*Sikich LLP*

Springfield, Illinois  
May 23, 2008



**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

We have audited the compliance of the Franklin/Williamson Counties Regional Office of Education No. 21 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The Franklin/Williamson Counties Regional Office of Education No. 21's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Franklin/Williamson Counties Regional Office of Education No. 21's management. Our responsibility is to express an opinion on the Franklin/Williamson Counties Regional Office of Education No. 21's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Franklin/Williamson Counties Regional Office of Education No. 21's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Franklin/Williamson Counties Regional Office of Education No. 21's compliance with those requirements.

In our opinion, the Franklin/Williamson Counties Regional Office of Education No. 21 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 07-01 and 07-03.

## **Internal Control Over Compliance**

The management of the Franklin/Williamson Counties Regional Office of Education No. 21 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Franklin/Williamson Counties Regional Office of Education No. 21's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Franklin/Williamson Counties Regional Office of Education No. 21's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 07-01 and 07-03 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

The Franklin/Williamson Counties Regional Office of Education No. 21's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Franklin/Williamson Counties Regional Office of Education No.21's response and, accordingly, we express no opinion on it.

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

*Sikeich LLP*

Springfield, Illinois  
May 23, 2008

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2007**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: *unqualified*

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified that are not considered to be material weaknesses?  yes  no

Type of auditor’s report issued on compliance for major programs: *unqualified*

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.196A	McKinney Education for Homeless Children
84.287C	21 <sup>st</sup> Century Community Learning Centers

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee?  yes  no

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2007**

**FINDING 07-01** – Improper allocation of costs (Repeat of prior year findings: FS 06-05, FS 05-05, FS 04-05, FS 03-10, FS 02-16, FS 01-4, FS 00-5, FA 01-2, FA 00-2)

**Federal Program Name:** (a) 21<sup>st</sup> Century Community Learning Centers (b) McKinney Education for Homeless Children

**Project Number:** (a) 07-4421-05 (b) 07-4920-00

**CFDA Number:** (a) 84.287C (b) 84.196A

**Passed Through:** (a) Illinois State Board of Education (b) Illinois State Board of Education

**Federal Agency:** (a) Dept. of Education (b) Dept. of Education

**CRITERIA/SPECIFIC REQUIREMENT:**

Grants, cost reimbursement contracts, and other agreements with the Federal Government (collectively known as Federal Awards) should bear their fair share of costs recognized under principles established by the Office of Management and Budget (OMB). Costs are allocable to Federal Awards if the goods or services involved are chargeable or assignable to the award in accordance with the relative benefits received. Where an accumulation of indirect costs will ultimately result in charges to a Federal Award, a cost allocation plan or approved indirect cost rate is required as described in Attachments C, D and E of OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*.

**CONDITION:**

The ROE has not implemented a cost allocation plan or an approved indirect cost rate to allocate indirect costs in accordance with OMB Circular A-87. The ROE invoices the various grants and programs it administers for central service activities, including support salaries and related benefits, accounting and secretarial services, and space rent based on the grants' budgeted costs (rather than as part of a Cost Allocation Plan). Such salaries and benefits are allowable expenditures under OMB Circular A-87. However, where employees work on multiple activities or cost objectives, a distribution of their salaries or wages is required to be documented in accordance with the provisions of OMB Circular A-87 or be included in the ROE's cost allocation plan. Rent costs are also an allowable expenditure, subject to limitations included in OMB Circular A-87.

**QUESTIONED COSTS:**

The amount of questioned costs cannot be determined without preparing a cost allocation plan.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2007**

**FINDING 07-01 – Continued**

**CONTEXT:**

The ROE allocated indirect costs to the 21<sup>st</sup> Century Community Learning Centers, McKinney Education for Homeless Children, and several other programs. While these costs were approved in the grant budget, without documentation of the basis for, and rationale behind, the allocations, the amounts over- or under-charged to the program cannot be readily determined. Based on the total amount of allocated costs charged to the program, any amount deemed to be over-charged to the award most likely would be considered immaterial or less than \$10,000.

**EFFECT:**

The ROE is not able to determine if the amount of central service activities charged to the Federal Award represent the grant's "fair share" of costs recognized under principles required by OMB Circular A-87.

**CAUSE:**

The ROE determined the amount of costs to be allocated to the grant programs based on amounts allowable in grant budgets.

**RECOMMENDATION:**

The ROE should develop a cost allocation plan or establish an approved indirect cost rate in accordance with OMB Circular A-87 which addresses allowable costs to all applicable programs.

**MANAGEMENT'S RESPONSE:**

The office has developed a cost allocation plan during FY '07. We have spent several months, after the development of the plan, tracking expenditures to determine proper allocations to respective programs. It is currently being used to bill the first half of FY '08 and is in place to bill each program its share of the costs from this point forward.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2007**

**FINDING 07-02** – Controls over compliance with laws and regulations (Repeat of prior year findings: FS 06-06, FS 05-06)

**CRITERIA/SPECIFIC REQUIREMENT:**

The Illinois School Code 105 ILCS 5/3-7 states that each school district shall, as of June 30 each year, cause an audit to be made of its accounts. Each school district shall on or before October 15 of each year, submit an original and one copy of such audit to the Regional Superintendent of Schools. If any school district fails to supply the Regional Superintendent of Schools with a copy of such audit report on or before October 15, or within such time extended by the Regional Superintendent of Schools from that date, not to exceed 60 days, then it shall be the responsibility of the Regional Superintendent of Schools to cause such audit to be made.

**CONDITION:**

The Regional Office of Education No. 21 was unable to supply evidence that 2 of the 16 school district financial statement audit reports were submitted to the Regional Office of Education by October 15, 2006 or by the extension date. One school district's financial statement audit report was submitted to the Regional Office of Education, but it was submitted 46 days after the allowable extension date of December 14, 2006. The remaining school district financial statement audit report had not been submitted as of September 25, 2007.

**EFFECT:**

The Regional Office of Education No. 21 did not comply with statutory requirements.

**CAUSE:**

Franklin/Williamson Counties Regional Office of Education No. 21 implemented a log to evidence the receipt of the financial statements from the school districts and grants extensions when requested; however, the ROE granted an extension to the school district past the allowable 60 day period.

**RECOMMENDATION:**

The Regional Office of Education No. 21 should monitor the log evidencing the receipt of the audits from the school districts and make additional requests to ensure that they are received in a timely manner as required by 105 ILCS 5/3-7.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2007**

**FINDING 07-02 – Continued**

**MANAGEMENT’S RESPONSE:**

Procedures are in place to track the information that school districts send to the Regional Office and to insure that it is completed in a timely manner. The audit report for the school district noted is now on file.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2007**

**FINDING 07-03** – Failure to allocate interest earned (Repeat of prior year findings: FS 06-08, FS 05-08)

**Federal Program Name:** (a) Food Donation (b) School Breakfast Program (c) National School Lunch Program (d) Title I – Grants to Local Educational Agencies (e) McKinney Education for Homeless Children (f) 21<sup>st</sup> Century Community Learning Centers (g) Title I – Grants to Local Educational Agencies (h) Technology – Enhancing Education - Competitive (i) Mathematics and Science Partnerships (j) Improving Teacher Quality State Grants (k) Substance Abuse Prevention and Treatment Block Grant

**Project Number:** (a) 07-4250-00 (b) 06-4220-00 and 07-4220-00 (c) 06-4210-00 and 07-4210-00 (d) 07-4331-SS (e) 07-4920-00 (f) 07-4421-05 (g) 07-4331-00 (h) 06-4972-01 (i) 07-4936-00 (j) 07-4935-SS (k) 711G7200000

**CFDA Number:** (a) 10.550 (b) 10.553 (c) 10.555 (d) 84.010A (e) 84.196A (f) 84.287C (g) 84.010A (h) 84.318X (i) 84.366B (j) 84.367A (k) 93.959

**Passed Through:** (a) Illinois State Board of Education (b) Illinois State Board of Education (c) Illinois State Board of Education (d) Regional Office of Education No. 02 (e) Illinois State Board of Education (f) Illinois State Board of Education (g) Regional Office of Education No. 25 (h) Illinois State Board of Education (i) Regional Office of Education No. 02 (j) Regional Office of Education No. 02 (k) Illinois Department of Human Services

**Federal Agency:** (a) Dept. of Agriculture (b) Dept. of Agriculture (c) Dept. of Agriculture (d) Dept. of Education (e) Dept. of Education (f) Dept. of Education (g) Dept. of Education (h) Dept. of Education (i) Dept. of Education (j) Dept. of Education (k) Dept. of Health and Human Services

**CRITERIA/SPECIFIC REQUIREMENT:**

*The Regional Office of Education (ROE) Accounting Manual* states that if dollars from two or more sources of funds (SOF) are combined in one bank account and/or fund, the ROE must allocate, on a reasonable basis, a portion of the interest earned on that bank account or fund to each of those SOF. The allocation should be done no less than monthly when bank statements are received. Once the interest is allocated to the appropriate SOF, certain rules apply to the expenditure of that interest. The *ROE Accounting Manual* states that the rules for allocating and expending interest vary depending on the SOF that generated the interest.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2007**

**FINDING 07-03 – Continued**

Unless the grant agreement specifically addresses the interest issue and provides otherwise, the following rules would apply.

- The Grant Funds Recovery Act (30 ILCS 705/1 et seq.) states that interest earned on grant funds becomes part of the grant principal and is treated accordingly for all purposes unless the grant agreement and/or the grant regulations provides otherwise. The Act further states that any grant funds not expended (or legally obligated) by the end of the grant period must be returned to the grantor. This applies to State and federal grants.
- Generally, federal rules supersede those of the State (for federal grants only). If a federal rule allows different treatment of interest, then the federal rule would be followed.
- Federal cash management requirements state that grantees and subgrantees shall minimize the time elapsed between the receipt of funds and the expenditure of those funds. The accumulation of interest would indicate excess cash on hand.
- U.S. Department of Education (USDE) regulations appear in 34 Code of Federal Regulations (CFR). Part 80.21 of 34 CFR is titled: “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.” It is also known as the “Common Rule” because most federal agencies have adopted it in their regulations. The “Common Rule” states that annual interest earned in excess of \$100.00 on advances of funds must be submitted promptly to the granting agency. The \$100.00 may be spent on administrative costs. Those administrative costs must be for that grant and within the grant period. Some grants may be exempt from the “Common Rule.”

Interest earned on SOF that are not grants but are set up by statute (examples include but may not be limited to Institute, GED, Bus Driver, Tech Hub) must be allocated to the SOF and expended for the same purpose. However, unlike grants, this interest does not have to be expended within any given period of time unless statute, regulations, or contract state otherwise. The same laws that apply to the expenditure of the original SOF also apply to any expenditures of interest earned on that SOF.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2007**

**FINDING 07-03 – Continued**

**CONDITION:**

The ROE is not currently allocating interest earned from their commingled bank account to each SOF.

**QUESTIONED COSTS:**

The amount of questioned costs cannot be determined without preparing an interest allocation plan, but would be less than \$10,000.

**CONTEXT:**

The ROE received various grant funds from State and federal sources, as well as funds received for services provided by their Institute, GED, and Bus Driver Training funds.

**EFFECT:**

Interest earned on excess funds for a SOF that are not allocated to that particular SOF may result in unallowable expenditures and noncompliance with State and federal statutes and regulations.

**CAUSE:**

The ROE developed a plan to allocate interest earned in their commingled cash account to each SOF but did not implement the plan during fiscal year 2007.

**RECOMMENDATION:**

The Regional Office of Education No. 21 should implement their plan to allocate interest earned on commingled funds to each SOF and follow the appropriate State and federal statutes and regulations.

**MANAGEMENT'S RESPONSE:**

The Office has developed an interest earned allocation plan in September 2007. The interest that was earned in FY 2007 was calculated using this plan. The interest for each of our accounts for FY '08 has been deposited into an "Interest Earned" Fund in our accounting system. This fund breaks down our interest among the accounts that we have on file.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2007**

**FINDING 07-04** – Inadequate controls over property and equipment

**CRITERIA/SPECIFIC REQUIREMENT:**

The Regional Office of Education (ROE) Accounting Manual requires each ROE to maintain detailed fixed asset records for both accounting purposes as well as insurance purposes, for fixed assets costing \$500 or more. Generally accepted accounting principles require that an inventory of all fixed assets and depreciation schedules for assets meeting the capitalization threshold for reporting be maintained.

The ROE Accounting Manual also states that the fixed asset inventory records should include: the inventory control number (tag number); major asset class; function and activity; reference to the acquisition source document; acquisition date; vendor; a short description of the asset; unit charged with custody; location; fund and account from which purchased; method of acquisition; estimated useful life and method of depreciation; estimated salvage value; and date, method, and authorization of disposition.

In addition, sound internal controls require that policies and procedures on fixed assets should cover acquisition and tagging, recording and reporting, depreciation (if applicable), transfers and dispositions, and annual physical inventory, and that they should be formally documented and consistently applied.

**CONDITION:**

The Regional Office of Education No. 21 did not have adequate controls over the recording and reporting of fixed assets. The Regional Office did not have procedures in place to ensure that acquisitions over the established capitalization threshold were added to the Regional Office's fixed asset records, resulting in the omission of five items totaling \$3,369 that were inadvertently expensed.

Additionally, the Regional Office did not provide complete information as to the useful lives of the above acquisitions, as well as two additional items that were added to the fixed asset records during the fiscal year.

**EFFECT:**

The absence of a sound system of internal controls over fixed assets can result in inaccurate reporting of fixed assets and inadequate physical control for equipment items. An incomplete fixed asset listing does not provide an adequate basis for physical control and losses may occur without being detected.

**CAUSE:**

The ROE has insufficient controls over recording and reporting fixed assets due to turnover in the custodian position.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2007**

**FINDING 07-04 – Continued**

**RECOMMENDATION:**

The ROE should adhere to its fixed asset policy and procedures manual to effectively and efficiently monitor property acquisitions, transfers and disposals, and provide for accurate reporting of fixed asset balances.

The fixed asset listing should be completed to include all the details required by the ROE Accounting Manual and should be checked for accuracy and existence through an annual physical inventory. A reconciliation should be performed between the fixed asset listing and the recorded capital outlay expenditures for the year. All reconciling items should be disposed of in a timely manner.

**MANAGEMENT’S RESPONSE:**

The ROE is following its policy and procedures manual in regards to inventory of fixed assets. The Office continues to evaluate its procedures to complete this task in a more efficient manner.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2007**

**FINDING 07-05** – Controls over financial statement preparation

**CRITERIA/SPECIFIC REQUIREMENT:**

The Franklin/Williamson Counties Regional Office of Education (ROE) No. 21 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

**CONDITION:**

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

- The ROE did not maintain adequate controls over the financial reporting process and numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The ROE did not have adequate controls over the maintenance of complete records of accounts receivable and accounts payable. Additionally, no entries were provided to reconcile the ROE's grant activity, such as posting grant receivables and deferred revenues.

**EFFECT:**

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

**CAUSE:**

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

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2007**

**FINDING 07-05 – Continued**

**RECOMMENDATION:**

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

**MANAGEMENT'S RESPONSES:**

The ROE will continue to contract with a local auditing firm to assist us as we navigate through various issues resulting from past management problems. At the present time, the additional costs to the ROE of hiring and training additional staff to do this task outweigh the benefits. The ROE will review, approve, and accept responsibility for the proposed audit adjustments and the financial statements and related notes.

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION III – FEDERAL AWARD FINDINGS  
For the Year Ended June 30, 2007**

**INSTANCES OF NON COMPLIANCE:**

1. **FINDING 07-01** – Improper allocation of costs (finding details on pages 14-15)
2. **FINDING 07-03** – Failure to allocate interest earned (finding details on pages 18-20)

**SIGNIFICANT DEFICIENCIES:**

1. **FINDING 07-01** – Improper allocation of costs (finding details on pages 14-15)
2. **FINDING 07-03** – Failure to allocate interest earned (finding details on pages 18-20)

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2007**

**Corrective Action Plan**

**FINDING 07-01** – Improper allocation of costs

**CONDITION:**

The ROE has not implemented a cost allocation plan or an approved indirect cost rate to allocate indirect costs in accordance with OMB Circular A-87. The ROE invoices the various grants and programs it administers for central service activities, including support salaries and related benefits, accounting and secretarial services, and space rent based on the grants' budgeted costs (rather than as part of a Cost Allocation Plan). Such salaries and benefits are allowable expenditures under OMB Circular A-87. However, where employees work on multiple activities or cost objectives, a distribution of their salaries or wages is required to be documented in accordance with the provisions of OMB Circular A-87 or be included in the ROE's cost allocation plan. Rent costs are also an allowable expenditure, subject to limitations included in OMB Circular A-87.

**PLAN:**

The Office has developed a cost allocation plan during FY '07. We have spent several months, after the development of the plan, tracking expenditures to determine proper allocations to respective programs. It is currently being used to bill the first half of FY '08 and is in place to bill each program its share of the costs from this point forward.

**ANTICIPATED DATE OF COMPLETION:**

Completed and implemented in fiscal year 2008.

**CONTACT PERSON:**

R. Matthew Donkin, Regional Superintendent

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2007**

**Corrective Action Plan**

**FINDING 07-02** – Controls over compliance with laws and regulations

**CONDITION:**

The Regional Office of Education No. 21 was unable to supply evidence that 2 of the 16 school district financial statement audit reports were submitted to the Regional Office of Education by October 15, 2006 or by the extension date. One school district's financial statement audit report was submitted to the Regional Office of Education, but it was submitted 46 days after the allowable extension date of December 14, 2006. The remaining school district financial statement audit report had not been submitted as of September 25, 2007.

**PLAN:**

Procedures are in place to track the information that school districts send to the Regional Office and to insure that it is completed in a timely manner. The audit report for the school district noted in cause A. is on file.

**ANTICIPATED DATE OF COMPLETION:**

Immediately upon learning of oversight.

**CONTACT PERSON:**

R. Matthew Donkin, Regional Superintendent

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2007**

**Corrective Action Plan**

**FINDING 07-03** – Failure to allocate interest earned

**CONDITION:**

The ROE is not currently allocating interest earned from their commingled bank account to each SOF.

**PLAN:**

The Office has developed an interest earned allocation plan in September 2007. The interest that was earned in FY 2007 was calculated using this plan. The interest for each of our accounts for FY '08 has been deposited into an "Interest Earned" Fund in our accounting system. This fund breaks down our interest among the accounts that we have on file.

**ANTICIPATED DATE OF COMPLETION:**

Completed and implemented in fiscal year 2008

**CONTACT PERSON:**

R. Matthew Donkin, Regional Superintendent

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2007**

**Corrective Action Plan**

**FINDING 07-04** – Inadequate controls over property and equipment

**CONDITION:**

The Regional Office of Education No. 21 did not have adequate controls over the recording and reporting of fixed assets. The Regional Office did not have procedures in place to ensure that acquisitions over the established capitalization threshold were added to the Regional Office's fixed asset records, resulting in the omission of five items totaling \$3,369 that were inadvertently expensed.

Additionally, the Regional Office did not provide complete information as to the useful lives of the above acquisitions, as well as two additional items that were added to the fixed asset records during the fiscal year.

**PLAN:**

The ROE is following its policy and procedures manual in regards to inventory of fixed assets. The Office continues to evaluate its procedures to complete this task in a more efficient manner.

**ANTICIPATED DATE OF COMPLETION:**

Immediately upon learning of oversight.

**CONTACT PERSON:**

R. Matthew Donkin, Regional Superintendent

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2007**

**Corrective Action Plan**

**FINDING 07-05** – Controls over financial statement preparation

**CONDITION:**

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

- The ROE did not maintain adequate controls over the financial reporting process and numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The ROE did not have adequate controls over the maintenance of complete records of accounts receivable and accounts payable. Additionally, no entries were provided to reconcile the ROE's grant activity, such as posting grant receivables and deferred revenues.

**PLAN:**

The ROE will continue to contract with a local auditing firm to assist us as we navigate through various issues resulting from past management problems. At the present time, the additional costs to the ROE of hiring and training additional staff to do this task outweigh the benefits. The ROE will review, approve, and accept responsibility for the proposed audit adjustments and the financial statements and related notes.

**ANTICIPATED DATE OF COMPLETION:**

Immediately upon learning of oversight.

**CONTACT PERSON:**

R. Matthew Donkin, Regional Superintendent

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

<b><u>Finding No.</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
06-01	Lack of adequate documentation to support pay rate increases and formal employee evaluations	Not repeated.
06-02	Unallowable expenditures	Not repeated.
06-03	Lack of internal controls over payroll	Not repeated.
06-04	Unallowable cell phone charges	Not repeated.
06-05	Improper allocation of costs	Repeated.
06-06	A. Public Act 95-496 repealed the requirements of 105 ILCS 5/3 – 14.11	Resolved.
	B. ROE did not make available to the public a listing of unfulfilled teaching positions within the region.	Not repeated.
	C. Regional Superintendent did not present under oath or affirmation to the county board a report of all acts as Superintendent, including a list of all schools visited.	Not repeated.
	D. Public Act 95-496 repealed the requirements of 105 ILCS 5/3 – 14.5	Resolved.
	E. ROE did not ensure a copy of each school district's annual audit was on file by October 15 <sup>th</sup> of each year.	Repeated.
	F. ROE did not submit an annual plan summarizing the number, needs, and demographics of students at risk of academic failure expected to be served in its region.	Not repeated.
	G. Regional Superintendent failed to notify the board of trustees and clerks and secretaries of school districts, on or before September 30, of the amount of money distributed to the school treasurer.	Not repeated.
06-07	Questionable employee reimbursements	Not repeated.
06-08	Failure to allocate interest earned	Repeated.
06-09	ROE employee received outside compensation	Not repeated.

**FRANKLIN-WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007**

Franklin-Williamson Counties Regional Office of Education (ROE) No. 21 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, 2007. We encourage readers to consider this information in conjunction with the Agency's financial statements, which follow.

This report will include past year financial activity, along with fiscal year 2007 activity, making comparisons of the financial position and results of operations more meaningful.

**2007 FINANCIAL HIGHLIGHTS**

General Fund balance decreased from \$38,597 in fiscal year 2006 to \$(23,900) in fiscal year 2007. General Fund revenues increased from \$145,224 to \$236,823 (excluding on-behalf payments), which is attributable to an increase in state grant revenue and revenues from local sources. General Fund expenditures increased from \$153,907 to \$299,320 (excluding on-behalf payments) due primarily to an increase in salaries and related benefits and a change in the accounting for county funds received on behalf of county employees working at the ROE.

**USING THIS ANNUAL REPORT**

The annual 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 Office's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the ROE No. 21 as a whole and present an overall view of the Office's finances.
- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the 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 essential to a full understanding of the data provided in the basic financial statements.
- Supplementary Information further explains and supports the financial statements with a comparison of the Office's detailed information for each category of funds and also provides detailed information about the non-major funds.

**FRANKLIN-WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007**

**Reporting the Franklin-Williamson Counties Regional Office of Education as a Whole**

The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the ROE No. 21 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the ROE No. 21 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.

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

- Over time, increases or decreases in the net assets can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the 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.

**Fund Financial Statements**

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. 21 established other funds to control and manage money for particular purposes.

The Office has three kinds of fund classifications:

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

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

**FRANKLIN-WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007**

- 2) Proprietary funds account for services for which the Regional Office of Education No. 21 charges fees under a cost-reimbursement method. These fees cover the costs of certain services it provides.

The proprietary fund's required financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows.

- 3) Fiduciary funds account for services for which the ROE No. 21 acts as fiscal agent for individuals and private or governmental organizations.

The fiduciary funds required financial statements include a Statement of Fiduciary Net Assets.

A summary reconciliation between the government-wide financial statements and the fund financial statements are included after each fund financial statement.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of financial position. ROE No. 21's net assets at the end of fiscal year 2006 totaled \$713,458. At the end of fiscal year 2007, the net assets were \$846,261. The analysis that follows provides a summary of the Office's net assets at June 30, 2007 and 2006.

**FRANKLIN-WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007**

**CONDENSED STATEMENT OF NET ASSETS  
June 30, 2007 and 2006**

	Governmental Activities		Business-type Activities		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>						
Current assets	\$ 777,409	\$ 551,468	\$ -	\$46,345	\$ 777,409	\$ 597,813
Capital assets, net of depreciation	<u>113,566</u>	<u>214,841</u>	<u>-</u>	<u>-</u>	<u>113,566</u>	<u>214,841</u>
<b>TOTAL ASSETS</b>	<u>\$ 890,975</u>	<u>\$ 766,309</u>	<u>\$ -</u>	<u>\$46,345</u>	<u>\$ 890,975</u>	<u>\$ 812,654</u>
<b>LIABILITIES</b>						
Current liabilities	<u>\$ 44,714</u>	<u>\$ 52,851</u>	<u>\$ -</u>	<u>\$46,345</u>	<u>\$ 44,714</u>	<u>\$ 99,196</u>
<b>TOTAL LIABILITIES</b>	<u>44,714</u>	<u>52,851</u>	<u>-</u>	<u>46,345</u>	<u>44,714</u>	<u>99,196</u>
<b>NET ASSETS</b>						
Investments in capital assets, net of related debt	113,566	214,841	-	-	113,566	214,841
Restricted for teacher professional development	24,997	-	-	-	24,997	-
Unrestricted	<u>707,698</u>	<u>498,617</u>	<u>-</u>	<u>-</u>	<u>707,698</u>	<u>498,617</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 846,261</u>	<u>\$ 713,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 846,261</u>	<u>\$ 713,458</u>

The Regional Office of Education's net assets increased by \$132,803 from Fiscal Year 2006 to Fiscal Year 2007. This increase occurred as a result of an increase in grant funds from Illinois State Board of Education and other governments and a change in the accounting for county funds received on behalf of county employees working at the ROE. In addition, Institute Funds are restricted for teacher professional development.

**FRANKLIN-WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007**

The following analysis shows the changes in net assets for the years ended June 30, 2006 and 2007.

**CHANGES IN NET ASSETS  
For the Years Ended June 30, 2007 and 2006**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues:						
Program revenues:						
Charges for services	\$ 56,975	\$ 51,377	\$ 139,143	\$ 87,554	\$ 196,118	\$ 138,931
Operating grants & contributions	<u>2,394,976</u>	<u>2,808,618</u>	<u>-</u>	<u>-</u>	<u>2,394,976</u>	<u>2,808,618</u>
Total Program revenues	<u>2,451,951</u>	<u>2,859,995</u>	<u>139,143</u>	<u>87,554</u>	<u>2,591,094</u>	<u>2,947,549</u>
General revenues:						
Local sources	189,250	172,578	-	-	189,250	172,578
On-behalf payments	366,899	367,234	-	-	366,899	367,234
Investment income	<u>10,021</u>	<u>8,995</u>	<u>-</u>	<u>-</u>	<u>10,021</u>	<u>8,995</u>
Total General revenues	<u>566,170</u>	<u>548,807</u>	<u>-</u>	<u>-</u>	<u>566,170</u>	<u>548,807</u>
Total Revenues	<u>3,018,121</u>	<u>3,408,802</u>	<u>139,143</u>	<u>87,554</u>	<u>3,157,264</u>	<u>3,496,356</u>
Expenses:						
Salaries	1,217,902	1,391,147	-	-	1,217,902	1,391,147
Benefits	228,985	333,572	-	-	228,985	333,572
Purchased services	640,990	819,851	-	-	640,990	819,851
Supplies and materials	71,284	86,802	139,143	87,554	210,427	174,356
Depreciation	106,808	204,770	-	-	106,808	204,770
Capital outlay	11,758	41,530	-	-	11,758	41,530
Other	34,371	51,793	-	-	34,371	51,793
Transfers-payments to other governmental units	206,321	279,231	-	-	206,321	279,231
On-behalf payments	<u>366,899</u>	<u>367,234</u>	<u>-</u>	<u>-</u>	<u>366,899</u>	<u>367,234</u>
Total expenses	<u>2,885,318</u>	<u>3,575,930</u>	<u>139,143</u>	<u>87,554</u>	<u>3,024,461</u>	<u>3,663,484</u>
Change in net assets	132,803	(167,128)	-	-	132,803	(167,128)
Net assets – beginning	<u>713,458</u>	<u>880,586</u>	<u>-</u>	<u>-</u>	<u>713,458</u>	<u>880,586</u>
Net assets – ending	<u>\$ 846,261</u>	<u>\$ 713,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 846,261</u>	<u>\$ 713,458</u>

**FRANKLIN-WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007**

**Governmental Activities**

Revenues for governmental activities were \$3,018,121 and expenses were \$2,885,318. The Regional Office of Education No. 21 will be able to use some of the carryover balances to pay for the additional services offered to and needed by local school districts in future fiscal years.

**Business-Type Activities**

Revenues and expenses for the Regional Office of Education No. 21's business-type activities increased from the prior fiscal year due to the completion of two paper bid purchases in fiscal year 2007 as opposed to the completion of only one paper bid purchase in fiscal year 2006.

**Financial Analysis of the Regional Office of Education No. 21 Funds**

As previously noted, the Regional Office of Education No. 21 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Office's governmental funds reported combined fund balances of \$732,695 significantly above last year's ending fund balance of \$498,617. The primary reason for the increase in combined fund balances in fiscal year 2007 was due to a decrease in salary and related benefits expenses and capital purchases.

**Governmental Fund Highlights**

- The dollar return on investments was reduced because of less participation in the Distributive Fund.
- The state financial support for school services was slightly increased for 2006-2007.

**Budgetary Highlights**

The Regional Office of Education No. 21 annually adopts program budgets on a basis consistent with U.S. generally accepted accounting principles. The Illinois State Board of Education reviews the proposed budgets and either grants approval or returns them without approval with comments. Any unapproved budget must be resubmitted to the Illinois State Board of Education for final approval. The budgets may be amended during the year utilizing procedures prescribed by the Illinois State Board of Education.

**FRANKLIN-WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007**

**Capital Assets**

Capital Assets of the Regional Office of Education No. 21 include office equipment, computers, audio-visual equipment, office furniture, and a building. The Regional Office of Education No. 21 maintains an inventory of capital assets, which have been accumulated over time. The decrease for fiscal year 2007 was a result of not receiving grant monies to purchase new equipment and the depreciation of existing assets. There were no dispositions during the fiscal year. The Regional Office of Education No. 21's ending net asset balance for fiscal year 2007 is \$113,566, which is the total original cost of the capital assets less accumulated depreciation. More detailed information about capital assets is available in Note No. 4 to the financial statements.

**Economic Factors And Next Year's Budget**

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

- The State of Illinois Foundation level has increased to \$5,734 per student.
- The interest rate on investments remains low and will impact interest earned.
- Several grants have remained near or at previous funding levels. In addition, the School Services funding levels have slightly increased.
- The number of students served by the Regional Office of Education No. 21 is expected to remain constant.

**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. 21 at 202 W. Main, Benton, IL 62812.

## BASIC FINANCIAL STATEMENTS

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**STATEMENT OF NET ASSETS**  
**June 30, 2007**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 656,109	\$ -	\$ 656,109
Accounts receivable	7,721	-	7,721
Due from Illinois State Board of Education	18,850	-	18,850
Due from other governments	94,076	653	94,729
Internal balances	653	(653)	-
Total current assets	<u>777,409</u>	<u>-</u>	<u>777,409</u>
 <b>NONCURRENT ASSETS</b>			
Capital assets, net of depreciation	<u>113,566</u>	<u>-</u>	<u>113,566</u>
<b>TOTAL ASSETS</b>	<u>890,975</u>	<u>-</u>	<u>890,975</u>
 <b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	8,332	-	8,332
Deferred revenue	36,382	-	36,382
Total current liabilities	<u>44,714</u>	<u>-</u>	<u>44,714</u>
<b>TOTAL LIABILITIES</b>	<u>44,714</u>	<u>-</u>	<u>44,714</u>
 <b>NET ASSETS</b>			
Invested in capital assets, net of related debt	113,566	-	113,566
Restricted for teacher professional development	24,997	-	24,997
Unrestricted	707,698	-	707,698
<b>TOTAL NET ASSETS</b>	<u>\$ 846,261</u>	<u>\$ -</u>	<u>\$ 846,261</u>

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

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2007**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	Total
<b>PRIMARY GOVERNMENT</b>						
Governmental Activities:						
Instructional Services:						
Salaries	\$ 1,217,902	\$ 7,821	\$ 1,322,310	\$ 112,229	\$ -	\$ 112,229
Benefits	228,985	655	245,321	16,991	-	16,991
Purchased services	640,990	6,008	517,433	(117,549)	-	(117,549)
Supplies and materials	71,284	32	69,512	(1,740)	-	(1,740)
Depreciation	106,808	-	-	(106,808)	-	(106,808)
Capital outlay	11,758	-	9,786	(1,972)	-	(1,972)
Other	34,371	42,459	2,926	11,014	-	11,014
Transfers - payments to other governmental units	206,321	-	227,688	21,367	-	21,367
Administrative:						
On-behalf payments	366,899	-	-	(366,899)	-	(366,899)
Total Governmental Activities	2,885,318	56,975	2,394,976	(433,367)	-	(433,367)
Business-type Activities:						
Other	139,143	139,143	-	-	-	-
Total Business-type Activities	139,143	139,143	-	-	-	-
Total Primary Government	\$ 3,024,461	\$ 196,118	\$ 2,394,976	(433,367)	-	(433,367)
General Revenues:						
				189,250	-	189,250
				366,899	-	366,899
				10,021	-	10,021
				566,170	-	566,170
				Change in net assets	132,803	132,803
				Net Assets - beginning	713,458	713,458
				Net Assets - ending	\$ 846,261	\$ 846,261

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

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**June 30, 2007**

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 44,549	\$ 509,486	\$ 93,810	\$ 8,264	\$ 656,109
Accounts receivable	7,721	-	-	-	7,721
Due from Illinois State Board of Education	-	18,850	-	-	18,850
Due from other governments	-	93,037	-	1,039	94,076
Due from other funds	-	198,172	-	-	198,172
	<u>\$ 52,270</u>	<u>\$ 819,545</u>	<u>\$ 93,810</u>	<u>\$ 9,303</u>	<u>\$ 974,928</u>
<b>TOTAL ASSETS</b>					
 <b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 6,839	\$ -	\$ 1,493	\$ 8,332
Due to other funds	76,170	108,682	1,915	10,752	197,519
Deferred revenue	-	36,382	-	-	36,382
	<u>76,170</u>	<u>151,903</u>	<u>1,915</u>	<u>12,245</u>	<u>242,233</u>
Total liabilities					
 <b>FUND BALANCE</b>					
Unreserved and undesignated					
General fund	(23,900)	-	-	-	(23,900)
Special revenue funds	-	667,642	91,895	(2,942)	756,595
	<u>(23,900)</u>	<u>667,642</u>	<u>91,895</u>	<u>(2,942)</u>	<u>732,695</u>
Total fund balance					
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 52,270</u>	<u>\$ 819,545</u>	<u>\$ 93,810</u>	<u>\$ 9,303</u>	<u>\$ 974,928</u>

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

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**June 30, 2007**

Total fund balances - governmental funds	\$ 732,695
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	113,566
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Net assets of governmental activities	\$ 846,261
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The notes to the financial statements are an integral part of this statement.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**For the Year Ended June 30, 2007**

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
<b>REVENUES</b>					
Local sources	\$ 147,378	\$ 41,872	\$ 41,079	\$ 15,896	\$ 246,225
State sources	79,424	1,564,393	-	2,600	1,646,417
Federal sources	-	748,559	-	-	748,559
Interest income	10,021	-	-	-	10,021
On-behalf payments	366,899	-	-	-	366,899
Total revenues	<u>603,722</u>	<u>2,354,824</u>	<u>41,079</u>	<u>18,496</u>	<u>3,018,121</u>
<b>EXPENDITURES</b>					
Salaries	79,731	1,119,277	7,439	11,455	1,217,902
Benefits	18,179	207,316	2,530	960	228,985
Purchased services	172,949	451,455	7,787	8,799	640,990
Supplies and materials	9,609	59,629	-	2,046	71,284
Capital outlay	9,332	7,959	-	-	17,291
Other	9,520	13,069	10,192	1,590	34,371
Transfers - payments to other governmental units	-	206,321	-	-	206,321
On-behalf payments	366,899	-	-	-	366,899
Total expenditures	<u>666,219</u>	<u>2,065,026</u>	<u>27,948</u>	<u>24,850</u>	<u>2,784,043</u>
Revenues over (under) expenditures	<u>(62,497)</u>	<u>289,798</u>	<u>13,131</u>	<u>(6,354)</u>	<u>234,078</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	3,053	3,053
Transfers out	-	(3,053)	-	-	(3,053)
Total other financing sources	<u>-</u>	<u>(3,053)</u>	<u>-</u>	<u>3,053</u>	<u>-</u>
Net change in fund balances	(62,497)	286,745	13,131	(3,301)	234,078
<b>FUND BALANCE (DEFICIT),</b>					
<b>BEGINNING OF YEAR</b>					
	<u>38,597</u>	<u>380,897</u>	<u>78,764</u>	<u>359</u>	<u>498,617</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>					
	<u>\$ (23,900)</u>	<u>\$ 667,642</u>	<u>\$ 91,895</u>	<u>\$ (2,942)</u>	<u>\$ 732,695</u>

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

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2007**

Net change in fund balances		\$ 234,078
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	\$ 5,533	
Depreciation expense	<u>(106,808)</u>	<u>(101,275)</u>
Change in net assets of governmental activities		<u>\$ 132,803</u>

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

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
**June 30, 2007**

	Business-type Activities Enterprise Funds
	Paper Bid
Assets	
Current assets	
Due from other governments	\$ 653
Total current assets	653
Total Assets	653
Liabilities	
Due to other funds	653
Total Liabilities	653
Net Assets	
Unrestricted	\$ -

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

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**For the Year Ended June 30, 2007**

	Business-type Activities Enterprise Funds
	Paper Bid
Operating revenues	
Local sources	\$ 139,143
Operating expenses	
Supplies and materials	139,143
Change in Net Assets	-
Net Assets, Beginning of year	-
Net Assets, End of year	\$ -

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

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2007**

	Business-type Activities Enterprise Funds
	Paper Bid
Cash Flows from Operating Activities:	
Receipts from customers	\$ 182,496
Payments to suppliers and providers of goods and services	(184,835)
Net cash used for operating activities	(2,339)
Net decrease in cash and cash equivalents	(2,339)
Cash and cash equivalents - Beginning of year	2,339
Cash and cash equivalents - End of year	\$ -
Reconciliation of operating income to net cash from operating activities:	
Adjustments to reconcile operating income to net cash from operating activities:	
(Increase)/decrease in assets:	
Due from other governments	\$ 43,353
Increase/(decrease) in liabilities:	
Accounts payable	(46,345)
Due to other funds	653
Net cash used for operating activities	\$ (2,339)

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

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**June 30, 2007**

	Agency Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,831
Due from Illinois State Board of Education	51
<b>TOTAL ASSETS</b>	<b>\$ 4,882</b>
 <b>LIABILITIES</b>	
Due to primary government	\$ 51
Due to other governments	4,831
<b>TOTAL LIABILITIES</b>	<b>\$ 4,882</b>

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

**FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Franklin/Williamson Counties Regional Office of Education No. 21 (ROE) substantially comply with the rules prescribed by the Illinois State Board of Education (ISBE). These accounting policies conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies.

A. Reporting Entity

The ROE operates under the School Code (Articles 5/3 and 5/3A of *Illinois Compiled Statutes*, Chapter 105). The ROE encompasses Franklin and Williamson Counties. The Regional Superintendent of Schools (Regional Superintendent) serves as chief administrative officer of the ROE and is elected pursuant to Article 3, *Illinois Compiled Statutes*, Chapter 105. The principal financial duty of the Superintendent is to receive and distribute monies due to school districts from general state aid, state categorical grants, and various other sources.

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

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

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

A. Reporting Entity – Continued

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

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

For the period ended June 30, 2007, the ROE applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Region No. 21. Such activities are reported as a single major special revenue fund (Education Fund).

The ROE also acts as the administrative agent for the Franklin County Regional Delivery System (a joint agreement). As administrative agent, the ROE is responsible for the receipt and distribution of the System's funding, as well as all necessary reporting requirements for the Illinois State Board of Education and other granting agencies.

The ROE reporting entity includes all related organizations for which they exercise oversight responsibility.

These are the only activities considered to be part of (controlled by or dependent on) the ROE, as determined by the application of the criteria set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. The criteria for inclusion of an entity include, but are not limited to, legal standing, fiscal dependency, imposition of will, and potential for financial benefit or burden.

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

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

A. Reporting Entity – Continued

Based on this criteria, the expenditures paid through the funds of Franklin and Williamson Counties, for operation of the ROE, are not included in the reporting entity since it is the county boards that authorize, oversee, and control these expenditures.

B. Government-wide and Fund Financial Statements

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

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 customers or 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 funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and reported in a single column.

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 propriety fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay current liabilities. The ROE considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Revenues from local sources consist primarily of fees charged to school districts for services rendered by the ROE. Miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Grant funds from the State of Illinois are considered to be earned to the extent of expenditures made under the provisions of the grant. Investment earnings are recorded as earned since they are measurable and available.

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the Statement of Net Assets. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The accrual basis of accounting is utilized by the proprietary fund type. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when the related liability is incurred.

Under the provisions of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the ROE applies all GASB pronouncements and has elected to apply only the pronouncements issued on or before November 30, 1989 for the following: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure.

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

The ROE reports the following major governmental funds:

*General Fund* - The General Fund is used to account for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted for in another fund. The ROE's General Fund accounts include the following:

- Computer Maintenance – Monies received from local districts for computer maintenance and technical assistance.
- County Budget – Monies received from the Franklin and Williamson County Boards to help support the day to day expenses of the ROE.
- ROE/ISC Operations – Monies received from local and State sources to help support the day to day operating expenses of the ROE.
- Working Cash – Interest received from the Illinois Funds and local bank accounts, as well as other miscellaneous receipts used to support the day to day expenses of the ROE.

*Education Fund* - The Education Fund includes proceeds from specific revenue sources (generally all State and federal grants except Supervisory and ROE/ISC Operations) that are legally restricted to expenditures for specified purposes. The ROE's Education Fund accounts include the following:

- Career Awareness and Development – Offers teachers strategies for integrating career awareness into their daily classroom instruction.
- Social/Emotional Standards – Funds received to provide services to schools who have received a Social/Emotional Learning Standards Grant. These services include training for teacher teams, trainer fees and workshop materials.
- 21<sup>st</sup> Century Community Learning Centers – Funds received to administer the U.S. Department of Education 21<sup>st</sup> Century Learning Center after school program.
- Exceptional Children Have Opportunities (ECHO) – Funds received for students attending the two alternative schools.
- Family Violence – Registration fees from violence prevention workshops.
- Special Education - Grants to States – Provides supplemental services to children to expand community based capacity that allows children to remain in their community.

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

- Illinois Violence Prevention – Provides training costs and salary for a representative of the Family Violence Coordinating Council to represent the council at meetings in the nine county area of the 1<sup>st</sup> Circuit.
- Substance Abuse Prevention and Treatment Block Grant – The ROE is the administrative agent for the Department of Human Services funded In Touch program which supports prevention professionals trained to assist communities and schools with the knowledge and skills for effective alcohol, tobacco, and other drug prevention.
- Scientific Literacy Workshop – Funds include registration fees received from Scientific Literacy workshops.
- McKinney Education for Homeless Children – This grant provides funds for providing information to schools, community members and government entities about the educational rights of homeless students.
- Regional Gifted – Gifted services range from student orientated programs like the Gifted Olympiads, to professional development services such as the Gifted Program Coordinators’ meeting.
- Regional Safe Schools – These funds provide programs for disruptive students who are eligible for suspension or expulsion. The programs provide individually designed curriculum, social skills training, career exploration and work experience opportunities, and opportunities to work toward re-entry into the traditional programs, if appropriate.
- Title I - Reading First Part B State Education Agency (SEA) – This program is designed to plan and implement Reading First Academies and provide professional development for teachers in Reading First Schools.
- State Administrative Expenses (SAE) Nutrition Education Loan Library – The program contains nutrition resource materials available for check out to Illinois public schools, daycare facilities, and community groups.
- Scientific Literacy Catalyst – Grant awarded to provide training to teachers on the topic of how to incorporate science in other core curriculums.
- Special Needs – Special Needs fund is a program that was set up to help students meet their needs such as purchasing school supplies, clothing, coats, etc.
- Standards Aligned – The Standards Aligned Classroom initiative helps educators rethink the relationship between assessment and effective schools. It centers on how student achievement is assessed and how the assessment is used in the service of student success.

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

- Tech Prep Academy – Program set up to handle registration fees from participants wanting to take professional development workshops.
- Test Center – The testing center provides services and technical assistance to schools on matters related to student assessment. Such services include group purchasing of achievement tests, scoring and reporting results of achievement tests, and data interpretation.
- Test Cooperative – A local fund set up to provide assistance with development and scoring of local assessment.
- Title IV - Community Service – The Community Service program is part of the No Child Left Behind Title IV Illinois Community Service Grant. The grant partners students with community service projects to enhance learning through service work.
- Truants Alternative Optional Education Program (TAOEP) – This program is devoted to ensuring that each referred at-risk student will be provided with individualized educational and supplemental services that meet the holistic needs of students in pursuit of their education development. TAOEP offerings include: identification of at-risk students and dropouts, truancy intervention services, academic intervention and remediation, parental skills development, and network with community agencies and businesses.
- Williamson County Film Library – Funding for the film library is based on an annual assessment fee from each school district in Williamson County. Funds are used to cover salary and travel expenses for the media assistant.
- Math Professional Development – Provides training for local math teachers using the Materials for Teaching Teachers (M2T2) training program.
- Technology – Enhancing Education – Competitive – Competitive grant awarded to provide scientific literacy workshops to local teachers.
- Area VI Technology Hub – A local fund to track State dollars received through Jackson/Perry ROE No. 30 Area VI South Technology Center program.
- Community Technology Center – A grant to create or expand community technology centers that will provide access to information technology and the training to use it and to promote the academic achievement of low-achieving high school students.

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

- Learn and Serve – Grant funds received so that students may create, monitor, and learn from an outdoor classroom at the Project ECHO building.
- System of Support – Grant monies in this fund are used to provide professional development activities to schools that are on Illinois' Academic Watch List. To be on the list, students in the buildings have not made Adequate Yearly Progress for at least two years. The funding sources for this grant are Title I, Title II, and State appropriated monies.
- Eliminate Digital Divide – Funding received through the Illinois Department of Commerce and Economic Opportunity to provide computer career and job skills through the community technology centers.
- ROE State Grant – Funding received through the ROE #56 in Will County through the Department of Commerce and Economic Opportunity as an entitlement based upon 02-03 enrollment.
- Team Nutrition Grant – Funding received through the Herrin Community Unit School District #4 through the Department of Agriculture to promote nutrition curriculum and education in schools.
- Kindergarten Standards Training – These funds were generated through collaboration between the Illinois State Board of Education and kindergarten teachers throughout the State. This was the first opportunity for kindergarten teachers and administrators to access the new standards specifically designed for kindergarten. In addition to releasing the standards on Kindergarten Day, training sessions on the standards are being provided at various locations throughout the state in collaboration with ISBE Education and Regional Office of Education.

*Institute Fund* – Used to account for examination, registration and renewal fees and to defray expenses incidental to teacher's institutes, workshops and professional meetings. The ROE's Institute Fund accounts include the following:

- Certification – Fees received from teachers when registering for their teaching certificates.

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

- Institute – The Teacher Institute Fund accounts for teacher registration fees. These funds are to be used to defray expenses connected with improving the technology necessary for the efficient processing of certificates as well as any expenses incidental to teacher institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers. All funds generated remain restricted until expended only on the aforementioned activities.
- ISO Workshops – Registration fees received from participants attending staff development workshops.
- Network Internet – Monies received are used for computer workshops and trainings and technical support for local districts.
- Local Workshop Prevention – Registration fees from the In Touch Prevention conference.

Additionally, the ROE reports the following fund types:

Governmental

Special Revenue Funds - Special Revenue Funds are used to account for the collection and disbursement of earmarked monies. The ROE's nonmajor Special Revenue Funds include the following:

- Bus Driver Permit – Experienced drivers must take a two-hour refresher course annually, while all new drivers must take an eight-hour course in bus driver safety and first aid, prescribed by the Illinois State Board of Education and administered by the ROE.
- General Education Development (GED) and GED Scoring – Illinois law requires the Regional Superintendent of Schools of each county/counties to administer the GED test. The GED tests are given once a month in each county. GED scoring fees provide for testing materials and staff salaries.
- Supervisory – Used to account for travel and other expenditures necessary to perform the duty of supervising the school districts in the region.

FRANKLIN/WILLIAMSON COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 21  
 NOTES TO FINANCIAL STATEMENTS – Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Proprietary

Proprietary funds account for activities whose costs are funded by fees and charges. These fees and charges are paid by external users for goods or services. The ROE utilizes the following proprietary fund:

- Paper Bid – This program is used to purchase paper in bulk for the schools in order to reduce their costs.

Fiduciary

Agency Funds – Fiduciary funds account for assets held by the ROE in a trustee or agency capacity. Agency funds are custodial in nature and do not involve measurement of results of operations. The ROE utilizes the following agency funds:

- Distributive – This fund is used to track the flow-through of monies from the Illinois State Board of Education (ISBE) to recipient Franklin and Williamson County schools.
- Franklin County Regional Delivery System (Joint Agreement) – The Franklin County Regional Delivery System consists of six Franklin County high schools whose students generate vocational credits which are reimbursed through a CTE grant and Perkins grant. The systems’ governing board consists of the six superintendents and the ROE Superintendent who hires a system director, special population’s coordinator, and technical preparation director who oversees the compliance with the grants and distribution of grant allocations.

D. Budgetary Data

The grant budgets are submitted to grantor agencies for approval and funding; however, no legal budget is required or adopted. A funding agreement is entered into upon approval of the budget by the grantor. Any subsequent budget revisions must be approved by the grantor. The following accounts prepare budgets:

ROE/ISC Operations	McKinney Education for Homeless
Social/Emotional Standards	Children
21 <sup>st</sup> Century Community Learning Centers	Regional Safe Schools
Illinois Violence Prevention	TAOEP

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Budgetary Data – Continued

Budgets for the other funds of the ROE are not legally required and have not been prepared. Accordingly, no actual to budget comparison is included in the basic financial statements. The actual to budget comparisons are prepared on the modified accrual basis of accounting.

E. Cash and Cash Equivalents

Cash consists of demand deposits. For purposes of the Statement of Cash Flows, the ROE considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

F. Investments

Investments are stated at fair value using quoted market prices at June 30, 2007.

G. Due From Other Governments

Due from other governmental units and agencies is reported at gross with no allowance for uncollectibles since management believes the amount of any uncollectible accounts is immaterial.

H. Capital Assets

Capital assets, which include buildings and furniture and equipment, are reported in the applicable governmental column in the government-wide financial statements. General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The ROE records all capital items, which are individually greater than \$500, with a useful life of greater than one year, as fixed assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

FRANKLIN/WILLIAMSON COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 21  
 NOTES TO FINANCIAL STATEMENTS – Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

H. Capital Assets – Continued

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture and equipment	3-10
Buildings	40

I. Accrued Absences

Compensated absences do not vest or accumulate and are recorded as expenditures when paid.

J. Fund Equity

In the government-wide financial statements fund equity is displayed in three components:

Unrestricted net assets – All other net assets which do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Invested in capital assets, net of related debt – Consists of capital assets, net of accumulated depreciation and related debt.

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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources that are subject to change.

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, gains, losses, and other changes in fund balance during the reporting period. Actual results could differ from those estimates.

L. New Accounting Pronouncements

The GASB has issued the following pronouncement effective for the ROE's fiscal year ending June 30, 2007. However, there was no significant impact on the ROE's financial statements as a result of adopting this statement.

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, which establishes uniform financial reporting standards for other postemployment benefit plans and supersedes the interim guidance included in Statement No. 26, *Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans*.

2. DEPOSITS AND INVESTMENTS

The *Illinois Compiled Statutes* authorize the ROE to invest in U.S. Government, State of Illinois, and municipal securities; certificates of deposit or time savings deposits insured by the FDIC; mortgage notes, bonds, or debentures issued by the Federal Housing Administration; bonds and other obligations of the Federal National Mortgage Association; commercial paper rated within the three highest classifications by at least two standard rating services; credit union shares; and the Illinois Funds.

Bank Deposits

At June 30, 2007, the government-wide and agency fund's carrying amounts of the ROE's various bank deposits totaled \$656,109 and \$4,831, respectively. The bank balances totaled \$960,919. Included in the bank balance is \$13,943 invested in the Illinois Funds. All of the bank balances are covered by federal depositor insurance or by collateral held by the ROE, or its agent, in the ROE's name.

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

2. DEPOSITS AND INVESTMENTS – Continued

*Custodial Credit Risk* - Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the ROE's deposits may not be returned to it. The ROE does not have a formal investment policy to guard against custodial credit risk for deposits with financial institutions.

Investments

The ROE does not have a formal investment policy but requires that funds be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2.

*Custodial Credit Risk* - Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the ROE will not be able to recover the value of its investments that are in possession of an outside party.

*Interest Rate Risk* - The ROE invests solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2.

*Credit Risk* - The Illinois Funds (the Fund) is an external investment pool authorized by the Illinois General Assembly. The Fund is exempt from registering with the Securities and Exchange Commission. The Fund is rated by Standard and Poors upon the request of the Fund's management. The most recent money market rating issued by Standard and Poors was AAAm. The fair value of the position in the Illinois Funds Investment Pool is the same as the value of the pool shares. Illinois State Statute provides the Illinois State Treasurer with regulatory oversight over the Pool.

3. COMMON BANK ACCOUNT

Separate bank accounts are not maintained for all Regional Office of Education No. 21 funds. Certain funds maintain their uninvested cash balance in a common checking account with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

FRANKLIN/WILLIAMSON COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 21  
 NOTES TO FINANCIAL STATEMENTS – Continued

4. CAPITAL ASSETS

Governmental Activities

Capital asset activity for the year ended June 30, 2007 is as follows:

	Balance July 1, <u>2006</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2007</u>
Furniture and equipment	\$2,572,021	\$ 5,533	\$ -	\$ 2,577,554
Building	47,000	-	-	47,000
Less accumulated depreciation for:				
Furniture and equipment	2,395,955	105,633	-	2,501,588
Building	<u>8,225</u>	<u>1,175</u>	<u>-</u>	<u>9,400</u>
Total capital assets, net of accumulated depreciation	<u>\$ 214,841</u>	<u>\$(101,275)</u>	<u>\$ -</u>	<u>\$ 113,566</u>

Depreciation was charged to the Instructional Services activity.

5. EMPLOYEE'S RETIREMENT PLANS

The Regional Office of Education No. 21 participates in two retirement systems: The Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF). Members of TRS include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. Employees, other than teachers, who meet prescribed annual hourly standards, are members of IMRF.

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

TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

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

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

5. EMPLOYEE'S RETIREMENT PLANS – Continued

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate through June 30, 2007 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer.

In addition, virtually all members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The member THIS Fund contribution was 0.6 percent during the year ended June 30, 2007, and the member THIS Fund health insurance contribution was 0.8 percent.

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

- **On Behalf Contributions**  
The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2007, State of Illinois contributions were based on 9.78 percent of creditable earnings, and the ROE recognized revenue and expenditures of \$107,075 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2006 and June 30, 2005, the State of Illinois contribution rates as percentages of creditable earnings were 7.06 percent (\$81,003) and 11.76 percent (\$151,540), respectively.

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

- **2.2 Formula Contributions**  
Employers contribute .58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ended June 30, 2007 were \$5,625. Contributions for the years ending June 30, 2006 and June 30, 2005 were \$5,679 and \$6,498, respectively.
- **Federal and Trust Fund Contributions**  
When TRS members are paid from federal and trust funds administered by the ROE, there is a statutory requirement for the ROE to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees from federal funds and trust funds will be the same as the state contribution rate to TRS.

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

5. EMPLOYEE'S RETIREMENT PLANS – Continued

For the year ended June 30, 2007, the employer pension contribution was 9.78 percent of salaries paid from federal and trust funds. For the year ended June 30, 2006, the employer pension contribution was 7.06 percent of salaries paid from those funds. For the year ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2007, salaries totaling \$135,384 were paid from federal and trust funds that required employer contributions of \$13,241. For the years ended June 30, 2006, and June 30, 2005, required ROE contributions were \$10,134 and \$30,963, respectively.

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

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

Under the ERO program that expired on June 30, 2005 and the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation. Under the Modified ERO, the maximum employer contribution is 117.5 percent. Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement.

For the year ended June 30, 2007, the ROE paid no amounts to TRS for employer contributions under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2006 and June 30, 2005, the ROE paid \$68,569 and \$0 in employer ERO contributions, respectively.

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

5. EMPLOYEE'S RETIREMENT PLANS – Continued

New Employer Contributions -

- Salary increases over 6 percent  
If employers grant 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 the actuarial cost of the benefit based on actual salary increases and the benefit based on salary increase of up to 6 percent.
- Sick leave in excess of normal allotment  
If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (17.60 percent of pay during the year ended June 30, 2007).

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, 2006. The report for the year ended June 30, 2007 is expected to be available in late 2007. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at [www.trs.state.il.us](http://www.trs.state.il.us).

B. Illinois Municipal Retirement Fund

The ROE's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF) provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a financial report that includes financial statements and required supplementary information. That report may be obtained at [www.imrf.org/pubs/pubs\\_homepage.htm](http://www.imrf.org/pubs/pubs_homepage.htm) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

FRANKLIN/WILLIAMSON COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 21  
 NOTES TO FINANCIAL STATEMENTS – Continued

5. EMPLOYEE’S RETIREMENT PLANS – Continued

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by State statute. TAOEP is required to contribute at an actuarially determined rate. The employer rate for calendar year 2006 was 11.81 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2006 was 5 years.

For December 31, 2006, ROE’s annual pension cost of \$46,381 was equal to the ROE’s required and actual contributions. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 to 11.6 percent per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3 percent annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15 percent corridor. The assumptions used for the 2006 actuarial valuation were based on the 2002-2004 experience study.

Trend Information – IMRF

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/06	\$ 46,381	100%	\$0
12/31/05	54,968	100	0
12/31/04	54,804	100	0

Digest of Changes

Assumptions

The actuarial assumptions used to determine the actuarial accrued liability for 2006 are based on the 2002-2004 experience study.

The principal changes were:

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

FRANKLIN/WILLIAMSON COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 21  
 NOTES TO FINANCIAL STATEMENTS – Continued

6. INTERFUND RECEIVABLES/PAYABLES

Funds periodically borrow from other funds to cover temporary cash shortages. These loans are usually paid in full within a few months. No interest is charged on the loans outstanding. Following is a summary of the outstanding amounts due from (to) other funds as of June 30, 2007:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ -	\$ 76,170
Education Fund	198,172	108,682
Institute Fund	-	1,915
Non-major Special Revenue Fund	-	10,752
Enterprise Fund	-	653
Total	<u>\$ 198,172</u>	<u>\$ 198,172</u>

7. DUE TO/FROM OTHER GOVERNMENTS

A summary of amounts due from other governments from agency, special revenue, and proprietary funds at June 30, 2007 follows:

Education Fund:

Illinois Department of Human Services	\$ 14,434
Illinois State Board of Education	18,850
Frankfort Community Unit District #168	6,320
ROE #2	56,336
ROE #30	15,896
Franklin County Regional Delivery System	<u>51</u>
Total Education Fund	<u>111,887</u>

Nonmajor Special Revenue Fund:

ROE #30	446
ROE #12	<u>593</u>
Total Nonmajor Special Revenue Fund	<u>1,039</u>

Enterprise Fund:

School Districts	<u>653</u>
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Agency Funds:

Illinois State Board of Education	<u>51</u>
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Total	<u>\$ 113,630</u>
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FRANKLIN/WILLIAMSON COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 21  
 NOTES TO FINANCIAL STATEMENTS – Continued

7. DUE TO/FROM OTHER GOVERNMENTS – Continued

A summary of amounts due to other governments from agency funds at June 30, 2007 follows:

Agency Funds:	
Primary government (ROE #21)	\$ 51
Illinois State Board of Education	<u>4,831</u>
Total	<u>\$ 4,882</u>

8. RISK MANAGEMENT

The ROE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Insurance to cover these risks is provided through Franklin and Williamson Counties. Claims from these risks have not exceeded commercial insurance coverage during the current fiscal year and the previous two fiscal years.

9. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Generally accepted accounting principles require disclosure of certain information concerning individual funds (which are presented only in combination on the financial statements). Funds having deficit fund balances and funds which over-expended appropriations during the year are required to be disclosed.

The following funds had accounts with deficit fund balance at June 30, 2007:

General Fund:	
County Budget	\$ 43,918
ROE/ISC Operations	1,828
Working Cash	22,703
Education Fund:	
SAE Nutrition Education Loan Library	4
Scientific Literacy Catalyst	1,502
Title IV – Community Service	10
Math Professional Development	9,198
Technology – Enhancing Education – Competitive	307
Community Technology Center	2
Learn and Serve	46
Eliminate Digital Divide	46
ROE State Grant	1

FRANKLIN/WILLIAMSON COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 21  
 NOTES TO FINANCIAL STATEMENTS – Continued

9. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continued

Institute Fund:	
Certification	\$ 1,915
Nonmajor Special Revenue Fund:	
General Education Development	4,476

10. DISTRIBUTIVE FUND INTEREST

A written agreement between the Regional Office of Education No. 21’s school boards, which receive funds through the Regional Office of Education No. 21, and the Regional Office of Education No. 21, provide for the retention of interest earned on the State Distributive Fund checking account by the Regional Superintendent to be used for office operations. During the year, interest earnings of \$831, which had not yet been distributed at June 30, 2007, were recorded in the General Fund.

11. ON-BEHALF SALARIES AND BENEFITS

As previously noted, the State of Illinois makes employer pension contributions on behalf of the ROE. The salaries, benefits, and TRS contributions of the Regional Superintendent and the Assistant Superintendent are paid by the State of Illinois. The amounts paid by the State of Illinois are as follows:

Regional Superintendent salary	\$ 88,539
Regional Superintendent benefits (Includes State paid insurance)	11,235
Assistant Regional Superintendent salary	36,522
Assistant Regional Superintendent benefits	<u>530</u>
Total	<u>\$ 136,826</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.

Franklin and Williamson Counties provide the Regional Office of Education No. 21 with staff on behalf of the Regional Office of Education No. 21. The expenditures paid on the Regional Office of Education No. 21’s behalf for the year ended June 30, 2007, were as follows:

Salaries	\$ 111,872
Benefits	<u>11,126</u>
Total	<u>\$ 122,998</u>

FRANKLIN/WILLIAMSON COUNTIES  
 REGIONAL OFFICE OF EDUCATION NO. 21  
 NOTES TO FINANCIAL STATEMENTS – Continued

11. ON-BEHALF SALARIES AND BENEFITS – Continued

These awards are included in the financial statements of the General Fund as on-behalf payments. In addition to the \$136,826 and \$122,998 above, on-behalf payments include \$107,075 for TRS contributions for other employees, for a total of \$366,899 for the year ended June 30, 2007.

12. LEASES

The ROE leased office space for their Herrin satellite location, office space for their S.T.A.R. Quest location, and office equipment during the fiscal year. Future minimum rental payments under noncancellable operating leases are as follows:

2008	\$ 28,010
2009	27,612
2010	32,612
2011	8,612
2012 and thereafter	<u>4,214</u>
Total	<u>\$ 101,060</u>

Rent expense for the year ended June 30, 2007 was \$50,940.

13. INTERFUND TRANSFERS

During the year ended June 30, 2007, the following interfund transfers occurred:

	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
Education Fund:		
Test Center	\$ -	\$ 3,053
Non-major Special Revenue Fund:		
General Education Development	<u>3,053</u>	<u>-</u>
Total	<u>\$ 3,053</u>	<u>\$ 3,053</u>

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO FINANCIAL STATEMENTS – Continued

14. OTHER MATTERS

Federal and State Grants Compliance

In the normal course of operations, the Regional Office of Education No. 21 receives grants from various State and federal agencies. The grant programs are subject to audit by the granting authority, the purpose of which is to ensure compliance with conditions precedent to granting of funds. The Regional Office of Education No. 21 is aware of certain instances of noncompliance with these provisions which may create liabilities when audited by the granting agencies.

Instances of noncompliance were noted in the audits of fiscal years ending June 30, 2002, 2003, 2004, 2005, and 2006. The ROE is currently seeking to recover all known costs related to these instances from their insurance company.

The ROE has not recorded any liabilities in its financial statements for the year ended June 30, 2007 related to instances of noncompliance detailed in the prior audit reports.

In April 2008, the ROE paid \$7,447 to the U.S. Department of Education to resolve questioned costs noted as a result of the audit of fiscal year ending June 30, 2002.

**REQUIRED SUPPLEMENTARY INFORMATION**  
(Other than Management's Discussion and Analysis)

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
**June 30, 2007**

(Unaudited - See Accompanying Independent Auditors' Report)

**IMRF**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2006	\$ 758,041	\$ 680,530	\$ (77,511)	111.39%	\$ 392,728	(19.74)%
12/31/2005	675,969	737,133	61,164	91.70%	444,004	13.78 %
12/31/2004	648,182	730,857	82,675	88.69%	495,517	16.68 %
12/31/2003	560,337	654,363	94,026	85.63%	499,476	18.82 %
12/31/2002	498,170	560,406	62,236	88.89%	517,681	12.02 %
12/31/2001	435,077	450,254	15,177	96.63%	500,248	3.03 %

On a market basis, the actuarial value of assets as of December 31, 2006 is \$803,665. On a market basis, the funded ratio would be 118.09%.

SUPPLEMENTAL INFORMATION

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

**GENERAL FUND  
COMBINING SCHEDULE OF ACCOUNTS  
June 30, 2007**

	<u>Computer Maintenance</u>	<u>County Budget</u>	<u>ROE/ISC Operations</u>	<u>Working Cash</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 44,549	\$ -	\$ -	\$ -	\$ 44,549
Accounts receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,721</u>	<u>7,721</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 44,549</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,721</u></u>	<u><u>\$ 52,270</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>43,918</u>	<u>1,828</u>	<u>30,424</u>	<u>76,170</u>
<b>Total Liabilities</b>	<u>-</u>	<u>43,918</u>	<u>1,828</u>	<u>30,424</u>	<u>76,170</u>
 <b>Fund Balance (Deficit)</b>					
Unreserved and undesignated	<u>44,549</u>	<u>(43,918)</u>	<u>(1,828)</u>	<u>(22,703)</u>	<u>(23,900)</u>
<b>Total Fund Balance (Deficit)</b>	<u>44,549</u>	<u>(43,918)</u>	<u>(1,828)</u>	<u>(22,703)</u>	<u>(23,900)</u>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 44,549</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,721</u></u>	<u><u>\$ 52,270</u></u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

**GENERAL FUND ACCOUNTS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
For the Year Ended June 30, 2007**

	Computer Maintenance	County Budget	ROE/ISC Operations	Working Cash	Total
<b>REVENUES</b>					
Local sources	\$ 20,833	\$ 113,347	\$ -	\$ 13,198	\$ 147,378
State sources	-	-	79,424	-	79,424
Interest income	-	-	-	10,021	10,021
On-behalf payments	-	-	366,899	-	366,899
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	20,833	113,347	446,323	23,219	603,722
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>					
Salaries	35,148	-	44,583	-	79,731
Benefits	7,222	-	7,632	3,325	18,179
Purchased services	5,847	127,433	23,667	16,002	172,949
Supplies and materials	1,448	-	2,739	5,422	9,609
Capital outlay	-	-	803	8,529	9,332
Other	-	-	-	9,520	9,520
On-behalf payments	-	-	366,899	-	366,899
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	49,665	127,433	446,323	42,798	666,219
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	(28,832)	(14,086)	-	(19,579)	(62,497)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	73,381	(29,832)	(1,828)	(3,124)	38,597
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 44,549</u>	<u>\$ (43,918)</u>	<u>\$ (1,828)</u>	<u>\$ (22,703)</u>	<u>\$ (23,900)</u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**ROE/ISC OPERATIONS**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND ACCOUNTS**  
**For the Year Ended June 30, 2007**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
State sources	\$ 79,424	\$ 79,424	\$ 79,424	\$ -
On-behalf payments from State	-	-	366,899	366,899
Total revenues	79,424	79,424	446,323	366,899
<b>EXPENDITURES</b>				
Salaries	43,500	43,500	44,583	(1,083)
Benefits	6,189	6,189	7,632	(1,443)
Purchased services	27,116	27,116	23,667	3,449
Supplies and materials	1,969	1,969	2,739	(770)
Capital outlay	650	650	803	(153)
On-behalf payments made to State	-	-	366,899	(366,899)
Total expenditures	79,424	79,424	446,323	(366,899)
Net change in fund balance	\$ -	\$ -	-	\$ -
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			(1,828)	
FUND BALANCE (DEFICIT), END OF YEAR			\$ (1,828)	

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**EDUCATION FUND**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**June 30, 2007**

	Career Awareness & Development	Social/ Emotional Standards	21st Century Community Learning Centers	ECHO	Family Violence	Special Education - Grants to States	Illinois Violence Prevention
<b>ASSETS</b>							
Cash and cash equivalents	\$ 8	\$ 17,938	\$ 3,822	\$ 289,125	\$ 369	\$ 1	\$ 4,394
Due from Illinois State Board of Education	-	-	18,850	-	-	-	-
Due from other governments	-	-	-	51	-	-	-
Due from other funds	-	-	-	198,172	-	-	-
<b>Total Assets</b>	<b>\$ 8</b>	<b>\$ 17,938</b>	<b>\$ 22,672</b>	<b>\$ 487,348</b>	<b>\$ 369</b>	<b>\$ 1</b>	<b>\$ 4,394</b>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ 6,839	\$ -	\$ -	\$ -
Due to other funds	-	-	18,849	-	-	-	-
Deferred revenue	-	17,938	-	13,388	-	-	4,004
<b>Total Liabilities</b>	<b>-</b>	<b>17,938</b>	<b>18,849</b>	<b>20,227</b>	<b>-</b>	<b>-</b>	<b>4,004</b>
<b>Fund Balance (Deficit)</b>							
Unreserved and undesignated	8	-	3,823	467,121	369	1	390
<b>Total Fund Balance (Deficit)</b>	<b>8</b>	<b>-</b>	<b>3,823</b>	<b>467,121</b>	<b>369</b>	<b>1</b>	<b>390</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 8</b>	<b>\$ 17,938</b>	<b>\$ 22,672</b>	<b>\$ 487,348</b>	<b>\$ 369</b>	<b>\$ 1</b>	<b>\$ 4,394</b>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**EDUCATION FUND**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**June 30, 2007**

	Substance Abuse Prevention & Treatment Block Grant	Scientific Literacy Workshop	McKinney Education for Homeless Children	Regional Gifted	Regional Safe Schools	Title I - Reading First Part B SEA	SAE Nutrition Education Loan Library
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ 13,715	\$ 2	\$ 15,897	\$ 124,891	\$ 2,475	\$ -
Due from Illinois State Board of Education	-	-	-	-	-	-	-
Due from other governments	14,434	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 14,434</u></b>	<b><u>\$ 13,715</u></b>	<b><u>\$ 2</u></b>	<b><u>\$ 15,897</u></b>	<b><u>\$ 124,891</u></b>	<b><u>\$ 2,475</u></b>	<b><u>\$ -</u></b>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	14,434	-	-	-	370	-	4
Deferred revenue	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b><u>14,434</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>370</u></b>	<b><u>-</u></b>	<b><u>4</u></b>
<b>Fund Balance (Deficit)</b>							
Unreserved and undesignated	-	13,715	2	15,897	124,521	2,475	(4)
<b>Total Fund Balance (Deficit)</b>	<b><u>-</u></b>	<b><u>13,715</u></b>	<b><u>2</u></b>	<b><u>15,897</u></b>	<b><u>124,521</u></b>	<b><u>2,475</u></b>	<b><u>(4)</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 14,434</u></b>	<b><u>\$ 13,715</u></b>	<b><u>\$ 2</u></b>	<b><u>\$ 15,897</u></b>	<b><u>\$ 124,891</u></b>	<b><u>\$ 2,475</u></b>	<b><u>\$ -</u></b>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**EDUCATION FUND**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**June 30, 2007**

	<u>Scientific Literacy Catalyst</u>	<u>Special Needs</u>	<u>Standards Aligned</u>	<u>Tech Prep Academy</u>	<u>Test Center</u>	<u>Test Cooperative</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 695	\$ 1,343	\$ 2,140	\$ 14,799	\$ 1,305
Due from Illinois State Board of Education	-	-	-	-	-	-
Due from other governments	-	-	-	-	6,320	-
Due from other funds	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ -</u>	<u>\$ 695</u>	<u>\$ 1,343</u>	<u>\$ 2,140</u>	<u>\$ 21,119</u>	<u>\$ 1,305</u>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	1,502	-	-	-	-	-
Deferred revenue	-	-	1,052	-	-	-
	<u>-</u>	<u>-</u>	<u>1,052</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>1,502</u>	<u>-</u>	<u>1,052</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance (Deficit)</b>						
Unreserved and undesignated	<u>(1,502)</u>	<u>695</u>	<u>291</u>	<u>2,140</u>	<u>21,119</u>	<u>1,305</u>
Total Fund Balance (Deficit)	<u>(1,502)</u>	<u>695</u>	<u>291</u>	<u>2,140</u>	<u>21,119</u>	<u>1,305</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 695</u>	<u>\$ 1,343</u>	<u>\$ 2,140</u>	<u>\$ 21,119</u>	<u>\$ 1,305</u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**EDUCATION FUND**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**June 30, 2007**

	Title IV - Community Service	TAOEP	Williamson County Film Library	Math Professional Development	Technology - Enhancing Education - Competitive	Area VI Technology Hub	Community Technology Center
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ 8,963	\$ -	\$ -	\$ 1,404	\$ -
Due from Illinois State Board of Education	-	-	-	-	-	-	-
Due from other governments	-	15,896	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 15,896</b>	<b>\$ 8,963</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,404</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	10	15,896	-	9,198	307	-	2
Deferred revenue	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>10</b>	<b>15,896</b>	<b>-</b>	<b>9,198</b>	<b>307</b>	<b>-</b>	<b>2</b>
<b>Fund Balance (Deficit)</b>							
Unreserved and undesignated	(10)	-	8,963	(9,198)	(307)	1,404	(2)
<b>Total Fund Balance (Deficit)</b>	<b>(10)</b>	<b>-</b>	<b>8,963</b>	<b>(9,198)</b>	<b>(307)</b>	<b>1,404</b>	<b>(2)</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ -</b>	<b>\$ 15,896</b>	<b>\$ 8,963</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,404</b>	<b>\$ -</b>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**EDUCATION FUND**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**June 30, 2007**

	Learn and Serve	System of Support	Eliminate Digital Divide	ROE State Grant	Team Nutrition Grant	Kindergarten Standards Training	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 6,043	\$ 157	\$ 509,486
Due from Illinois State Board of Education	-	-	-	-	-	-	18,850
Due from other governments	-	56,336	-	-	-	-	93,037
Due from other funds	-	-	-	-	-	-	198,172
<b>Total Assets</b>	<u>\$ -</u>	<u>\$ 56,336</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,043</u>	<u>\$ 157</u>	<u>\$ 819,545</u>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,839
Due to other funds	46	48,017	46	1	-	-	108,682
Deferred revenue	-	-	-	-	-	-	36,382
<b>Total Liabilities</b>	<u>46</u>	<u>48,017</u>	<u>46</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>151,903</u>
<b>Fund Balance (Deficit)</b>							
Unreserved and undesignated	<u>(46)</u>	<u>8,319</u>	<u>(46)</u>	<u>(1)</u>	<u>6,043</u>	<u>157</u>	<u>667,642</u>
<b>Total Fund Balance (Deficit)</b>	<u>(46)</u>	<u>8,319</u>	<u>(46)</u>	<u>(1)</u>	<u>6,043</u>	<u>157</u>	<u>667,642</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 56,336</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,043</u>	<u>\$ 157</u>	<u>\$ 819,545</u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

**EDUCATION FUND ACCOUNTS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
For the Year Ended June 30, 2007**

	Career Awareness & Development	Social/ Emotional Standards	21st Century Community Learning Centers	ECHO	Family Violence	Special Education - Grants to States	Illinois Violence Prevention
<b>REVENUES</b>							
Local sources	\$ -	\$ -	\$ 6,551	\$ 7,044	\$ 130	\$ -	\$ -
State sources	-	7,062	-	1,148,890	-	6,332	18,993
Federal sources	-	-	242,600	22,845	-	-	-
Total revenues	-	7,062	249,151	1,178,779	130	6,332	18,993
<b>EXPENDITURES</b>							
Salaries	-	-	147,303	545,711	-	-	12,595
Benefits	-	-	21,980	102,022	-	-	1,290
Purchased services	-	7,062	63,165	161,181	119	-	4,472
Supplies and materials	-	-	16,284	17,944	-	-	636
Capital outlay	-	-	-	2,950	-	-	-
Other	-	-	-	1,794	-	-	-
Transfers - payments to other governmental units	-	-	-	72,000	-	6,331	-
Total expenditures	-	7,062	248,732	903,602	119	6,331	18,993
Revenues over (under) expenditures	-	-	419	275,177	11	1	-
Other financing (uses)							
Transfers out	-	-	-	-	-	-	-
Total other financing (uses)	-	-	-	-	-	-	-
Net change in fund balances	-	-	419	275,177	11	1	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	8	-	3,404	191,944	358	-	390
FUND BALANCE (DEFICIT), END OF YEAR	\$ 8	\$ -	\$ 3,823	\$ 467,121	\$ 369	\$ 1	\$ 390

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

**EDUCATION FUND ACCOUNTS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
For the Year Ended June 30, 2007**

	Substance Abuse Prevention & Treatment Block Grant	Scientific Literacy Workshop	McKinney Education for Homeless Children	Regional Gifted	Regional Safe Schools	Title I - Reading First Part B SEA	SAE Nutrition Education Loan Library
<b>REVENUES</b>							
Local sources	\$ -	\$ -	\$ -	\$ 8,394	\$ -	\$ 1,775	\$ -
State sources	81,787	-	-	-	229,089	-	-
Federal sources	91,700	-	222,184	-	-	-	-
Total revenues	<u>173,487</u>	<u>-</u>	<u>222,184</u>	<u>8,394</u>	<u>229,089</u>	<u>1,775</u>	<u>-</u>
<b>EXPENDITURES</b>							
Salaries	126,866	-	48,508	-	153,350	-	-
Benefits	27,576	-	12,616	-	28,944	-	-
Purchased services	17,273	-	19,391	-	22,415	-	-
Supplies and materials	1,373	-	11,255	-	7,820	-	-
Capital outlay	399	-	2,422	-	2,188	-	-
Other	-	-	-	11,275	-	-	-
Transfers - payments to other governmental units	-	-	127,990	-	-	-	-
Total expenditures	<u>173,487</u>	<u>-</u>	<u>222,182</u>	<u>11,275</u>	<u>214,717</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>2</u>	<u>(2,881)</u>	<u>14,372</u>	<u>1,775</u>	<u>-</u>
<b>Other financing (uses)</b>							
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>2</u>	<u>(2,881)</u>	<u>14,372</u>	<u>1,775</u>	<u>-</u>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>-</u>	<u>13,715</u>	<u>-</u>	<u>18,778</u>	<u>110,149</u>	<u>700</u>	<u>(4)</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ 13,715</u>	<u>\$ 2</u>	<u>\$ 15,897</u>	<u>\$ 124,521</u>	<u>\$ 2,475</u>	<u>\$ (4)</u>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

EDUCATION FUND ACCOUNTS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 For the Year Ended June 30, 2007

	Scientific Literacy Catalyst	Special Needs	Standards Aligned	Tech Prep Academy	Test Center	Test Cooperative
REVENUES						
Local sources	\$ -	\$ -	\$ -	\$ 300	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	-	10,517	-	-	-
Total revenues	-	-	10,517	300	-	-
EXPENDITURES						
Salaries	-	-	7,000	-	-	-
Benefits	-	-	970	-	-	-
Purchased services	-	-	1,031	227	-	-
Supplies and materials	-	-	1,516	187	-	-
Capital outlay	-	-	-	-	-	-
Other	-	-	-	-	-	-
Transfers - payments to other governmental units	-	-	-	-	-	-
Total expenditures	-	-	10,517	414	-	-
Revenues over (under) expenditures	-	-	-	(114)	-	-
Other financing (uses)						
Transfers out	-	-	-	-	(3,053)	-
Total other financing (uses)	-	-	-	-	(3,053)	-
Net change in fund balances	-	-	-	(114)	(3,053)	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	(1,502)	695	291	2,254	24,172	1,305
FUND BALANCE (DEFICIT), END OF YEAR	\$ (1,502)	\$ 695	\$ 291	\$ 2,140	\$ 21,119	\$ 1,305

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

**EDUCATION FUND ACCOUNTS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
For the Year Ended June 30, 2007**

	Title IV - Community Service	TAOEP	Williamson County Film Library	Math Professional Development	Technology - Enhancing Education - Competitive	Area VI Technology Hub	Community Technology Center
<b>REVENUES</b>							
Local sources	\$ -	\$ -	\$ 3,969	\$ -	\$ -	\$ 11,909	\$ -
State sources	-	50,397	-	-	-	-	-
Federal sources	-	-	-	16,792	29,605	-	-
Total revenues	-	50,397	3,969	16,792	29,605	11,909	-
<b>EXPENDITURES</b>							
Salaries	-	37,184	-	4,000	-	9,260	-
Benefits	-	6,353	-	572	-	1,182	-
Purchased services	-	4,890	-	16,269	29,606	-	-
Supplies and materials	-	1,970	-	508	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Transfers - payments to other governmental units	-	-	-	-	-	-	-
Total expenditures	-	50,397	-	21,349	29,606	10,442	-
Revenues over (under) expenditures	-	-	3,969	(4,557)	(1)	1,467	-
Other financing (uses)							
Transfers out	-	-	-	-	-	-	-
Total other financing (uses)	-	-	-	-	-	-	-
Net change in fund balances	-	-	3,969	(4,557)	(1)	1,467	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	(10)	-	4,994	(4,641)	(306)	(63)	(2)
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (10)</u>	<u>\$ -</u>	<u>\$ 8,963</u>	<u>\$ (9,198)</u>	<u>\$ (307)</u>	<u>\$ 1,404</u>	<u>\$ (2)</u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

**EDUCATION FUND ACCOUNTS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
For the Year Ended June 30, 2007**

	Learn and Serve	System of Support	Eliminate Digital Divide	ROE State Grant	Team Nutrition Grant	Kindergarten Standards Training	Total
<b>REVENUES</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,800	\$ 41,872
State sources	-	21,843	-	-	-	-	1,564,393
Federal sources	-	112,316	-	-	-	-	748,559
<b>Total revenues</b>	<u>-</u>	<u>134,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,800</u>	<u>2,354,824</u>
<b>EXPENDITURES</b>							
Salaries	-	27,500	-	-	-	-	1,119,277
Benefits	-	3,811	-	-	-	-	207,316
Purchased services	-	102,723	-	-	-	1,631	451,455
Supplies and materials	-	124	-	-	-	12	59,629
Capital outlay	-	-	-	-	-	-	7,959
Other	-	-	-	-	-	-	13,069
Transfers - payments to other governmental units	-	-	-	-	-	-	206,321
<b>Total expenditures</b>	<u>-</u>	<u>134,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,643</u>	<u>2,065,026</u>
Revenues over (under) expenditures	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157</u>	<u>289,798</u>
<b>Other financing (uses)</b>							
Transfers out	-	-	-	-	-	-	(3,053)
<b>Total other financing (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,053)</u>
Net change in fund balances	-	1	-	-	-	157	286,745
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<u>(46)</u>	<u>8,318</u>	<u>(46)</u>	<u>(1)</u>	<u>6,043</u>	<u>-</u>	<u>380,897</u>
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<u>\$ (46)</u>	<u>\$ 8,319</u>	<u>\$ (46)</u>	<u>\$ (1)</u>	<u>\$ 6,043</u>	<u>\$ 157</u>	<u>\$ 667,642</u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**SOCIAL/EMOTIONAL STANDARDS**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>			
State sources	\$ 50,000	\$ 7,062	\$ (42,938)
Total revenues	<u>50,000</u>	<u>7,062</u>	<u>(42,938)</u>
 <b>EXPENDITURES</b>			
Salaries	22,000	-	22,000
Benefits	3,443	-	3,443
Purchased services	22,457	7,062	15,395
Supplies and materials	1,100	-	1,100
Other	1,000	-	1,000
Total expenditures	<u>50,000</u>	<u>7,062</u>	<u>42,938</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE, BEGINNING OF YEAR		<u>-</u>	
FUND BALANCE, END OF YEAR		<u>\$ -</u>	

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**21st CENTURY COMMUNITY LEARNING CENTERS**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>			
Local sources	\$ -	\$ 6,551	\$ 6,551
Federal sources	<u>242,600</u>	<u>242,600</u>	<u>-</u>
Total revenues	<u>242,600</u>	<u>249,151</u>	<u>6,551</u>
<b>EXPENDITURES</b>			
Salaries	147,096	147,303	(207)
Benefits	22,427	21,980	447
Purchased services	53,102	63,165	(10,063)
Supplies and materials	13,475	16,284	(2,809)
Transfers - payments to other governmental units	<u>6,500</u>	<u>-</u>	<u>6,500</u>
Total expenditures	<u>242,600</u>	<u>248,732</u>	<u>(6,132)</u>
Net change in fund balance	<u>\$ -</u>	419	<u>\$ 419</u>
FUND BALANCE, BEGINNING OF YEAR		<u>3,404</u>	
FUND BALANCE, END OF YEAR		<u>\$ 3,823</u>	

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**ILLINOIS VIOLENCE PREVENTION**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
State sources	\$ 19,500	\$ 18,993	\$ (507)
Total revenues	<u>19,500</u>	<u>18,993</u>	<u>(507)</u>
 <b>EXPENDITURES</b>			
Salaries	12,595	12,595	-
Benefits	1,306	1,290	16
Purchased services	5,325	4,472	853
Supplies and materials	274	636	(362)
Total expenditures	<u>19,500</u>	<u>18,993</u>	<u>507</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
 FUND BALANCE, BEGINNING OF YEAR		<u>390</u>	
 FUND BALANCE, END OF YEAR		<u>\$ 390</u>	

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**MCKINNEY EDUCATION FOR HOMELESS CHILDREN**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2007**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Federal sources	\$ 222,184	\$ 222,184	\$ -
Total revenues	222,184	222,184	-
 <b>EXPENDITURES</b>			
Salaries	46,661	48,508	(1,847)
Benefits	11,188	12,616	(1,428)
Purchased services	19,046	19,391	(345)
Supplies and materials	13,490	11,255	2,235
Capital outlay	4,075	2,422	1,653
Transfers - payments to other governmental units	127,724	127,990	(266)
Total expenditures	222,184	222,182	2
Net change in fund balance	\$ -	2	\$ 2
 FUND BALANCE, BEGINNING OF YEAR		-	
FUND BALANCE, END OF YEAR		\$ 2	

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**REGIONAL SAFE SCHOOLS**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
State sources	\$ 162,361	\$ 229,089	\$ 66,728
Total revenues	<u>162,361</u>	<u>229,089</u>	<u>66,728</u>
 <b>EXPENDITURES</b>			
Salaries	130,840	153,350	(22,510)
Benefits	24,837	28,944	(4,107)
Purchased services	6,259	22,415	(16,156)
Supplies and materials	425	7,820	(7,395)
Capital outlay	<u>-</u>	<u>2,188</u>	<u>(2,188)</u>
Total expenditures	<u>162,361</u>	<u>214,717</u>	<u>(52,356)</u>
Net change in fund balance	<u>\$ -</u>	14,372	<u>\$ 14,372</u>
FUND BALANCE, BEGINNING OF YEAR		<u>110,149</u>	
FUND BALANCE, END OF YEAR		<u>\$ 124,521</u>	

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**TAOEP**  
**BUDGETARY COMPARISON SCHEDULE**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
State sources	\$ 50,397	\$ 50,397	\$ -
Total revenues	<u>50,397</u>	<u>50,397</u>	<u>-</u>
 <b>EXPENDITURES</b>			
Salaries	39,918	37,184	2,734
Benefits	6,019	6,353	(334)
Purchased services	4,408	4,890	(482)
Supplies and material	52	1,970	(1,918)
Total expenditures	<u>50,397</u>	<u>50,397</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
 FUND BALANCE, BEGINNING OF YEAR		<u>-</u>	
 FUND BALANCE, END OF YEAR		<u>\$ -</u>	

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

**INSTITUTE FUND  
COMBINING SCHEDULE OF ACCOUNTS  
June 30, 2007**

	<u>Certification</u>	<u>Institute</u>	<u>ISO Workshops</u>	<u>Network Internet</u>	<u>Local Workshop Prevention</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 24,997	\$ 13,398	\$ 55,079	\$ 336	\$ 93,810
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 24,997</u>	<u>\$ 13,398</u>	<u>\$ 55,079</u>	<u>\$ 336</u>	<u>\$ 93,810</u>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>Liabilities</b>						
Due to other funds	\$ 1,915	\$ -	\$ -	\$ -	\$ -	\$ 1,915
<b>Fund Balance (Deficit)</b>						
Unreserved and undesignated	(1,915)	24,997	13,398	55,079	336	91,895
Total Fund Balance (Deficit)	<u>(1,915)</u>	<u>24,997</u>	<u>13,398</u>	<u>55,079</u>	<u>336</u>	<u>91,895</u>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<u>\$ -</u>	<u>\$ 24,997</u>	<u>\$ 13,398</u>	<u>\$ 55,079</u>	<u>\$ 336</u>	<u>\$ 93,810</u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

**INSTITUTE FUND ACCOUNTS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the Year Ended June 30, 2007**

	<u>Certification</u>	<u>Institute</u>	<u>ISO Workshops</u>	<u>Network Internet</u>	<u>Local Workshop Prevention</u>	<u>Total</u>
<b>REVENUES</b>						
Local sources	\$ 4,486	\$ 28,594	\$ 290	\$ 7,709	\$ -	\$ 41,079
Total revenues	<u>4,486</u>	<u>28,594</u>	<u>290</u>	<u>7,709</u>	<u>-</u>	<u>41,079</u>
<b>EXPENDITURES</b>						
Salaries	-	-	-	7,439	-	7,439
Benefits	-	353	-	2,177	-	2,530
Purchased services	-	448	-	7,339	-	7,787
Other	<u>4,693</u>	<u>-</u>	<u>364</u>	<u>5,135</u>	<u>-</u>	<u>10,192</u>
Total expenditures	<u>4,693</u>	<u>801</u>	<u>364</u>	<u>22,090</u>	<u>-</u>	<u>27,948</u>
Net change in fund balances	(207)	27,793	(74)	(14,381)	-	13,131
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(1,708)</u>	<u>(2,796)</u>	<u>13,472</u>	<u>69,460</u>	<u>336</u>	<u>78,764</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (1,915)</u>	<u>\$ 24,997</u>	<u>\$ 13,398</u>	<u>\$ 55,079</u>	<u>\$ 336</u>	<u>\$ 91,895</u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

**NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET**

**June 30, 2007**

	<u>Bus Driver Permit</u>	<u>General Education Development</u>	<u>Supervisory</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,534	\$ 6,730	\$ -	\$ 8,264
Due from other governments	-	1,039	-	1,039
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,534</u></u>	<u><u>\$ 7,769</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,303</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 1,493	\$ -	\$ 1,493
Due to other funds	-	10,752	-	10,752
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Liabilities</b>	<u>          </u>	<u>12,245</u>	<u>          </u>	<u>12,245</u>
 <b>Fund Balance (Deficit)</b>				
Unreserved and undesignated	<u>1,534</u>	<u>(4,476)</u>	<u>-</u>	<u>(2,942)</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Fund Balance (Deficit)</b>	<u>1,534</u>	<u>(4,476)</u>	<u>-</u>	<u>(2,942)</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<u><u>\$ 1,534</u></u>	<u><u>\$ 7,769</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,303</u></u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

**NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
For the Year Ended June 30, 2007**

	Bus Driver Permit	General Education Development	Supervisory	Total
<b>REVENUES</b>				
Local sources	\$ 1,283	\$ 14,613	\$ -	\$ 15,896
State sources	600	-	2,000	2,600
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	1,883	14,613	2,000	18,496
<b>EXPENDITURES</b>				
Salaries	-	11,455	-	11,455
Benefits	-	960	-	960
Purchased services	-	8,799	-	8,799
Supplies and materials	-	46	2,000	2,046
Other	1,448	142	-	1,590
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	1,448	21,402	2,000	24,850
Revenues over (under) expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	435	(6,789)	-	(6,354)
<b>Other financing sources</b>				
Transfers in	<hr/>	<hr/>	<hr/>	<hr/>
	-	3,053	-	3,053
Total other financing sources	<hr/>	<hr/>	<hr/>	<hr/>
	-	3,053	-	3,053
Net change in fund balances	435	(3,736)	-	(3,301)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<hr/>	<hr/>	<hr/>	<hr/>
	1,099	(740)	-	359
FUND BALANCE (DEFICIT), END OF YEAR	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 1,534	\$ (4,476)	\$ -	\$ (2,942)

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

**GENERAL EDUCATION DEVELOPMENT FUND  
COMBINING BALANCE SHEET BY SUB-ACCOUNT  
June 30, 2007**

	<u>GED</u>	<u>Scoring</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,730	\$ -	\$ 6,730
Due from other governments	<u>1,039</u>	<u>-</u>	<u>1,039</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 7,769</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,769</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$ 1,493	\$ -	\$ 1,493
Due to other funds	<u>-</u>	<u>10,752</u>	<u>10,752</u>
<b>Total Liabilities</b>	<u>1,493</u>	<u>10,752</u>	<u>12,245</u>
 <b>Fund Balance (Deficit)</b>			
Unreserved and undesignated	<u>6,276</u>	<u>(10,752)</u>	<u>(4,476)</u>
<b>Total Fund Balance (Deficit)</b>	<u>6,276</u>	<u>(10,752)</u>	<u>(4,476)</u>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <u><u>\$ 7,769</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 7,769</u></u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

**GENERAL EDUCATION DEVELOPMENT FUND  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES BY SUB-ACCOUNT  
 For the Year Ended June 30, 2007**

	<u>GED</u>	<u>Scoring</u>	<u>Total</u>
<b>REVENUES</b>			
Local sources	<u>\$ 14,608</u>	<u>\$ 5</u>	<u>\$ 14,613</u>
Total revenues	<u>14,608</u>	<u>5</u>	<u>14,613</u>
<b>EXPENDITURES</b>			
Salaries	11,455	-	11,455
Benefits	960	-	960
Purchased services	8,799	-	8,799
Supplies and materials	46	-	46
Other	<u>-</u>	<u>142</u>	<u>142</u>
Total expenditures	<u>21,260</u>	<u>142</u>	<u>21,402</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>3,053</u>	<u>-</u>	<u>3,053</u>
Total other financing sources	<u>3,053</u>	<u>-</u>	<u>3,053</u>
Net change in fund balances	(3,599)	(137)	(3,736)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>9,875</u>	<u>(10,615)</u>	<u>(740)</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u><u>\$ 6,276</u></u>	<u><u>\$ (10,752)</u></u>	<u><u>\$ (4,476)</u></u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**ALL AGENCY FUNDS**  
**June 30, 2007**

	Distributive	Franklin County Regional Delivery System	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 4,831	\$ 4,831
Due from Illinois State Board of Education	-	51	51
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 4,882</b>	<b>\$ 4,882</b>
<b>LIABILITIES</b>			
<b>Liabilities</b>			
Due to primary government	\$ -	\$ 51	\$ 51
Due to other governments	-	4,831	4,831
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ 4,882</b>	<b>\$ 4,882</b>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**For the Year Ended June 30, 2007**

<u>DISTRIBUTIVE</u>	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 2,413,342	\$ 2,413,342	\$ -
Due from Illinois State Board of Education	3,367	-	3,367	-
<b>TOTAL ASSETS</b>	<b>\$ 3,367</b>	<b>\$ 2,413,342</b>	<b>\$ 2,416,709</b>	<b>\$ -</b>
<b>LIABILITIES</b>				
Due to other governments	\$ 3,367	\$ 2,413,342	\$ 2,416,709	\$ -
<b>TOTAL LIABILITIES</b>	<b>\$ 3,367</b>	<b>\$ 2,413,342</b>	<b>\$ 2,416,709</b>	<b>\$ -</b>
 <u>FRANKLIN COUNTY REGIONAL DELIVERY SYSTEM</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,831	\$ 479,062	\$ 479,062	\$ 4,831
Due from Illinois State Board of Education	-	51	-	51
<b>TOTAL ASSETS</b>	<b>\$ 4,831</b>	<b>\$ 479,113</b>	<b>\$ 479,062</b>	<b>\$ 4,882</b>
<b>LIABILITIES</b>				
Due to primary government	\$ -	\$ 51	\$ -	\$ 51
Due to other governments	4,831	479,062	479,062	4,831
<b>TOTAL LIABILITIES</b>	<b>\$ 4,831</b>	<b>\$ 479,113</b>	<b>\$ 479,062</b>	<b>\$ 4,882</b>
 <u>TOTAL AGENCY FUNDS</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,831	\$ 2,892,404	\$ 2,892,404	\$ 4,831
Due from Illinois State Board of Education	3,367	51	3,367	51
<b>TOTAL ASSETS</b>	<b>\$ 8,198</b>	<b>\$ 2,892,455</b>	<b>\$ 2,895,771</b>	<b>\$ 4,882</b>
<b>LIABILITIES</b>				
Due to primary government	\$ -	\$ 51	\$ -	\$ 51
Due to other governments	8,198	2,892,404	2,895,771	4,831
<b>TOTAL LIABILITIES</b>	<b>\$ 8,198</b>	<b>\$ 2,892,455</b>	<b>\$ 2,895,771</b>	<b>\$ 4,882</b>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

**FRANKLIN COUNTY REGIONAL DELIVERY SYSTEM ACCOUNTS  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS**

**June 30, 2007**

	<u>Title IIC Secondary</u>	<u>Elementary Career Development</u>	<u>Perkins Title III Tech. Prep. Federal</u>	<u>Regional Vocation Delivery</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 932	\$ 835	\$ 1,565	\$ 1,499	\$ 4,831
Due from Illinois State Board of Education	<u>-</u>	<u>-</u>	<u>-</u>	<u>51</u>	<u>51</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 932</u></u>	<u><u>\$ 835</u></u>	<u><u>\$ 1,565</u></u>	<u><u>\$ 1,550</u></u>	<u><u>\$ 4,882</u></u>
<b>LIABILITIES</b>					
<b>Liabilities</b>					
Due to primary government	\$ -	\$ -	\$ -	\$ 51	\$ 51
Due to other governments	<u>932</u>	<u>835</u>	<u>1,565</u>	<u>1,499</u>	<u>4,831</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 932</u></u>	<u><u>\$ 835</u></u>	<u><u>\$ 1,565</u></u>	<u><u>\$ 1,550</u></u>	<u><u>\$ 4,882</u></u>

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHERS  
For the Year Ended June 30, 2007**

Acct. No.		Franklin Co. ROE No. 21	Akin District 91	John A. Logan College	Total
<b>State Funds</b>					
3001	General State Aid - Section 18-8	\$ 1,143,619	\$ 71,197	\$ 72,000	\$ 1,286,816
3105	Sp Ed - Extra Ordinary	-	5,251	-	5,251
3110	Sp Ed - Personnel	-	2,700	-	2,700
3220	Voc Ed - Secondary Program Impr.	224,728	-	-	224,728
3235	Voc Ed - Agriculture Education	12,685	-	-	12,685
3360	State Free Lunch and Breakfast	1,482	15	-	1,497
3365	Breakfast Incentive	160	56	-	216
3500	Transportation - Regular	-	16,769	-	16,769
3510	Transportation - Special Education	-	666	-	666
3520	ROE School Bus Driver Training	600	-	-	600
3696	Regional Safe Schools	162,361	-	-	162,361
3730	ROE/ESC Operations	79,424	-	-	79,424
3745	Supervisory Expense	2,000	-	-	2,000
	<b>Total State Funds</b>	<u>1,627,059</u>	<u>96,654</u>	<u>72,000</u>	<u>1,795,713</u>
<b>Federal Funds</b>					
4210	National School Lunch Program	17,981	-	-	17,981
4220	School Breakfast Program	10,198	-	-	10,198
4221	Title IV 21st Century Comm Learn Center	223,750	-	-	223,750
4250	Child Nutrition Commodity/Salvage	13	-	-	13
4334	Title I Reading 1st	-	9,094	-	9,094
4745	VE Perkins - Title IIC Secondary	88,897	-	-	88,897
4920	McKinney Education for Homeless	242,859	-	-	242,859
4972	Tech Enhancing Ed Competitive Exp	24,837	-	-	24,837
	<b>Total Federal Funds</b>	<u>608,535</u>	<u>9,094</u>	<u>-</u>	<u>617,629</u>
	<b>Total Distributions</b>	<u>\$ 2,235,594</u>	<u>\$ 105,748</u>	<u>\$ 72,000</u>	<u>\$ 2,413,342</u>

FEDERAL COMPLIANCE SECTION

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2007**

Federal Grantor/Pass-Through Grantor, Program or Cluster Title	CFDA Number	ISBE Project # (1st 8 digits) or Contract #	Federal Expenditures 7/1/06 - 6/30/07
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>			
Passed through Illinois State Board of Education:			
Food Donation (ECHO)	10.550	07-4250-00	\$ 13
Passed through Illinois State Board of Education:			
School Breakfast Program		06-4220-00	4,001
School Breakfast Program		07-4220-00	4,368
Total School Breakfast Program (ECHO)	10.553		<u>8,369</u>
Passed through Illinois State Board of Education:			
National School Lunch Program		06-4210-00	6,832
National School Lunch Program		07-4210-00	7,631
Total National School Lunch Program (ECHO)	10.555		<u>14,463</u>
<b>U.S. DEPARTMENT OF EDUCATION:</b>			
Passed through Regional Office of Education No. 02:			
Title I - Grants to Local Educational Agencies (System of Support)		07-4331-SS	83,316
Passed through Regional Office of Education No. 25:			
Title I - Grants to Local Educational Agencies (Standards Aligned)		07-4331-00	10,517
Total Title I - Grants to Local Educational Agencies	84.010A		<u>93,833</u>
Passed through Illinois State Board of Education:			
(M) McKinney Education for Homeless Children	84.196A	07-4920-00	<u>222,182</u>
Passed through Illinois State Board of Education:			
(M) 21st Century Community Learning Centers	84.287C	07-4421-05	<u>242,600</u>
Passed through Illinois State Board of Education:			
Technology - Enhancing Education - Competitive	84.318X	06-4972-01	<u>29,605</u>
Passed through Regional Office of Education No. 02:			
Mathematics and Science Partnerships (Math Professional Development)	84.366B	07-4936-00	<u>16,792</u>
Passed through Regional Office of Education No. 02:			
Improving Teacher Quality State Grants (System of Support)	84.367A	07-4935-SS	<u>29,000</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
Passed through Illinois Department of Human Services:			
Substance Abuse Prevention & Treatment Block Grant	93.959	711G7200000	<u>91,700</u>
Total Expenditures of Federal Awards			<u>\$ 748,557</u>

(M) Program was audited as a major program.

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

FRANKLIN/WILLIAMSON COUNTIES  
REGIONAL OFFICE OF EDUCATION NO. 21  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2007

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Regional Office of Education No. 21 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. DESCRIPTION OF FEDERAL PROGRAMS AUDITED AS A MAJOR PROGRAM

The major federal programs of the Franklin/Williamson Counties Regional Office of Education No. 21 are the 21<sup>st</sup> Century Community Learning Centers (CFDA # 84.287C) and the McKinney Education for Homeless Children grant (CFDA # 84.196A). The 21<sup>st</sup> Century Community Learning Centers funds are used to provide after-school academic enrichment opportunities for children, particularly students who attend high-poverty and low-performing schools. The McKinney Education for Homeless Children grant funds are used for providing information to schools, community members and government entities about the educational rights of homeless students.

3. SUBRECIPIENTS

Of the expenditures in this schedule, the Franklin/Williamson Counties Regional Office of Education No. 21 provided awards to subrecipients in the amount of \$127,990 under the McKinney Education for Homeless Children grant, CFDA # 84.196A.

4. INSURANCE

Regional Office of Education No. 21 did not receive any Federal insurance as part of any Federal award during the year ended June 30, 2007.

5. LOANS AND LOAN GUARANTEES

Regional Office of Education No. 21 had no loans or loan guarantees as of or for the year ended June 30, 2007.

6. NON-MONETARY FEDERAL AWARDS

Regional Office of Education No. 21 did not receive any non-monetary federal awards as of or for the year ended June 30, 2007.