

**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, 2009**

**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.....	18
Corrective Action Plan for Current Year Audit Findings.....	19
Summary Schedule of Prior Audit Findings.....	21
Management’s Discussion and Analysis	22
 BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Assets	29
Statement of Activities.....	30
Fund Financial Statements	
Governmental Funds – Balance Sheet	31
Governmental Funds – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	32
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances	33
Governmental Funds – Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	34
Proprietary Funds – Statement of Net Assets	35
Proprietary Funds – Statement of Revenues, Expenses, and Changes in Fund Net Assets	36

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

	<u>Page</u>
BASIC FINANCIAL STATEMENTS – Continued	
Proprietary Funds – Statement of Cash Flows.....	37
Fiduciary Funds – Statement of Fiduciary Net Assets.....	38
Notes to Financial Statements.....	39
 REQUIRED SUPPLEMENTARY INFORMATION	
Illinois Municipal Retirement Fund - Schedule of Funding Progress	62
 SUPPLEMENTAL INFORMATION	
General Fund:	
Combining Schedule of Accounts	63
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	64
Budgetary Comparison Schedule – ROE/ISC Operations.....	65
 Education Fund:	
Combining Schedule of Accounts	66
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	70
Budgetary Comparison Schedules:	
Social/Emotional Standards	74
21 st Century Community Learning Centers	75
ECHO.....	76
Illinois Violence Prevention	77
Substance Abuse Prevention and Treatment.....	78
McKinney Education for Homeless Children.....	79
Regional Safe Schools	80
Truants Alternative Optional Education Program Training (TAOEP).....	81
Title III Tech Prep.....	82
Vocational Ed Tech Prep	83
 Institute Fund:	
Combining Schedule of Accounts	84
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	85

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

	<u>Page</u>
SUPPLEMENTAL INFORMATION – Continued	
Nonmajor Special Revenue Funds:	
Combining Balance Sheet.....	86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	87
Fiduciary Funds:	
Statement of Fiduciary Net Assets – Franklin County Regional Delivery System.....	88
Statement of Changes in Assets and Liabilities – Franklin County Regional Delivery System.....	89
Franklin County Regional Delivery System Accounts Combining Statement of Fiduciary Net Assets.....	90
 FEDERAL COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards.....	91
Notes to the Schedule of Expenditures of Federal Awards	92

FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21

OFFICIALS

Regional Superintendent

R. Matthew Donkin
(Current and during audit period)

Assistant Regional Superintendent

Kurt Endebrock
(Current and during audit period)

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 5th
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.

AUDITOR'S 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	2	3
Repeated audit findings	1	3
Prior recommendations implemented or not repeated	2	2

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

An additional 5 matters which are less than a significant deficiency or material weakness but more than inconsequential, have been reported in a Management Letter of Comments to the Regional Superintendent. In prior years, these issues may have been included as immaterial findings in the auditors' reports.

SUMMARY OF FINDINGS AND QUESTIONED COSTS

FINDINGS (GOVERNMENT AUDITING STANDARDS)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
09-01	14	Controls over financial statement preparation	Material Weakness
09-02	16	Expenditure reports did not agree to general ledger	Significant Deficiency

FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

The following finding which is reported as a current finding and questioned cost relating to *Government Auditing Standards* also meets the reporting requirements for Federal Compliance.

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	
09-02	16	Expenditure reports did not agree to general ledger	Significant Deficiency - Compliance

PRIOR AUDIT FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
08-01	21	Failure to remit interest earned
08-02	21	Inadequate controls over property and equipment

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
08-01	21	Failure to remit interest earned

FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Regional Office personnel at a formal exit teleconference on January 26, 2010. Attending were R. Matthew Donkin, Regional Superintendent, Kurt Endebrock, Assistant Regional Superintendent, Johna Schullian, Comptroller, and Tammy Manier, Accountant/Internal Control Officer, from the Regional Office and Leslie McConnell, Manager from Sikich LLP. Responses to the recommendations had previously been provided by R. Matthew Donkin, Regional Superintendent in a letter on December 7, 2009.

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.



3201 West White Oaks Drive, Suite 102 • Springfield, IL 62704

Members of American Institute of
Certified Public Accountants

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, 2009, 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 Franklin/Williamson Counties 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, 2009, 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 February 24, 2010 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 22 through 28 and 62 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Franklin/Williamson Counties Regional Office of Education No. 21's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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, 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
February 24, 2010



3201 West White Oaks Drive, Suite 102 • Springfield, IL 62704

**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, 2009, which collectively comprise the Franklin/Williamson Counties Regional Office of Education No. 21's basic financial statements and have issued our report thereon dated February 24, 2010. 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, but 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 internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable

possibility that a material misstatement of the Franklin/Williamson Counties Regional Office of Education No. 21's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in finding 09-01 in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in finding 09-02 in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters that we reported to management of the Franklin/Williamson Counties Regional Office of Education No. 21 in a separate letter dated February 24, 2010.

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 entity, the Illinois State Board of Education, and 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
February 24, 2010



3201 West White Oaks Drive, Suite 102 • Springfield, IL 62704

Members of American Institute of
Certified Public Accountants

**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, 2009. 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, 2009. 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 item 09-02.

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 deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 09-02 to be a significant deficiency.

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, the Illinois State Board of Education, and 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
February 24, 2010

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2009**

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
 Section .510(a) of Circular A-133? 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 st Century Community Learning Centers
84.394A	State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act

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, 2009**

FINDING 09-01 – Controls over financial statement preparation (Repeat of prior year finding 07-05, 08-03)

CRITERIA/SPECIFIC REQUIREMENT:

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

CONDITION:

The Regional Office does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting during the fiscal year and posts year end accrual entries for audit purposes. While the Regional Office 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 Regional Office's accounting records, noted the following:

- Adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of grants receivable and deferred revenues. While the Regional Office did make entries to record year-end accruals, they were not complete.
- The Regional Office did not post appropriate accruals for accrued wages for employees that elected to be paid over a 12 month period even though their services to the Regional Office were complete by June 30, 2009.

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.

**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, 2009**

FINDING 09-01 - Continued

CAUSE:

During the fiscal year, the Regional Office hired personnel with accounting experience. With the wide range of accounting issues the Office deals with, they will require additional training to become proficient in the preparation and review of GAAP based financial statements and to ensure inclusion of all disclosures as required by the Governmental Accounting Standards Board (GASB).

RECOMMENDATION:

As part of its internal control over the preparation of financial statements, including disclosures, the Regional Office 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 trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office's activities and operations.

MANAGEMENT'S RESPONSE:

In its continuous effort to maintain controls over financial statement preparation, the ROE will follow its hiring of qualified personnel with the pursuit of continued training opportunities to improve its skills and efforts in meeting the 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, 2009**

FINDING 09-02 – Expenditure reports did not agree to general ledger

Federal Program Name: (a) 21st Century Community Learning Centers (b) State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act (c) McKinney Education for Homeless Children

Project Number: (a) 09-4421-05 (b) 09-4850-92 and 09-4850-93 (c) 09-4920-00

CFDA Number: (a) 84.287C (b) 84.394A (c) 84.196A

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

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

CRITERIA/SPECIFIC REQUIREMENT:

Expenditure reports for education programs submitted to the Illinois State Board of Education should agree with the expenditures reported on the Regional Office of Education No. 21's general ledger.

CONDITION:

A comparison of expenditure reports to the Regional Office of Education No. 21's unadjusted general ledger revealed 5 instances where the totals on the final 2009 expenditure reports submitted to the Illinois State Board of Education did not agree with the Regional Office of Education No. 21's unadjusted general ledger. The expenditure report for the ROE/ISC Operations program reported total expenditures of \$82,399, while the general ledger showed expenditures of \$82,312 (an \$87 difference). The McKinney Education for Homeless Children program reported expenditures of \$156,096, while the general ledger showed expenditures of \$149,402 (a \$6,694 difference). The State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act program reported total expenditures (two separate project reports) of \$242,581 while the general ledger showed expenditures of \$164,442 (a \$78,139 difference attributed to salaries and benefits not accrued on the Regional Office's general ledger, as noted in Finding 09-01). Also, the 21st Century Community Learning Centers program reported employee benefit expenditures of \$21,322, while the general ledger showed employee benefit expenditures of \$20,838 (a \$484 difference).

QUESTIONED COSTS:

N/A

**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, 2009**

FINDING 09-02 - Continued

CONTEXT:

N/A

EFFECT:

Inaccurate expenditure reports were submitted, which could lead to granting agencies requesting incorrect reimbursements or adjusting the fiscal year 2010 grants erroneously.

CAUSE:

The Regional Office of Education No. 21 prepared the expenditure reports based on numbers that were not yet adjusted for prior year and current year accruals.

RECOMMENDATION:

The Regional Office of Education No. 21 should prepare the expenditure reports using expenditures per the general ledger after all adjustments have been made.

MANAGEMENT'S RESPONSE:

On July 1, 2009, ROE #21 submitted expenditure reports to the Illinois State Board of Education (ISBE) for the above listed programs. These reports were filed on the cash basis as they have always been filed, not considering prior year and current year accruals. In an effort to prepare the year-end financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP), numerous journal entries were posted to the general ledger through August 31, 2009. The posting of these entries resulted in the difference in the report.

**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, 2009**

INSTANCES OF NON COMPLIANCE:

1. **FINDING 09-02** – Expenditure reports did not agree to general ledger
(finding details on pages 16-17)

SIGNIFICANT DEFICIENCIES:

1. **FINDING 09-02** – Expenditure reports did not agree to general ledger
(finding details on pages 16-17)

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2009**

Corrective Action Plan

FINDING 09-01 – Controls over financial statement preparation (Repeat of prior year finding 07-05 and 08-03)

CONDITION:

The Regional Office does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting during the fiscal year and posts year end accrual entries for audit purposes. While the Regional Office 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 Regional Office's accounting records, noted the following:

- Adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of grants receivable and deferred revenues. While the Regional Office did make entries to record year-end accruals, they were not complete.
- The Regional Office did not post appropriate accruals for accrued wages for employees that elected to be paid over a 12 month period even though their services to the Regional Office were complete by June 30, 2009.

PLAN:

The ROE will continue searching for in-service and training opportunities in the broad range of its functions it conducts as it continues to further its education in the requirements of meeting this GASB standard.

ANTICIPATED DATE OF COMPLETION:

Implementation will be on-going throughout fiscal year 2010.

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, 2009**

Corrective Action Plan

FINDING 09-02 – Expenditure reports did not agree to general ledger

CONDITION:

A comparison of expenditure reports to the Regional Office of Education No. 21's unadjusted general ledger revealed 5 instances where the totals on the final 2009 expenditure reports submitted to the Illinois State Board of Education did not agree with the Regional Office of Education No. 21's unadjusted general ledger. The expenditure report for the ROE/ISC Operations program reported total expenditures of \$82,399, while the general ledger showed expenditures of \$82,312 (an \$87 difference). The McKinney Education for Homeless Children program reported expenditures of \$156,096, while the general ledger showed expenditures of \$149,402 (a \$6,694 difference). The State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act program reported total expenditures (two separate project reports) of \$242,581 while the general ledger showed expenditures of \$164,442 (a \$78,139 difference attributed to salaries and benefits not accrued on the Regional Office's general ledger, as noted in Finding 09-01). Also, the 21st Century Community Learning Centers program reported employee benefit expenditures of \$21,322, while the general ledger showed employee benefit expenditures of \$20,838 (a \$484 difference).

PLAN:

Future year-end expenditure reports will be submitted to funding agencies after all adjustments have been made to the general ledger.

ANTICIPATED DATE OF COMPLETION:

Implementation anticipated in fiscal year 2010.

CONTACT PERSON:

R. Matthew Donkin, Regional Superintendent

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

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
08-01	Failure to remit interest earned	Not repeated
08-02	Inadequate controls over property and equipment	Not repeated
08-03	Controls over financial statement preparation	Repeat 09-01

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

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, 2009. 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 2009 activity, making comparisons of the financial position and results of operations more meaningful.

2009 FINANCIAL HIGHLIGHTS

General Fund balance decreased from \$190,750 in fiscal year 2008 to \$158,449 in fiscal year 2009. General Fund revenues increased from \$274,272 to \$295,730 (excluding on-behalf payments), which is attributable to an increase in revenues from local sources. General Fund expenditures increased from \$280,486 to \$328,031 (excluding on-behalf payments) due primarily to an increase in purchased services, salary expense, and supplies and materials expenses.

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, 2009**

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, 2009**

- 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 2008 totaled \$1,047,422. At the end of fiscal year 2009, the net assets were \$1,104,667. The analysis that follows provides a summary of the Office's net assets at June 30, 2009 and 2008.

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

**CONDENSED STATEMENT OF NET ASSETS
June 30, 2009 and 2008**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
ASSETS						
Current assets	\$ 1,273,168	\$ 1,157,578	\$ (1,145)	\$ (738)	\$ 1,272,023	\$ 1,156,840
Capital assets, net of depreciation	99,077	91,152	-	-	99,077	91,152
TOTAL ASSETS	\$ 1,372,245	\$ 1,248,730	\$ (1,145)	\$ (738)	\$ 1,371,100	\$ 1,247,992
LIABILITIES						
Current liabilities	\$ 266,433	\$ 200,570	\$ -	\$ -	\$ 266,433	\$ 200,570
TOTAL LIABILITIES	266,433	200,570	-	-	266,433	200,570
NET ASSETS						
Investments in capital assets, net of related debt	99,077	91,152	-	-	99,077	91,152
Restricted for teacher professional development	22,949	27,014	-	-	22,949	27,014
Unrestricted	983,786	929,994	(1,145)	(738)	982,641	929,256
TOTAL NET ASSETS	\$ 1,105,812	\$ 1,048,160	\$ (1,145)	\$ (738)	\$ 1,104,667	\$ 1,047,422

The Regional Office of Education's net assets increased by \$57,245 from Fiscal Year 2008 to Fiscal Year 2009. This increase occurred as a result of an increase in grant funds due from Illinois State Board of Education at the end of Fiscal Year 2009 and an increase in capital assets placed in service during Fiscal Year 2009. 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, 2009**

The following analysis shows the changes in net assets for the years ended June 30, 2008 and 2009.

**CHANGES IN NET ASSETS
For the Years Ended June 30, 2009 and 2008**

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues:						
Program revenues:						
Charges for services	\$ 45,068	\$ 44,287	\$ 156,760	\$ 173,958	\$ 201,828	\$ 218,245
Operating grants & contributions	<u>2,381,142</u>	<u>2,430,086</u>	<u>-</u>	<u>-</u>	<u>2,381,142</u>	<u>2,430,086</u>
Total Program revenues	<u>2,426,210</u>	<u>2,474,373</u>	<u>156,760</u>	<u>173,958</u>	<u>2,582,970</u>	<u>2,648,331</u>
General revenues:						
Local sources	260,762	229,615	-	-	260,762	229,615
On-behalf payments	558,331	525,740	-	-	558,331	525,740
Investment income	4,259	9,336	-	-	4,259	9,336
Loss on disposal of capital assets	(2,313)	(5,937)	-	-	(2,313)	(5,937)
Insurance proceeds	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Total General revenues	<u>821,039</u>	<u>958,754</u>	<u>-</u>	<u>-</u>	<u>821,039</u>	<u>958,754</u>
Total Revenues	<u>3,247,249</u>	<u>3,433,127</u>	<u>156,760</u>	<u>173,958</u>	<u>3,404,009</u>	<u>3,607,085</u>
Expenses:						
Salaries	1,417,349	1,390,547	-	-	1,417,349	1,390,547
Benefits	218,851	240,592	-	-	218,851	240,592
Purchased services	591,097	618,502	-	-	591,097	618,502
Supplies and materials	129,106	162,840	157,167	174,696	286,273	337,536
Depreciation	35,008	41,358	-	-	35,008	41,358
Other	20,400	20,667	-	-	20,400	20,667
Transfers-payments to other governmental units	219,455	238,530	-	-	219,455	238,530
On-behalf payments	<u>558,331</u>	<u>525,740</u>	<u>-</u>	<u>-</u>	<u>558,331</u>	<u>525,740</u>
Total expenses	<u>3,189,597</u>	<u>3,238,776</u>	<u>157,167</u>	<u>174,696</u>	<u>3,346,764</u>	<u>3,413,472</u>
Change in net assets	<u>57,652</u>	<u>194,351</u>	<u>(407)</u>	<u>(738)</u>	<u>57,245</u>	<u>193,613</u>
Net Assets – beginning	1,048,160	846,261	(738)	-	1,047,422	846,261
Restatement	<u>-</u>	<u>7,548</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,548</u>
Net Assets – beginning – restated	<u>1,048,160</u>	<u>853,809</u>	<u>(738)</u>	<u>-</u>	<u>1,047,422</u>	<u>853,809</u>
Net Assets – ending	<u>\$ 1,105,812</u>	<u>\$ 1,048,160</u>	<u>\$ (1,145)</u>	<u>\$ (738)</u>	<u>\$ 1,104,667</u>	<u>\$ 1,047,422</u>

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

Governmental Activities

Revenues for governmental activities were \$3,247,249 and expenses were \$3,189,597. 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 decreased from the prior fiscal year due to a decrease in quantity of paper requested and purchased in fiscal year 2009 for the local school districts.

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 \$1,006,735 above last year's ending fund balance of \$957,008. The primary reasons for the increase in combined fund balances in fiscal year 2009 were due to increases in grant funds due from Illinois State Board of Education at the end of Fiscal Year 2009.

Governmental Fund Highlights

- The Regional Office of Education No. 21 had an increase in grant funds due from the Illinois State Board of Education at the end of Fiscal Year 2009 due to delays in payments being processed by the State.

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, 2009**

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 increase for fiscal year 2009 was a result of several E Instruction CPS Pad Systems being purchased and placed in service during Fiscal Year 2009. The Regional Office of Education No. 21's ending net asset balance for fiscal year 2009 is \$99,077 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 \$6,119 per student payable in 2009-2010.
- The interest rate on investments remains low and will impact interest earned.
- Several grants have remained near or at previous funding levels. However, federal funding will not be received for 21st Century Community Learning Centers for the fiscal year 2009-2010. In addition, the School Services funding levels have significantly decreased.
- 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, 2009

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 849,706	\$ -	\$ 849,706
Accounts receivable	3,882	-	3,882
Due from Illinois State Board of Education	103,512	-	103,512
Due from other governments	117,213	84,085	201,298
Prepaid expense	113,625	-	113,625
Internal balances	85,230	(85,230)	-
Total current assets	<u>1,273,168</u>	<u>(1,145)</u>	<u>1,272,023</u>
NONCURRENT ASSETS			
Capital assets, net of depreciation	<u>99,077</u>	<u>-</u>	<u>99,077</u>
TOTAL ASSETS	<u>1,372,245</u>	<u>(1,145)</u>	<u>1,371,100</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	109,912	-	109,912
Due to other governments	35,998	-	35,998
Deferred revenue	120,523	-	120,523
Total current liabilities	<u>266,433</u>	<u>-</u>	<u>266,433</u>
TOTAL LIABILITIES	<u>266,433</u>	<u>-</u>	<u>266,433</u>
NET ASSETS (DEFICIT)			
Invested in capital assets	99,077	-	99,077
Restricted for teacher professional development	22,949	-	22,949
Unrestricted	983,786	(1,145)	982,641
TOTAL NET ASSETS (DEFICIT)	<u>\$ 1,105,812</u>	<u>\$ (1,145)</u>	<u>\$ 1,104,667</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, 2009

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Primary Government		Primary Government		Total
		Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	
PRIMARY GOVERNMENT						
Governmental Activities:						
Instructional Services:						
Salaries	\$ 1,417,349	\$ 12,617	\$ 1,409,250	\$ 4,518	\$ -	\$ 4,518
Benefits	218,851	1,495	218,741	1,385	-	1,385
Purchased services	591,097	20,949	369,781	(200,367)	-	(200,367)
Supplies and materials	129,106	3,307	156,865	31,066	-	31,066
Depreciation	35,008	-	-	(35,008)	-	(35,008)
Other	20,180	6,700	779	(12,701)	-	(12,701)
Transfers - payments to other governmental units	219,675	-	225,726	6,051	-	6,051
Administrative:						
On-behalf payments	558,331	-	-	(558,331)	-	(558,331)
Total Governmental Activities	<u>3,189,597</u>	<u>45,068</u>	<u>2,381,142</u>	<u>(763,387)</u>	<u>-</u>	<u>(763,387)</u>
Business-type Activities:						
Other	157,167	156,760	-	-	(407)	(407)
Total Business-type Activities	<u>157,167</u>	<u>156,760</u>	<u>-</u>	<u>-</u>	<u>(407)</u>	<u>(407)</u>
Total Primary Government	<u>\$ 3,346,764</u>	<u>\$ 201,828</u>	<u>\$ 2,381,142</u>	<u>(763,387)</u>	<u>(407)</u>	<u>(763,794)</u>
			General Revenues:			
			Local sources	260,762	-	260,762
			On-behalf payments	558,331	-	558,331
			Investment income	4,259	-	4,259
			Loss on disposal of capital assets	(2,313)	-	(2,313)
			Total General Revenues	<u>821,039</u>	<u>-</u>	<u>821,039</u>
			Change in net assets	57,652	(407)	57,245
			Net Assets - beginning	<u>1,048,160</u>	<u>(738)</u>	<u>1,047,422</u>
			Net Assets - ending	<u>\$ 1,105,812</u>	<u>\$ (1,145)</u>	<u>\$ 1,104,667</u>

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2009

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 173,531	\$ 651,248	\$ 22,603	\$ 2,324	\$ 849,706
Accounts receivable	1,645	961	1,276	-	3,882
Due from Illinois State Board of Education	34,244	69,268	-	-	103,512
Due from other governments	-	113,317	-	3,896	117,213
Due from other funds	-	277,882	-	-	277,882
Prepaid expense	63,625	50,000	-	-	113,625
	\$ 273,045	\$ 1,162,676	\$ 23,879	\$ 6,220	\$ 1,465,820
TOTAL ASSETS					
 LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$ 1,337	\$ 103,864	\$ 2,877	\$ 1,834	\$ 109,912
Due to other governments	288	35,710	-	-	35,998
Due to other funds	49,346	119,371	13,822	10,113	192,652
Deferred revenue	63,625	56,898	-	-	120,523
	114,596	315,843	16,699	11,947	459,085
	Total liabilities	Total liabilities	Total liabilities	Total liabilities	Total liabilities
FUND BALANCE (DEFICIT)					
Unreserved and undesignated					
General fund	158,449	-	-	-	158,449
Special revenue funds	-	846,833	7,180	(5,727)	848,286
	158,449	846,833	7,180	(5,727)	1,006,735
	Total fund balance (deficit)	Total fund balance (deficit)			
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)					
	\$ 273,045	\$ 1,162,676	\$ 23,879	\$ 6,220	\$ 1,465,820

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, 2009

Total fund balances - governmental funds	\$ 1,006,735
--	--------------

Amounts reported for governmental activities in the Statement of Net
Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	<u>99,077</u>
---	---------------

Net assets of governmental activities	<u><u>\$ 1,105,812</u></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
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
For the Year Ended June 30, 2009

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
REVENUES					
Local sources	\$ 209,158	\$ 51,604	\$ 24,655	\$ 20,413	\$ 305,830
State sources	82,313	1,349,845	-	2,779	1,434,937
Federal sources	-	946,205	-	-	946,205
Interest income	4,259	-	-	-	4,259
On-behalf payments	558,331	-	-	-	558,331
Total revenues	<u>854,061</u>	<u>2,347,654</u>	<u>24,655</u>	<u>23,192</u>	<u>3,249,562</u>
EXPENDITURES					
Instructional services:					
Salaries	83,545	1,308,364	14,500	10,940	1,417,349
Benefits	10,270	204,057	3,687	837	218,851
Purchased services	211,708	322,960	42,721	13,708	591,097
Supplies and materials	21,118	100,085	2,028	45	123,276
Other	-	14,762	5,418	-	20,180
Transfers - payments to other governmental units	220	219,455	-	-	219,675
On-behalf payments	558,331	-	-	-	558,331
Capital outlay	1,170	42,945	6,961	-	51,076
Total expenditures	<u>886,362</u>	<u>2,212,628</u>	<u>75,315</u>	<u>25,530</u>	<u>3,199,835</u>
Revenues over (under) expenditures	<u>(32,301)</u>	<u>135,026</u>	<u>(50,660)</u>	<u>(2,338)</u>	<u>49,727</u>
Other financing sources (uses)					
Transfers in	-	68,451	-	-	68,451
Transfers out	-	(68,451)	-	-	(68,451)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(32,301)</u>	<u>135,026</u>	<u>(50,660)</u>	<u>(2,338)</u>	<u>49,727</u>
FUND BALANCE (DEFICIT),					
BEGINNING OF YEAR	<u>190,750</u>	<u>711,807</u>	<u>57,840</u>	<u>(3,389)</u>	<u>957,008</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 158,449</u>	<u>\$ 846,833</u>	<u>\$ 7,180</u>	<u>\$ (5,727)</u>	<u>\$ 1,006,735</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, 2009**

Net change in fund balances		\$ 49,727
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p style="margin-left: 40px;">Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	\$ 45,246	
Depreciation expense	<u>(35,008)</u>	10,238
<p style="margin-left: 40px;">The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to increase/decrease net assets:</p>		
Disposals of capital assets		<u>(2,313)</u>
Change in net assets of governmental activities		<u><u>\$ 57,652</u></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, 2009

	Business-type Activities Enterprise Fund
	<u>Paper Bid</u>
Assets	
Current assets	
Due from other governments	\$ 84,085
Total current assets	<u>84,085</u>
Total Assets	<u>84,085</u>
Liabilities	
Due to other funds	<u>85,230</u>
Total Liabilities	<u>85,230</u>
Net Assets (Deficit)	
Unrestricted	<u><u>\$ (1,145)</u></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 REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
For the Year Ended June 30, 2009

	Business-type Activities Enterprise Fund
	Paper Bid
Operating revenues	
Local sources	\$ 156,760
Operating expenses	
Supplies and materials	157,167
Change in Net Assets	(407)
Net Assets (Deficit), Beginning of year	(738)
Net Assets (Deficit), End of year	\$ (1,145)

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, 2009

	Business-type Activities Enterprise Fund
	Paper Bid
Cash Flows from Operating Activities:	
Receipts from customers	\$ 151,764
Payments to suppliers and providers of goods and services	(151,764)
Net cash from operating activities	-
Net change in cash and cash equivalents	-
Cash and cash equivalents - Beginning of year	-
Cash and cash equivalents - End of year	\$ -
Reconciliation of operating income (loss) to net cash from operating activities:	
Operating income (loss)	\$ (407)
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
(Increase)/decrease in assets:	
Due from other governments	(4,996)
Increase/(decrease) in liabilities:	
Due to other funds	5,403
Net cash from operating activities	\$ -

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, 2009

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 1,499
Due from Illinois State Board of Education	7,091
Due from other governments	977,356
TOTAL ASSETS	\$ 985,946
 LIABILITIES	
Due to primary government	\$ 6,159
Due to other governments	979,787
TOTAL LIABILITIES	\$ 985,946

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, 2009**

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 Regional 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 evidence of indebtedness; file and keep 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 school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education No. 21 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 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, 2009, 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 Regional Office of Education 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 proprietary 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.

When both restricted and unrestricted resources are available for use, it is the ROE's policy to use restricted resources first, then unrestricted resources as they are needed.

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.
- Interest Allocation – Accumulated interest earned on ROE funds from the Illinois Funds and local banks. The interest accumulated is to be allocated on a monthly basis to funds having cash balances.
- General Operating – Used to accumulate miscellaneous receipts used to support the day to day expenses of the ROE.
- Enterprise/Workshop – Used to account for revenues received from workshops held by 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:

- 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.
- 21st Century Community Learning Centers – Funds received to administer the U.S. Department of Education 21st Century Learning Center after school program.
- Education Careers Heightened Opportunity (ECHO) – Funds received for students attending the alternative school.

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

- Family Violence – Registration fees from violence prevention workshops.
- 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 1st 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.
- 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 oriented 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.
- Standards Aligned – The Standards Aligned Classroom initiative helps educators rethink the relationship between assessment and effective schools. It focuses on how student achievement is assessed and how the assessment is used in the service of student success.
- 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.

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

- Math Professional Development – Provides training for local math teachers using the Materials for Teaching Teachers (M2T2) training program.
- Area VI Technology Hub – A local fund to track State dollars received through Jackson/Perry ROE No. 30 Area VI South Technology Center program.
- 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.
- New Principal Mentoring Program – This program provides for the selection and training of experienced principals to serve as mentors for new principals and for the new principals' participation in the mentoring program designed for them. Funds flow through the Illinois Principals Association from the Illinois State Board of Education.
- Title III Tech Prep – Funding received through the Illinois Community College Board to ensure that all students are college and career ready and provided with the academic and technical competencies to transition from secondary to postsecondary education in order to pursue high skill, high demand, or high wage careers. The program will emphasize comprehensive career preparation and provide a collaborative environment that engages and retains students in learner-centered instruction.
- Vocational Ed Tech Prep – These funds are utilized to pay the salary of the Partnerships for College and Career Success Director. Additional funds are to be used for benefits, workman's compensation, supplies and materials, software, and professional development.
- State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act – Funding received through the American Recovery and Reinvestment Act to support and restore funding for elementary, secondary, and post secondary education and, as applicable, early childhood education programs and services in State and local educational agencies.

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.
- 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) – 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.
- Supervisory – Used to account for travel and other expenditures necessary to perform the duty of supervising the school districts in the region.

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.

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

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:

- 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.
- School Facility Occupation Tax – The Regional Office receives proceeds generated through the school facility occupation tax. Within thirty days, the Regional Superintendent must disburse those proceeds that it receives that are collected by the Illinois Department of Revenue to each school district that has territory located in the county in which the tax was collected. The proceeds must be disbursed on an enrollment basis and allocated based upon the number of each school district’s resident pupils that reside within the county collecting the tax divided by the total number of students for all school districts within the county.

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 st Century Community Learning Centers	Regional Safe Schools
ECHO	TAOEP
Illinois Violence Prevention	Title III Tech Prep
Substance Abuse Prevention and	Vocational Ed Tech Prep
Treatment	Gifted Education

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, 2009.

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 capital 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 capital 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 capital 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:

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

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

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

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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

L. New Accounting Pronouncements

The GASB has issued the following pronouncements effective for the ROE's fiscal year ending June 30, 2009. However, there was no significant impact on the ROE's financial statements as a result of adopting these statements.

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*.

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.

GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments* establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

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.

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

2. DEPOSITS AND INVESTMENTS – Continued

Bank Deposits

At June 30, 2009, the government-wide and agency fund's carrying amounts of the ROE's various bank deposits totaled \$849,706 and \$1,499, respectively. The bank balances totaled \$1,142,700. Included in the bank balance is \$42,648 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.

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, 2009 is as follows:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Furniture and equipment	\$ 443,328	\$ 45,246	\$ 28,922	\$ 459,652
Building	<u>47,000</u>	<u>-</u>	<u>-</u>	<u>47,000</u>
Total capital assets	<u>490,328</u>	<u>45,246</u>	<u>28,922</u>	<u>506,652</u>
Less accumulated depreciation for:				
Furniture and equipment	388,601	33,833	26,609	395,825
Building	<u>10,575</u>	<u>1,175</u>	<u>-</u>	<u>11,750</u>
Total accumulated depreciation	<u>399,176</u>	<u>35,008</u>	<u>26,609</u>	<u>407,575</u>
Total capital assets, net of accumulated depreciation	<u>\$ 91,152</u>	<u>\$ 10,238</u>	<u>\$ 2,313</u>	<u>\$ 99,077</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

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

5. EMPLOYEE'S RETIREMENT PLANS – Continued

provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains the primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration. TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2009 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. The active member contribution rate was also 9.4 percent for the years ended June 30, 2008 and 2007.

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 0.63 percent during the year ended June 30, 2009, and the member THIS Fund health insurance contribution was 0.84 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, 2009, State of Illinois contributions were based on 17.08 percent of creditable earnings not paid from federal funds, and the ROE recognized revenue and expenditures of \$190,439 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2008 and June 30, 2007, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 13.11 percent (\$155,547) and 9.78 percent (\$107,075), respectively.

The State contributions to TRS for the years ended June 30, 2009 and June 30, 2008 were based on an actuarial formula. The State contribution for the year ended June 30, 2007 was based on a dollar amount specified by the statute and was not actuarially determined.

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

5. EMPLOYEE'S RETIREMENT PLANS – Continued

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

- 2.2 Formula Contributions
Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2009 were \$5,357. Contributions for the years ending June 30, 2008 and June 30, 2007 were \$5,750 and \$5,625, respectively.
- Federal and Special Trust Fund Contributions
When TRS members are paid from federal and special 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 for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS.

For the year ended June 30, 2009, the employer pension contribution was 17.08 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2008 and 2007, the employer pension contribution was 13.11 and 9.78 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2009, salaries totaling \$111,588 were paid from federal and special trust funds that required employer contributions of \$19,059. For the years ended June 30, 2008 and June 30, 2007, required ROE contributions were \$19,488 and \$13,241, respectively.

- Early Retirement Option (ERO)
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.

Under Public Act 94-0004, a "Pipeline ERO" program was provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they met certain conditions and retired on or before July 1, 2007. If members did not meet these conditions, they could 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 qualified for the Pipeline ERO).

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

5. EMPLOYEE'S RETIREMENT PLANS – Continued

- Early Retirement Option (ERO) – continued
Under the Pipeline ERO, the maximum employer contribution was 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, 2009, the ROE paid no amounts to TRS for employer contributions under the ERO program. For the years ended June 30, 2008 and June 30, 2007, the ROE paid \$0 and \$0 in employer ERO contributions, respectively.

New Employer Contributions –

Public Act 94-0004 added two additional employer contributions to TRS.

- Salary increases over 6 percent
If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increase of up to 6 percent.

For the year ended June 30, 2009, the ROE paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2008 and June 30, 2007, the ROE paid \$0 and \$0 to TRS for employer contributions due on salary increases in excess of 6 percent, respectively.

- 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 (18.67 percent of pay during the year ended June 30, 2009).

For the year ended June 30, 2009, the ROE paid \$0 to TRS for sick leave days granted in excess of the normal annual allotment. For the years ended June 30, 2008 and June 30, 2007, the ROE paid \$0 and \$0 in employer contributions granted for sick leave days, respectively.

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

5. EMPLOYEE’S RETIREMENT PLANS – Continued

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer, and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2009. 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 trs.illinois.gov.

B. Illinois Municipal Retirement Fund

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

Funding Policy. As set by statute, employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2008 was 2.20 percent of annual covered payroll. The ROE also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For 2008, the ROE’s annual pension cost of \$7,429 for the regular plan was equal to the ROE’s required and actual contributions.

Three-Year Trend Information for the Regular Plan

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/08	\$ 7,429	100%	\$0
12/31/07	32,908	100	0
12/31/06	46,381	100	0

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

5. EMPLOYEE’S RETIREMENT PLANS – Continued

B. Illinois Municipal Retirement Fund – continued

The required contribution for 2008 was determined as part of the December 31, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2006, included (a) 7.50 percent investment rate of return (net of administrative and direct investment 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 the ROE’s plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial and market value of assets. The ROE’s regular plan’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2006 valuation was 5 years.

Funding Status and Funding Progress. As of December 31, 2008, the most recent actuarial valuation date, the plan was 99.17 percent funded. The actuarial accrued liability for benefits was \$817,331 and the actuarial value of assets was \$810,531, resulting in an underfunded actuarial accrued liability (UAAL) of \$6,800. The covered payroll (annual payroll of active employees covered by the plan) was \$337,676 and the ratio of the UAAL to the covered payroll was 2 percent. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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, 2009:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ -	\$ 49,346
Education Fund	277,882	119,371
Institute Fund	-	13,822
Non-major Special Revenue Fund	-	10,113
Paper Bid Fund	-	85,230
Total	<u>\$ 277,882</u>	<u>\$ 277,882</u>

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

7. DUE TO/FROM OTHER GOVERNMENTS

A summary of amounts due from other governments from general, special revenue, proprietary, and agency funds at June 30, 2009 follows:

General Fund:	
Illinois State Board of Education	\$ 34,244
Total General Fund	<u>34,244</u>
Education Fund:	
MAN-TRA-CON Corp. (DCEO)	34,797
Illinois State Board of Education	69,268
Illinois Department of Human Services	13,689
ROE #2	48,770
ROE #30	<u>16,061</u>
Total Education Fund	<u>182,585</u>
Nonmajor Special Revenue Fund:	
Illinois Community College Board	2,108
ROE # 20	<u>1,788</u>
Total Nonmajor Special Revenue Fund	<u>3,896</u>
Enterprise Fund:	
School Districts	<u>84,085</u>
Agency Funds:	
Illinois State Board of Education	7,091
Illinois Department of Revenue	<u>977,356</u>
Total Agency Fund	<u>984,447</u>
Total	<u>\$ 1,289,257</u>

A summary of amounts due to other governments from general, special revenue, and agency funds at June 30, 2009 follows:

General Fund:	
Illinois State Board of Education	\$ 7
United States Department of Education	145
School Districts	<u>136</u>
Total General Fund	<u>288</u>

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

7. DUE TO/FROM OTHER GOVERNMENTS – Continued

Education Fund:	
School Districts	<u>\$ 35,710</u>
Agency Fund:	
Primary government (ROE #21)	6,159
Illinois State Board of Education	2,431
School Districts	<u>977,356</u>
Total Agency Fund	<u>985,496</u>
Total	<u>\$ 1,021,206</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/net assets and funds which over-expended appropriations during the year are required to be disclosed.

The following funds/fund accounts had deficit fund balances/net assets at June 30, 2009:

General Fund:	
Computer Maintenance	\$ 13,401
ROE/ISC Operations	1,872
Education Fund:	
Substance Abuse Prevention and Treatment Block Grant	1
McKinney Education for Homeless Children	12,977
Math Professional Development	9,198
Institute Fund:	
Certification	1,710
Network Internet	14,395
Nonmajor Special Revenue Fund:	
General Education Development	8,051
Enterprise Fund:	
Paper Bid	1,145

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

10. 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	\$ 100,762
Regional Superintendent benefits (Includes State paid insurance)	12,383
Assistant Regional Superintendent salary	90,686
Assistant Regional Superintendent benefits	<u>20,081</u>
 Total	 <u>\$ 223,912</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, 2009, were as follows:

Salaries	\$ 133,750
Benefits	<u>10,230</u>
Total	<u>\$ 143,980</u>

These awards are included in the financial statements of the General Fund as on-behalf payments. In addition to the \$223,912 and \$143,980 above, on-behalf payments include \$190,439 for TRS contributions for other employees, for a total of \$558,331 for the year ended June 30, 2009.

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

11. LEASES

The ROE leased office space for their Marion 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:

2010	\$ 78,287
2011	53,667
2012	48,667
2013	45,920
2014	<u>37,680</u>
Total	<u>\$ 264,221</u>

Rent expense for the year ended June 30, 2009 was \$46,371.

12. INTERFUND TRANSFERS

During the year ended June 30, 2009, the following interfund transfers occurred:

	<u>Transfer In</u>	<u>Transfers out</u>
Education Fund:		
ECHO	\$ -	\$ 53,254
Regional Safe Schools	-	6,953
Standards Aligned	-	8,244
System of Support	8,244	-
State Fiscal Stabilization Fund (SFSF) - Education State Grants (Recovery Act)	<u>60,207</u>	<u>-</u>
Total Education Fund	<u>68,451</u>	<u>68,451</u>
Total	<u>\$ 68,451</u>	<u>\$ 68,451</u>

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, 2009

(Unaudited - See Accompanying Independent Auditors' Report)

ILLINOIS MUNICIPAL RETIREMENT FUND

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)
12/31/2008	\$ 810,531	\$ 817,331	\$ 6,800	99.17%	\$ 337,676	2.01 %
12/31/2007	860,985	744,713	(116,272)	115.61%	309,872	(37.52)%
12/31/2006	758,041	680,530	(77,511)	111.39%	392,728	(19.74)%

On a market basis, the actuarial value of assets as of December 31, 2008 is \$655,718. On a market basis, the funded ratio would be 80.23%.

SUPPLEMENTAL INFORMATION

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

**GENERAL FUND
COMBINING SCHEDULE OF ACCOUNTS
June 30, 2009**

	<u>Computer Maintenance</u>	<u>County Budget</u>	<u>ROE/ISC Operations</u>	<u>Interest Allocation</u>	<u>General Operating</u>	<u>Enterprise/ Workshop</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ 152	\$ -	\$ 12,468	\$ 99,342	\$ 61,569	\$ 173,531
Accounts receivable	-	-	-	1	1,644	-	1,645
Due from Illinois State Board of Education	-	-	34,244	-	-	-	34,244
Prepaid expense	-	63,625	-	-	-	-	63,625
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 63,777</u>	<u>\$ 34,244</u>	<u>\$ 12,469</u>	<u>\$ 100,986</u>	<u>\$ 61,569</u>	<u>\$ 273,045</u>
LIABILITIES AND FUND BALANCE							
Liabilities							
Accounts payable	\$ 148	\$ -	\$ 23	\$ -	\$ 1,166	\$ -	\$ 1,337
Due to other governments	-	-	-	288	-	-	288
Due to other funds	13,253	-	36,093	-	-	-	49,346
Deferred revenue	-	63,625	-	-	-	-	63,625
Total Liabilities	<u>13,401</u>	<u>63,625</u>	<u>36,116</u>	<u>288</u>	<u>1,166</u>	<u>-</u>	<u>114,596</u>
Fund Balance (Deficit)							
Unreserved and undesignated	<u>(13,401)</u>	<u>152</u>	<u>(1,872)</u>	<u>12,181</u>	<u>99,820</u>	<u>61,569</u>	<u>158,449</u>
Total Fund Balance (Deficit)	<u>(13,401)</u>	<u>152</u>	<u>(1,872)</u>	<u>12,181</u>	<u>99,820</u>	<u>61,569</u>	<u>158,449</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ -</u>	<u>\$ 63,777</u>	<u>\$ 34,244</u>	<u>\$ 12,469</u>	<u>\$ 100,986</u>	<u>\$ 61,569</u>	<u>\$ 273,045</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, 2009**

	<u>Computer Maintenance</u>	<u>County Budget</u>	<u>ROE/ISC Operations</u>	<u>Interest Allocation</u>	<u>General Operating</u>	<u>Enterprise/ Workshop</u>	<u>Total</u>
REVENUES							
Local sources	\$ 33,270	\$ 145,709	\$ -	\$ -	\$ 15,249	\$ 14,930	\$ 209,158
State sources	-	-	82,313	-	-	-	82,313
Interest income	-	-	-	4,259	-	-	4,259
On-behalf payments	-	-	558,331	-	-	-	558,331
Total revenues	<u>33,270</u>	<u>145,709</u>	<u>640,644</u>	<u>4,259</u>	<u>15,249</u>	<u>14,930</u>	<u>854,061</u>
EXPENDITURES							
Salaries	50,295	-	33,250	-	-	-	83,545
Benefits	5,670	-	4,600	-	-	-	10,270
Purchased services	10,384	147,472	34,944	1,314	17,594	-	211,708
Supplies and materials	-	-	8,128	-	2,688	10,302	21,118
Capital outlay	-	-	1,170	-	-	-	1,170
Transfers - payments to other governmental units	-	-	220	-	-	-	220
On-behalf payments	-	-	558,331	-	-	-	558,331
Total expenditures	<u>66,349</u>	<u>147,472</u>	<u>640,643</u>	<u>1,314</u>	<u>20,282</u>	<u>10,302</u>	<u>886,362</u>
Revenues over (under) expenditures	<u>(33,079)</u>	<u>(1,763)</u>	<u>1</u>	<u>2,945</u>	<u>(5,033)</u>	<u>4,628</u>	<u>(32,301)</u>
Net change in fund balances	(33,079)	(1,763)	1	2,945	(5,033)	4,628	(32,301)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>19,678</u>	<u>1,915</u>	<u>(1,873)</u>	<u>9,236</u>	<u>104,853</u>	<u>56,941</u>	<u>190,750</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (13,401)</u>	<u>\$ 152</u>	<u>\$ (1,872)</u>	<u>\$ 12,181</u>	<u>\$ 99,820</u>	<u>\$ 61,569</u>	<u>\$ 158,449</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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 82,399	\$ 82,399	\$ 82,313	\$ (86)
On-behalf payments from State	-	-	558,331	558,331
 Total revenues	 <u>82,399</u>	 <u>82,399</u>	 <u>640,644</u>	 <u>558,245</u>
 EXPENDITURES				
Salaries	33,329	33,329	33,250	79
Benefits	4,822	4,822	4,600	222
Purchased services	33,448	33,448	34,944	(1,496)
Supplies and materials	10,800	10,800	8,128	2,672
Capital outlay	-	-	1,170	(1,170)
Transfers - payments to other governmental units	-	-	220	(220)
On-behalf payments made to State	-	-	558,331	(558,331)
 Total expenditures	 <u>82,399</u>	 <u>82,399</u>	 <u>640,643</u>	 <u>(558,244)</u>
 Net change in fund balance	 <u>\$ -</u>	 <u>\$ -</u>	 1	 <u>\$ 1</u>
 FUND BALANCE (DEFICIT), BEGINNING OF YEAR			 <u>(1,873)</u>	
 FUND BALANCE (DEFICIT), END OF YEAR			 <u>\$ (1,872)</u>	

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
June 30, 2009

	<u>Social/ Emotional Standards</u>	<u>21st Century Community Learning Centers</u>	<u>ECHO</u>	<u>Family Violence</u>	<u>Illinois Violence Prevention</u>
ASSETS					
Cash and cash equivalents	\$ 13,837	\$ 3,375	\$ 285,889	\$ 240	\$ 8,609
Accounts receivable	-	-	211	-	-
Due from Illinois State Board of Education	-	-	718	-	-
Due from other governments	-	-	34,797	-	-
Due from other funds	-	-	277,882	-	-
Prepaid expense	-	-	50,000	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 13,837</u>	<u>\$ 3,375</u>	<u>\$ 649,497</u>	<u>\$ 240</u>	<u>\$ 8,609</u>
 LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 4,428	\$ -	\$ 14,620	\$ 60	\$ -
Due to other governments	-	-	-	-	-
Due to other funds	-	399	19,996	-	-
Deferred revenue	7,409	-	22,129	-	8,219
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>11,837</u>	<u>399</u>	<u>56,745</u>	<u>60</u>	<u>8,219</u>
 Fund Balance (Deficit)					
Unreserved and undesignated	<u>2,000</u>	<u>2,976</u>	<u>592,752</u>	<u>180</u>	<u>390</u>
Total Fund Balance (Deficit)	<u>2,000</u>	<u>2,976</u>	<u>592,752</u>	<u>180</u>	<u>390</u>
 TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)					
	<u>\$ 13,837</u>	<u>\$ 3,375</u>	<u>\$ 649,497</u>	<u>\$ 240</u>	<u>\$ 8,609</u>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
June 30, 2009

	Substance Abuse Prevention & Treatment Block Grant	McKinney Education for Homeless Children	Regional Gifted	Regional Safe Schools	Standards Aligned
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 10,272	\$ 144,510	\$ -
Accounts receivable	-	-	-	-	-
Due from Illinois State Board of Education	-	-	-	68,550	-
Due from other governments	13,689	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid expense	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 13,689</u>	<u>\$ -</u>	<u>\$ 10,272</u>	<u>\$ 213,060</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ -	\$ 6,400	\$ -	\$ 217	\$ -
Due to other governments	-	-	-	-	-
Due to other funds	13,690	319	-	68,906	-
Deferred revenue	-	6,258	-	-	-
	<u>-</u>	<u>6,258</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>13,690</u>	<u>12,977</u>	<u>-</u>	<u>69,123</u>	<u>-</u>
Fund Balance (Deficit)					
Unreserved and undesignated	<u>(1)</u>	<u>(12,977)</u>	<u>10,272</u>	<u>143,937</u>	<u>-</u>
Total Fund Balance (Deficit)	<u>(1)</u>	<u>(12,977)</u>	<u>10,272</u>	<u>143,937</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 13,689</u>	<u>\$ -</u>	<u>\$ 10,272</u>	<u>\$ 213,060</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
June 30, 2009

	<u>TAOEP</u>	<u>Williamson County Film Library</u>	<u>Math Professional Development</u>	<u>Area VI Technology Hub</u>	<u>System of Support</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ 13,250	\$ 3,685	\$ 1,404	\$ 17,716
Accounts receivable	-	-	-	-	-
Due from Illinois State Board of Education	-	-	-	-	-
Due from other governments	16,061	-	-	-	48,770
Due from other funds	-	-	-	-	-
Prepaid expense	-	-	-	-	-
Total Assets	<u><u>\$ 16,061</u></u>	<u><u>\$ 13,250</u></u>	<u><u>\$ 3,685</u></u>	<u><u>\$ 1,404</u></u>	<u><u>\$ 66,486</u></u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	35,710
Due to other funds	16,061	-	-	-	-
Deferred revenue	-	-	12,883	-	-
Total Liabilities	<u>16,061</u>	<u>-</u>	<u>12,883</u>	<u>-</u>	<u>35,710</u>
Fund Balance (Deficit)					
Unreserved and undesignated	-	13,250	(9,198)	1,404	30,776
Total Fund Balance (Deficit)	<u>-</u>	<u>13,250</u>	<u>(9,198)</u>	<u>1,404</u>	<u>30,776</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u><u>\$ 16,061</u></u>	<u><u>\$ 13,250</u></u>	<u><u>\$ 3,685</u></u>	<u><u>\$ 1,404</u></u>	<u><u>\$ 66,486</u></u>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
June 30, 2009

	New Principal Mentoring Program	Title III Tech Prep	Vocational Ed Tech Prep	State Fiscal Stabilization Fund (SFSP) - Education State Grants, Recovery Act	Total
ASSETS					
Cash and cash equivalents	\$ 1,385	\$ -	\$ -	\$ 147,076	\$ 651,248
Accounts receivable	750	-	-	-	961
Due from Illinois State Board of Education	-	-	-	-	69,268
Due from other governments	-	-	-	-	113,317
Due from other funds	-	-	-	-	277,882
Prepaid expense	-	-	-	-	50,000
Total Assets	<u><u>\$ 2,135</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 147,076</u></u>	<u><u>\$ 1,162,676</u></u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 78,139	\$ 103,864
Due to other governments	-	-	-	-	35,710
Due to other funds	-	-	-	-	119,371
Deferred revenue	-	-	-	-	56,898
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,139</u>	<u>315,843</u>
Fund Balance (Deficit)					
Unreserved and undesignated	<u>2,135</u>	<u>-</u>	<u>-</u>	<u>68,937</u>	<u>846,833</u>
Total Fund Balance (Deficit)	<u>2,135</u>	<u>-</u>	<u>-</u>	<u>68,937</u>	<u>846,833</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u><u>\$ 2,135</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 147,076</u></u>	<u><u>\$ 1,162,676</u></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, 2009**

	<u>Social/ Emotional Standards</u>	<u>21st Century Community Learning Centers</u>	<u>ECHO</u>	<u>Family Violence</u>	<u>Illinois Violence Prevention</u>
REVENUES					
Local sources	\$ -	\$ 10,634	\$ 20,720	\$ 500	\$ -
State sources	62,504	-	760,771	-	18,686
Federal sources	-	182,000	108,483	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	62,504	192,634	889,974	500	18,686
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES					
Salaries	31,527	107,175	518,428	-	12,595
Benefits	3,385	20,838	80,543	-	964
Purchased services	25,216	54,942	104,852	614	2,884
Supplies and materials	629	11,382	48,714	-	542
Capital outlay	1,747	-	6,444	-	1,701
Other	-	-	-	-	-
Transfers - payments to other governmental units	-	-	66,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	62,504	194,337	824,981	614	18,686
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures	-	(1,703)	64,993	(114)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	(53,254)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	(53,254)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	-	(1,703)	11,739	(114)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	2,000	4,679	581,013	294	390
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE (DEFICIT), END OF YEAR	\$ 2,000	\$ 2,976	\$ 592,752	\$ 180	\$ 390
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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, 2009**

	Substance Abuse Prevention & Treatment Block Grant	McKinney Education for Homeless Children	Regional Gifted	Regional Safe Schools	Standards Aligned
REVENUES					
Local sources	\$ -	\$ -	\$ 13,385	\$ 1,000	\$ -
State sources	72,301	-	-	253,846	-
Federal sources	98,888	149,402	-	-	12,651
Total revenues	<u>171,189</u>	<u>149,402</u>	<u>13,385</u>	<u>254,846</u>	<u>12,651</u>
EXPENDITURES					
Salaries	124,876	36,758	-	147,653	-
Benefits	11,475	12,861	-	25,568	-
Purchased services	27,698	8,922	97	22,749	2,634
Supplies and materials	6,156	6,797	-	6,034	464
Capital outlay	820	-	-	-	-
Other	-	-	14,762	-	-
Transfers - payments to other governmental units	-	97,150	-	-	1,600
Total expenditures	<u>171,025</u>	<u>162,488</u>	<u>14,859</u>	<u>202,004</u>	<u>4,698</u>
Revenues over (under) expenditures	<u>164</u>	<u>(13,086)</u>	<u>(1,474)</u>	<u>52,842</u>	<u>7,953</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(6,953)	(8,244)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,953)</u>	<u>(8,244)</u>
Net change in fund balances	164	(13,086)	(1,474)	45,889	(291)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(165)</u>	<u>109</u>	<u>11,746</u>	<u>98,048</u>	<u>291</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (1)</u>	<u>\$ (12,977)</u>	<u>\$ 10,272</u>	<u>\$ 143,937</u>	<u>\$ -</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, 2009**

	<u>TAOEP</u>	<u>Williamson County Film Library</u>	<u>Math Professional Development</u>	<u>Area VI Technology Hub</u>	<u>System of Support</u>
REVENUES					
Local sources	\$ -	\$ 3,865	\$ -	\$ -	\$ -
State sources	56,729	-	-	-	39,270
Federal sources	-	-	-	-	76,929
Total revenues	<u>56,729</u>	<u>3,865</u>	<u>-</u>	<u>-</u>	<u>116,199</u>
EXPENDITURES					
Salaries	42,549	-	-	-	35,713
Benefits	6,195	-	-	-	4,700
Purchased services	6,874	-	-	-	5,790
Supplies and materials	1,104	-	-	-	1,077
Capital outlay	-	-	-	-	-
Other	-	-	-	-	-
Transfers - payments to other governmental units	-	-	-	-	54,705
Total expenditures	<u>56,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,985</u>
Revenues over (under) expenditures	<u>7</u>	<u>3,865</u>	<u>-</u>	<u>-</u>	<u>14,214</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	8,244
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,244</u>
Net change in fund balances	7	3,865	-	-	22,458
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(7)</u>	<u>9,385</u>	<u>(9,198)</u>	<u>1,404</u>	<u>8,318</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ 13,250</u>	<u>\$ (9,198)</u>	<u>\$ 1,404</u>	<u>\$ 30,776</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, 2009**

	New Principal Mentoring Program	Title III Tech Prep	Vocational Ed Tech Prep	State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	Total
REVENUES					
Local sources	\$ 1,500	\$ -	\$ -	\$ -	\$ 51,604
State sources	-	-	85,738	-	1,349,845
Federal sources	-	66,540	-	251,312	946,205
	<u>1,500</u>	<u>66,540</u>	<u>85,738</u>	<u>251,312</u>	<u>2,347,654</u>
Total revenues					
EXPENDITURES					
Salaries	-	7,000	61,188	182,902	1,308,364
Benefits	-	705	12,042	24,781	204,057
Purchased services	2,865	22,334	9,477	25,012	322,960
Supplies and materials	-	4,896	3,031	9,259	100,085
Capital outlay	-	31,605	-	628	42,945
Other	-	-	-	-	14,762
Transfers - payments to other governmental units	-	-	-	-	219,455
	<u>2,865</u>	<u>66,540</u>	<u>85,738</u>	<u>242,582</u>	<u>2,212,628</u>
Total expenditures					
Revenues over (under) expenditures	<u>(1,365)</u>	<u>-</u>	<u>-</u>	<u>8,730</u>	<u>135,026</u>
Other financing sources (uses)					
Transfers in	-	-	-	60,207	68,451
Transfers out	-	-	-	-	(68,451)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,207</u>	<u>-</u>
Total other financing sources (uses)					
Net change in fund balances	(1,365)	-	-	68,937	135,026
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>711,807</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 2,135</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,937</u>	<u>\$ 846,833</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, 2009

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
State sources	<u>\$ 139,000</u>	<u>\$ 62,504</u>	<u>\$ (76,496)</u>
Total revenues	<u>139,000</u>	<u>62,504</u>	<u>(76,496)</u>
EXPENDITURES			
Salaries	68,984	31,527	37,457
Benefits	10,972	3,385	7,587
Purchased services	52,291	25,216	27,075
Supplies and materials	5,005	629	4,376
Capital outlay	<u>1,748</u>	<u>1,747</u>	<u>1</u>
Total expenditures	<u>139,000</u>	<u>62,504</u>	<u>76,496</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE, BEGINNING OF YEAR		<u>2,000</u>	
FUND BALANCE, END OF YEAR		<u>\$ 2,000</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, 2009

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Local sources	\$ -	\$ 10,634	\$ 10,634
Federal sources	<u>182,000</u>	<u>182,000</u>	<u>-</u>
Total revenues	<u>182,000</u>	<u>192,634</u>	<u>10,634</u>
 EXPENDITURES			
Salaries	109,852	107,175	2,677
Benefits	20,912	20,838	74
Purchased services	42,296	54,942	(12,646)
Supplies and materials	<u>8,940</u>	<u>11,382</u>	<u>(2,442)</u>
Total expenditures	<u>182,000</u>	<u>194,337</u>	<u>(12,337)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>(1,703)</u>	<u><u>\$ (1,703)</u></u>
 FUND BALANCE, BEGINNING OF YEAR		<u>4,679</u>	
FUND BALANCE, END OF YEAR		<u><u>\$ 2,976</u></u>	

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
ECHO
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2009

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ -	\$ 20,720	\$ 20,720
State sources	-	760,771	760,771
Federal sources	80,089	108,483	28,394
Total revenues	80,089	889,974	809,885
EXPENDITURES			
Salaries	57,800	518,428	(460,628)
Benefits	11,459	80,543	(69,084)
Purchased services	1,485	104,852	(103,367)
Supplies and materials	9,345	48,714	(39,369)
Capital outlay	-	6,444	(6,444)
Transfers - payments to other governmental units	-	66,000	(66,000)
Total expenditures	80,089	824,981	(744,892)
Revenues over (under) expenditures	-	64,993	64,993
Other financing sources (uses)			
Transfers out	-	(53,254)	(53,254)
Total other financing sources (uses)	-	(53,254)	(53,254)
Net change in fund balance	\$ -	11,739	\$ 11,739
FUND BALANCE, BEGINNING OF YEAR		581,013	
FUND BALANCE, END OF YEAR		\$ 592,752	

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, 2009

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
State sources	\$ 19,500	\$ 18,686	\$ (814)
Total revenues	<u>19,500</u>	<u>18,686</u>	<u>(814)</u>
 EXPENDITURES			
Salaries	12,595	12,595	-
Benefits	1,306	964	342
Purchased services	5,300	2,884	2,416
Supplies and materials	299	542	(243)
Capital outlay	<u>-</u>	<u>1,701</u>	<u>(1,701)</u>
Total expenditures	<u>19,500</u>	<u>18,686</u>	<u>814</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
SUBSTANCE ABUSE PREVENTION AND TREATMENT
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
State sources	\$ 72,301	\$ 72,301	\$ -
Federal sources	<u>98,888</u>	<u>98,888</u>	<u>-</u>
Total revenues	<u>171,189</u>	<u>171,189</u>	<u>-</u>
 EXPENDITURES			
Salaries	124,876	124,876	-
Benefits	15,636	11,475	4,161
Purchased services	19,589	27,698	(8,109)
Supplies and materials	10,288	6,156	4,132
Capital outlay	<u>800</u>	<u>820</u>	<u>(20)</u>
Total expenditures	<u>171,189</u>	<u>171,025</u>	<u>164</u>
Net change in fund balance	<u>\$ -</u>	164	<u>\$ 164</u>
 FUND BALANCE, BEGINNING OF YEAR		<u>(165)</u>	
 FUND BALANCE, END OF YEAR		<u>\$ (1)</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, 2009

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Federal sources	<u>\$ 165,503</u>	<u>\$ 149,402</u>	<u>\$ (16,101)</u>
Total revenues	<u>165,503</u>	<u>149,402</u>	<u>(16,101)</u>
 EXPENDITURES			
Salaries	36,758	36,758	-
Benefits	12,709	12,861	(152)
Purchased services	107,901	8,922	98,979
Supplies and materials	8,135	6,797	1,338
Transfers - payments to other governmental units	<u>-</u>	<u>97,150</u>	<u>(97,150)</u>
Total expenditures	<u>165,503</u>	<u>162,488</u>	<u>3,015</u>
Net change in fund balance	<u>\$ -</u>	(13,086)	<u>\$ (13,086)</u>
 FUND BALANCE, BEGINNING OF YEAR		<u>109</u>	
FUND BALANCE (DEFICIT), END OF YEAR		<u>\$ (12,977)</u>	

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, 2009

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ -	\$ 1,000	\$ 1,000
State sources	164,528	253,846	89,318
Total revenues	164,528	254,846	90,318
 EXPENDITURES			
Salaries	128,214	147,653	(19,439)
Benefits	23,520	25,568	(2,048)
Purchased services	8,759	22,749	(13,990)
Supplies and materials	4,035	6,034	(1,999)
Total expenditures	164,528	202,004	(37,476)
Revenues over expenditures	-	52,842	52,842
 Other financing (uses)			
Transfers out	-	(6,953)	(6,953)
Total other financing sources (uses)	-	(6,953)	(6,953)
Net change in fund balance	\$ -	45,889	\$ 45,889
 FUND BALANCE, BEGINNING OF YEAR		98,048	
FUND BALANCE, END OF YEAR		\$ 143,937	

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, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
State sources	<u>\$ 56,729</u>	<u>\$ 56,729</u>	<u>\$ -</u>
Total revenues	<u>56,729</u>	<u>56,729</u>	<u>-</u>
EXPENDITURES			
Salaries	42,549	42,549	-
Benefits	6,272	6,195	77
Purchased services	7,130	6,874	256
Supplies and materials	<u>778</u>	<u>1,104</u>	<u>(326)</u>
Total expenditures	<u>56,729</u>	<u>56,722</u>	<u>7</u>
Net change in fund balance	<u>\$ -</u>	7	<u>\$ 7</u>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR		<u>(7)</u>	
FUND BALANCE , END OF YEAR		<u>\$ -</u>	

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
TITLE III TECH PREP
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Federal sources	\$ 66,540	\$ 66,540	\$ -
Total revenues	<u>66,540</u>	<u>66,540</u>	<u>-</u>
 EXPENDITURES			
Salaries	7,000	7,000	-
Benefits	705	705	-
Purchased services	17,248	22,334	(5,086)
Supplies and materials	11,072	4,896	6,176
Capital outlay	29,036	31,605	(2,569)
Miscellaneous expenditures	1,479	-	1,479
Total expenditures	<u>66,540</u>	<u>66,540</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
VOCATIONAL ED TECH PREP
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
State sources	\$ 85,738	\$ 85,738	\$ -
Total revenues	<u>85,738</u>	<u>85,738</u>	<u>-</u>
 EXPENDITURES			
Salaries	61,188	61,188	-
Benefits	14,232	12,042	2,190
Purchased services	3,471	9,477	(6,006)
Supplies and materials	6,847	3,031	3,816
Total expenditures	<u>85,738</u>	<u>85,738</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, 2009**

	<u>Certification</u>	<u>Institute</u>	<u>Network Internet</u>	<u>Local Workshop Prevention</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ 22,267	\$ -	\$ 336	\$ 22,603
Accounts receivable	-	1,228	48	-	1,276
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 23,495</u>	<u>\$ 48</u>	<u>\$ 336</u>	<u>\$ 23,879</u>
 LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ -	\$ 546	\$ 2,331	\$ -	\$ 2,877
Due to other funds	1,710	-	12,112	-	13,822
Total Liabilities	<hr/> 1,710	<hr/> 546	<hr/> 14,443	<hr/> -	<hr/> 16,699
 Fund Balance (Deficit)					
Unreserved and undesignated	<hr/> (1,710)	<hr/> 22,949	<hr/> (14,395)	<hr/> 336	<hr/> 7,180
Total Fund Balance (Deficit)	<hr/> (1,710)	<hr/> 22,949	<hr/> (14,395)	<hr/> 336	<hr/> 7,180
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ -</u>	<u>\$ 23,495</u>	<u>\$ 48</u>	<u>\$ 336</u>	<u>\$ 23,879</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 BALANCES
For the Year Ended June 30, 2009**

	<u>Certification</u>	<u>Institute</u>	<u>Network Internet</u>	<u>Local Workshop Prevention</u>	<u>Total</u>
REVENUES					
Local sources	\$ 5,632	\$ 6,912	\$ 12,111	\$ -	\$ 24,655
Total revenues	<u>5,632</u>	<u>6,912</u>	<u>12,111</u>	<u>-</u>	<u>24,655</u>
EXPENDITURES					
Salaries	-	-	14,500	-	14,500
Benefits	-	-	3,687	-	3,687
Purchased services	-	7,631	35,090	-	42,721
Supplies and materials	-	2,028	-	-	2,028
Capital outlay	-	1,318	5,643	-	6,961
Other	5,418	-	-	-	5,418
Total expenditures	<u>5,418</u>	<u>10,977</u>	<u>58,920</u>	<u>-</u>	<u>75,315</u>
Revenues over (under) expenditures	<u>214</u>	<u>(4,065)</u>	<u>(46,809)</u>	<u>-</u>	<u>(50,660)</u>
Net change in fund balances	214	(4,065)	(46,809)	-	(50,660)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(1,924)</u>	<u>27,014</u>	<u>32,414</u>	<u>336</u>	<u>57,840</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (1,710)</u>	<u>\$ 22,949</u>	<u>\$ (14,395)</u>	<u>\$ 336</u>	<u>\$ 7,180</u>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET**

June 30, 2009

	<u>Bus Driver Permit</u>	<u>General Education Development</u>	<u>Supervisory</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 2,324	\$ -	\$ -	\$ 2,324
Due from other governments	-	3,896	-	3,896
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 2,324</u>	<u>\$ 3,896</u>	<u>\$ -</u>	<u>\$ 6,220</u>
 LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ -	\$ 1,834	\$ -	\$ 1,834
Due to other funds	-	10,113	-	10,113
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>-</u>	<u>11,947</u>	<u>-</u>	<u>11,947</u>
 Fund Balance (Deficit)				
Unreserved and undesignated	2,324	(8,051)	-	(5,727)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balance (Deficit)	<u>2,324</u>	<u>(8,051)</u>	<u>-</u>	<u>(5,727)</u>
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 2,324</u>	<u>\$ 3,896</u>	<u>\$ -</u>	<u>\$ 6,220</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, 2009**

	Bus Driver Permit	General Education Development	Supervisory	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES				
Local sources	\$ 1,068	\$ 19,345	\$ -	\$ 20,413
State sources	779	-	2,000	2,779
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	1,847	19,345	2,000	23,192
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
EXPENDITURES				
Salaries	-	10,940	-	10,940
Benefits	-	837	-	837
Purchased services	1,890	10,138	1,680	13,708
Supplies and materials	-	45	-	45
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	1,890	21,960	1,680	25,530
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues over (under) expenditures	(43)	(2,615)	320	(2,338)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balances	(43)	(2,615)	320	(2,338)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	2,367	(5,436)	(320)	(3,389)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE (DEFICIT), END OF YEAR	\$ 2,324	\$ (8,051)	\$ -	\$ (5,727)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
STATEMENT OF FIDUCIARY NET ASSETS
FRANKLIN COUNTY REGIONAL DELIVERY SYSTEM
June 30, 2009

	<u>School Facility Occupation Tax</u>	<u>Franklin County Regional Delivery System</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 1,499	\$ 1,499
Due from Illinois State Board of Education	-	7,091	7,091
Due from other governments	<u>977,356</u>	<u>-</u>	<u>977,356</u>
TOTAL ASSETS	<u><u>\$ 977,356</u></u>	<u><u>\$ 8,590</u></u>	<u><u>\$ 985,946</u></u>
LIABILITIES			
Due to primary government	\$ -	\$ 6,159	\$ 6,159
Due to other governments	<u>977,356</u>	<u>2,431</u>	<u>979,787</u>
TOTAL LIABILITIES	<u><u>\$ 977,356</u></u>	<u><u>\$ 8,590</u></u>	<u><u>\$ 985,946</u></u>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FRANKLIN COUNTY REGIONAL DELIVERY SYSTEM
For the Year Ended June 30, 2009

<u>SCHOOL FACILITY OCCUPATION TAX</u>	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
ASSETS				
Due from other governments	\$ -	\$ 977,356	\$ -	\$ 977,356
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 977,356</u>	<u>\$ -</u>	<u>\$ 977,356</u>

LIABILITIES				
Due to other governments	\$ -	\$ 977,356	\$ -	\$ 977,356
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 977,356</u>	<u>\$ -</u>	<u>\$ 977,356</u>

FRANKLIN COUNTY REGIONAL
DELIVERY SYSTEM

ASSETS				
Cash and cash equivalents	\$ 1,499	\$ -	\$ -	\$ 1,499
Due from Illinois State Board of Education	6,526	7,091	6,526	7,091
TOTAL ASSETS	<u>\$ 8,025</u>	<u>\$ 7,091</u>	<u>\$ 6,526</u>	<u>\$ 8,590</u>

LIABILITIES				
Due to primary government	\$ 5,594	\$ 6,159	\$ 5,594	\$ 6,159
Due to other governments	2,431	-	-	2,431
TOTAL LIABILITIES	<u>\$ 8,025</u>	<u>\$ 6,159</u>	<u>\$ 5,594</u>	<u>\$ 8,590</u>

TOTAL AGENCY FUNDS

ASSETS				
Cash and cash equivalents	\$ 1,499	\$ -	\$ -	\$ 1,499
Due from Illinois State Board of Education	6,526	7,091	6,526	7,091
Due from other governments	-	977,356	-	977,356
TOTAL ASSETS	<u>\$ 8,025</u>	<u>\$ 984,447</u>	<u>\$ 6,526</u>	<u>\$ 985,946</u>

LIABILITIES				
Due to primary government	\$ 5,594	\$ 6,159	\$ 5,594	\$ 6,159
Due to other governments	2,431	977,356	-	979,787
TOTAL LIABILITIES	<u>\$ 8,025</u>	<u>\$ 983,515</u>	<u>\$ 5,594</u>	<u>\$ 985,946</u>

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, 2009**

	<u>Title IIC Secondary</u>	<u>Regional Vocation Delivery</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 1,499	\$ 1,499
Due from Illinois State Board of Education	<u>7,091</u>	<u>-</u>	<u>7,091</u>
TOTAL ASSETS	<u><u>\$ 7,091</u></u>	<u><u>\$ 1,499</u></u>	<u><u>\$ 8,590</u></u>
LIABILITIES			
Liabilities			
Due to primary government	\$ 6,159	\$ -	\$ 6,159
Due to other governments	<u>932</u>	<u>1,499</u>	<u>2,431</u>
TOTAL LIABILITIES	<u><u>\$ 7,091</u></u>	<u><u>\$ 1,499</u></u>	<u><u>\$ 8,590</u></u>

See accompanying Independent Auditors' Report.

FEDERAL COMPLIANCE SECTION

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2009**

Federal Grantor/Pass-Through Grantor, Program or Cluster Title	CFDA Number	ISBE Project # (1st 8 digits) or Contract #	Federal Expenditures 7/1/08 - 6/30/09
U.S. DEPARTMENT OF AGRICULTURE:			
Passed through Illinois State Board of Education:			
School Breakfast Program		08-4220-00	\$ 5,713
School Breakfast Program		09-4220-00	767
Total School Breakfast Program (ECHO)	10.553		<u>6,480</u>
Passed through Illinois State Board of Education:			
National School Lunch Program		08-4210-00	19,028
National School Lunch Program		09-4210-00	2,886
Total National School Lunch Program (ECHO)	10.555		<u>21,914</u>
U.S. DEPARTMENT OF LABOR:			
Passed through Man-Tra-Con Corp.:			
WIA Youth Activities	17.259	n/a	<u>80,089</u>
U.S. DEPARTMENT OF EDUCATION:			
Passed through Regional Office of Education No. 02:			
Title I - Grants to Local Educational Agencies (System of Support)		09-4331-SS	31,182
Passed through Regional Office of Education No. 25:			
Title I - Grants to Local Educational Agencies (Standards Aligned)		09-4331-00	<u>12,651</u>
Total Title I - Grants to Local Educational Agencies	84.010A		<u>43,833</u>
Passed through Illinois State Board of Education:			
(M) McKinney Education for Homeless Children	84.196A	09-4920-00	<u>149,402</u>
Passed through Illinois Community College Board:			
Tech-Prep Education	84.243	09PCCS7540	<u>66,540</u>
Passed through Illinois State Board of Education:			
(M) 21st Century Community Learning Centers	84.287C	09-4421-05	<u>182,000</u>
Passed through Regional Office of Education No. 02:			
Improving Teacher Quality State Grants (System of Support)	84.367A	09-4995-SS	<u>45,747</u>
Passed through Illinois State Board of Education:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act		09-4850-92	224,907
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act		09-4850-93	26,405
(M) Total State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394A		<u>251,312</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed through Illinois Department of Human Services:			
Substance Abuse Prevention & Treatment Block Grant	93.959	11GK200000	<u>98,888</u>
Total Expenditures of Federal Awards			<u>\$ 946,205</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, 2009

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Franklin/Williamson Counties 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 21st Century Community Learning Centers (CFDA # 84.287C), the McKinney Education for Homeless Children (CFDA # 84.196A) and the State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act (CFDA #84.394A). The 21st 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 funds are used for providing information to schools, community members and government entities about the educational rights of homeless students. The State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act funds are used to restore funding for elementary, secondary, and post secondary education and, as applicable, early childhood education programs and services in State and local educational agencies.

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 \$97,150 under the McKinney Education for Homeless Children grant, CFDA # 84.196A.

4. INSURANCE

Franklin/Williamson Counties Regional Office of Education No. 21 did not receive any Federal insurance as part of any Federal award during the year ended June 30, 2009.

5. LOANS AND LOAN GUARANTEES

Franklin/Williamson Counties Regional Office of Education No. 21 had no loans or loan guarantees as of or for the year ended June 30, 2009.

6. NON-MONETARY FEDERAL AWARDS

Franklin/Williamson Counties Regional Office of Education No. 21 did not receive any non-monetary federal awards as of or for the year ended June 30, 2009.