

**STATE OF ILLINOIS
SANGAMON COUNTY REGIONAL OFFICE
OF EDUCATION NO. 51**

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

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51

TABLE OF CONTENTS

	PAGE
OFFICIALS	1
COMPLIANCE REPORT SUMMARY	2
FINANCIAL STATEMENT REPORT SUMMARY	3
 FINANCIAL SECTION	
Independent Auditors’ Report.....	4
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>	6
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	8
Schedule of Findings and Questioned Costs	10
Financial Statement Findings.....	11
Federal Award Findings.....	13
Corrective Action Plan for Current Year Audit Findings.....	14
Summary Schedule of Prior Audit Findings.....	15
Management’s Discussion and Analysis	16
 BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Assets.....	23
Statement of Activities.....	24
Fund Financial Statements	
Governmental Funds - Balance Sheet	25
Governmental Funds – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	26
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances	27
Governmental Funds – Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	28
Proprietary Funds – Statement of Net Assets	29
Proprietary Funds – Statement of Revenues, Expenses, and Changes in Fund Net Assets	30
Proprietary Funds – Statement of Cash Flows.....	31
Fiduciary Funds – Statement of Fiduciary Net Assets.....	32
Notes to Financial Statements	33

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51

TABLE OF CONTENTS

REQUIRED SUPPLEMENTARY INFORMATION

IMRF Schedule of Funding Progress..... 55

SUPPLEMENTAL INFORMATION

General Fund Accounts:

Combining Schedule of Accounts 56
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances..... 57
Budgetary Comparison Schedule – ROE/ISC Operations..... 58

Education Fund Accounts:

Combining Schedule of Accounts 59
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances..... 62

Budgetary Comparison Schedules:

Regional Safe School..... 65
Transition Outreach Training for Adult Living Program 66
Sangamon County Truants Alternative Optional Education Program 67
Title I Reading First Part B SEA 68
Area III Homeless Liaison Project 69
Title IV – Safe & Drug Free Sch - Formula 70
System of Support..... 71
State and Community Highway Safety – Local Alcohol Prevention (LAP) 72
Learn & Serve America 73

Nonmajor Special Revenue Funds:

Combining Balance Sheet..... 74
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 75

Fiduciary Funds:

Combining Statement of Fiduciary Net Assets 76
Combining Statement of Changes in Assets and Liabilities - All Agency Funds 77

FEDERAL COMPLIANCE SECTION

Schedule of Expenditures of Federal Awards 80
Notes to the Schedule of Expenditures of Federal Awards 82

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
OFFICIALS**

Regional Superintendent	Ms. Helen Tolan (Current and during audit period)
Assistant Regional Superintendents	Mr. Gary Sullivan (July 1, 2006 – January 31, 2007) Mr. Charles Flamini (February 1, 2007 – June 30, 2007)

Offices are located at:
200 South Ninth Street
Room 303 County Complex
Springfield, Illinois 62701-1629

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
COMPLIANCE REPORT SUMMARY**

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	1	1
Repeated audit findings	0	1
Prior recommendations implemented or not repeated	1	0

SUMMARY OF FINDINGS AND QUESTIONED COSTS

Item No.	Pages	Description
		Findings (<i>Government Auditing Standards</i>)
07-01	11-12	Controls Over Financial Statement Preparation

Findings and Questioned Costs (Federal Compliance)

None.

Prior Audit Findings not Repeated (*Government Auditing Standards*)

06-01	15	Controls Over Compliance with Laws and Regulations
-------	----	--

Prior Audit Findings not Repeated (Federal Compliance)

None noted.

EXIT CONFERENCE

The finding and recommendation appearing in this report was discussed with ROE personnel at an informal exit conference on October 15, 2007 at ROE No. 51. Attending were Charles Flamini, Assistant Regional Superintendent, and Mimi Power, Bookkeeper, from ROE No. 51, and Leslie Ruyle, Supervisor from Sikich LLP. Response to the recommendation was provided by Helen Tolan, Regional Superintendent, on February 1, 2008.

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
FINANCIAL STATEMENT REPORT
SUMMARY**

The audit of the accompanying basic financial statements of the Sangamon County Regional Office of Education No. 51 was performed by Sikich LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Sangamon County Regional Office of Education No. 51's basic financial statements.



1000 Churchill Road • Springfield, IL 62702

Members of American Institute of
Certified Public Accountants &
Illinois CPA Society

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 Sangamon County Regional Office of Education No. 51, as of and for the year ended June 30, 2007, which collectively comprise the Sangamon County Regional Office of Education No. 51's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Sangamon County Regional Office of Education No. 51'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 Sangamon County Regional Office of Education No. 51, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 21, 2008 on our consideration of the Sangamon County Regional Office of Education No. 51'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 16 through 22 and 55 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sangamon County Regional Office of Education No. 51'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 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.

Springfield, Illinois
March 21, 2008



1000 Churchill Road • Springfield, IL 62702

Members of American Institute of
Certified Public Accountants &
Illinois CPA Society

**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 Sangamon County Regional Office of Education No. 51, as of and for the year ended June 30, 2007, which collectively comprise the Sangamon County Regional Office of Education No. 51's basic financial statements and have issued our report thereon dated March 21, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Sangamon County Regional Office of Education No. 51's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the Sangamon County Regional Office of Education No. 51's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sangamon County Regional Office of Education No. 51's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's

financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting (07-01).

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sangamon County Regional Office of Education No. 51'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*.

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

Springfield, Illinois
March 21, 2008



1000 Churchill Road • Springfield, IL 62702

Members of American Institute of
Certified Public Accountants &
Illinois CPA Society

**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 Sangamon County Regional Office of Education No. 51 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The Sangamon County Regional Office of Education No. 51'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 Sangamon County Regional Office of Education No. 51's management. Our responsibility is to express an opinion on the Sangamon County Regional Office of Education No. 51'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 Sangamon County Regional Office of Education No. 51'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 Sangamon County Regional Office of Education No. 51's compliance with those requirements.

In our opinion, the Sangamon County Regional Office of Education No. 51 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the Sangamon County Regional Office of Education No. 51 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 Sangamon County Regional Office of Education No. 51'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 Sangamon County Regional Office of Education No. 51's internal control over compliance.

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.

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.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Springfield, Illinois
March 21, 2008

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2007**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: *unqualified*

Internal control over financial reporting:
 Material weakness(es) identified? yes no
 Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? yes no
 Significant deficiency(ies) identified that are not considered to be material weaknesses? yes no

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.357A	Title I - Reading First Part B SEA Funds

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

Auditee qualified as low-risk auditee? yes no

**SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION NO. 51
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2007**

FINDING NO. 07-01 – Controls Over Financial Statement Preparation

CRITERIA/SPECIFIC REQUIREMENT:

The Regional Office of Education No. 51 (ROE) is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

CONDITION:

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

- The Regional Office did not maintain adequate controls over the financial reporting process and numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenues. While the Regional Office did maintain records of accounts payable and accounts receivable, detailed testing of accounts payable noted three items totaling \$9,578 had been omitted from accounts payable records provided and 3 items totaling \$12,549 had been omitted from accounts receivable records provided. Additionally, no entries were provided to reconcile the Regional Office's grant activity, such as posting grant receivables and deferred revenues.

**SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION NO. 51
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2007**

FINDING NO. 07-01 – Continued

EFFECT:

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

CAUSE:

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

RECOMMENDATION:

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education No. 51 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the ROE's activities and operations.

MANAGEMENT'S RESPONSE:

The ROE maintains accounting records on the cash basis of accounting. While the ROE maintains controls over the processing of most accounting transactions, there will be more stringent controls over the preparation of the GAAP based financial statements. Specifically, the ROE will furnish comprehensive accounts receivable and accounts payable listings, including all grant receivables and deferred revenues.

**SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION NO. 51
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS
For the Year Ended June 30, 2007**

INSTANCES OF NON COMPLIANCE:

None

SIGNIFICANT DEFICIENCIES:

None

**SANGAMON COUNTY
REGIONAL OFFICE OF EDUCATION NO. 51
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2007**

Corrective Action Plan

FINDING 07-01 – Controls Over Financial Statement Preparation

CONDITION:

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

- The Regional Office did not maintain adequate controls over the financial reporting process and numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenues. While the Regional Office did maintain records of accounts payable and accounts receivable, detailed testing of accounts payable noted three items totaling \$9,578 had been omitted from accounts payable records provided and 3 items totaling \$12,549 had been omitted from accounts receivable records provided. Additionally, no entries were provided to reconcile the Regional Office's grant activity, such as posting grant receivables and deferred revenues.

PLAN:

The recommendation of Sikich LLP that "such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the ROE's activities and operations," has been noted by this office. We will be working with the other Regional Offices of Education to determine the most effective method of ensuring that our employees possess the knowledge required to compile the necessary GAAP based financial statements.

ANTICIPATED DATE OF COMPLETION:

June 30, 2008

CONTACT PERSON:

Helen Tolan, Regional Superintendent

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2007**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
06-01	A. Public Act 95-496 repealed the requirements of 105 ILCS 5/3 – 14.11	Resolved.
	B. Regional Superintendent did not present under oath or affirmation to the county board a report of all acts as Superintendent, including a list of all schools visited.	Not repeated.
	C. Public Act 95-496 repealed the requirements of 105 ILCS 5/3 – 14.5	Resolved.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

Sangamon County Regional Office of Education No. 51 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the Agency's financial statements, which follow.

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

2007 FINANCIAL HIGHLIGHTS

General Fund revenues increased from \$304,745 in fiscal year 2006 to \$645,857 in fiscal year 2007, while General Fund expenditures increased from \$322,679 in fiscal year 2006 to \$534,335 in fiscal year 2007. The Regional Office experienced an increase in the General Fund balance from \$138,745 in fiscal year 2006 to \$422,390 in fiscal year 2007.

The increase in General Fund revenues and expenses is attributable to flow-through funds for the System of Support program to purchase equipment and the reclassification of the Administrative Discretionary fund from the Education Fund to the General Fund.

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 Sangamon County Regional Office of Education No. 51 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.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

Reporting the Agency as a Whole

The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the Sangamon County Regional Office of Education No. 51 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the Sangamon County ROE No. 51 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. 51 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.

- 2) Proprietary funds account for services for which the Regional Office of Education No. 51 charges fees under a cost-reimbursement method. These fees cover the costs of certain services and workshops it provides.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

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 Sangamon County Regional Office of Education No. 51 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 is included in the basic financial statements.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of financial position. Sangamon County Regional Office of Education No. 51's net assets at the end of fiscal year 2006 totaled approximately \$1,103,212. At the end of fiscal year 2007, the net assets were approximately \$1,262,065. The analysis that follows provides a summary of the Office's net assets at June 30, 2007 and 2006.

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007**

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

	Governmental Activities		Business-type Activities		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
ASSETS						
Current assets	\$ 1,432,107	\$ 1,465,641	\$ 10,615	\$ 20,792	\$ 1,442,722	\$ 1,486,433
Capital assets, net of depreciation	<u>17,260</u>	<u>14,466</u>	<u>-</u>	<u>-</u>	<u>17,260</u>	<u>14,466</u>
TOTAL ASSETS	<u>\$ 1,449,367</u>	<u>\$ 1,480,107</u>	<u>\$ 10,615</u>	<u>\$ 20,792</u>	<u>\$ 1,459,982</u>	<u>\$ 1,500,899</u>
LIABILITIES						
Current liabilities	\$ 187,895	\$ 393,570	\$ 600	\$ -	\$ 188,495	\$ 393,570
Compensated absences	<u>9,422</u>	<u>4,117</u>	<u>-</u>	<u>-</u>	<u>9,422</u>	<u>4,117</u>
TOTAL LIABILITIES	<u>197,317</u>	<u>397,687</u>	<u>600</u>	<u>-</u>	<u>197,917</u>	<u>397,687</u>
NET ASSETS						
Investments in capital assets, net of related debt	17,260	14,466	-	-	17,260	14,466
Unrestricted	1,026,479	886,784	10,015	20,792	1,036,494	907,576
Restricted for teacher professional development	<u>208,311</u>	<u>181,170</u>	<u>-</u>	<u>-</u>	<u>208,311</u>	<u>181,170</u>
TOTAL NET ASSETS	<u>\$ 1,252,050</u>	<u>\$ 1,082,420</u>	<u>\$ 10,015</u>	<u>\$ 20,792</u>	<u>\$ 1,262,065</u>	<u>\$ 1,103,212</u>

The Regional Office of Education's net assets increased by \$158,853 from Fiscal Year 2006 to Fiscal Year 2007. This increase occurred primarily in the Governmental Funds due to an increase in grant funding for the Reading First Programs.

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007**

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

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues:						
Program revenues:						
Charges for services	\$ 123,474	\$ 132,780	\$ 43,973	\$52,912	\$ 167,447	\$ 185,692
Operating grants & contributions	2,693,183	1,933,158	-	-	2,693,183	1,933,158
General Revenues:						
Local sources	361,789	135,406	-	-	361,789	135,406
On-behalf payments	247,805	212,238	-	-	247,805	212,238
Investment Income	59,858	53,161	-	-	59,858	53,161
Total revenues	<u>3,486,109</u>	<u>2,466,743</u>	<u>43,973</u>	<u>52,912</u>	<u>3,530,082</u>	<u>2,519,655</u>
Expenses:						
Salaries and benefits	1,241,119	1,262,237	37,109	36,919	1,278,228	1,299,156
Purchased services	972,882	690,502	16,975	17,992	989,857	708,494
Supplies and materials	795,555	38,481	666	6,512	796,221	44,993
Depreciation	9,132	10,584	-	-	9,132	10,584
Capital outlay	49,802	22,238	-	-	49,802	22,238
Transfers-payments to						
Other governmental units	184	325,982	-	-	184	325,982
On-behalf payments	<u>247,805</u>	<u>212,238</u>	<u>-</u>	<u>-</u>	<u>247,805</u>	<u>212,238</u>
Total expenses	<u>3,316,479</u>	<u>2,562,262</u>	<u>54,750</u>	<u>61,423</u>	<u>3,371,229</u>	<u>2,623,685</u>
Change in net assets	<u>169,630</u>	<u>(95,519)</u>	<u>(10,777)</u>	<u>(8,511)</u>	<u>158,853</u>	<u>(104,030)</u>
Net Assets – beginning	<u>1,082,420</u>	<u>1,177,939</u>	<u>20,792</u>	<u>29,303</u>	<u>1,103,212</u>	<u>1,207,242</u>
Net Assets – ending	<u>\$ 1,252,050</u>	<u>\$ 1,082,420</u>	<u>\$ 10,015</u>	<u>\$20,792</u>	<u>\$ 1,262,065</u>	<u>\$ 1,103,212</u>

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007**

Governmental Activities

Revenues for governmental activities were \$3,486,109 and expenses were \$3,316,479. These figures are higher due to the one-time Reading First grant procured by the Office in fiscal year 2007, and are not indicative of future activities.

Business-Type Activities

Revenues for the Regional Office of Education No. 51's business-type activities and expenses combined for a balance of \$10,015. Although the balance decreased in fiscal year 2007, the Regional Office is committed to providing quality professional development opportunities for Sangamon County teachers, at a reasonable cost, while maintaining the integrity of the fund.

Financial Analysis of the Regional Office of Education No. 51 Funds

As previously noted, the Regional Office of Education No. 51 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Office's governmental funds reported combined fund balances of \$1,244,212, above last year's ending fund balance of \$1,072,071. The primary reason for the increase in combined fund balances in fiscal year 2007 was due to an increase in grant funding for the Reading First programs.

Governmental Fund Highlights

- In 2003, the Governor of the State of Illinois line item vetoed a portion of the state financial support for school services. This veto resulted in a 51% reduction in dollars received. This reduction in funding continued for 2006-2007.
- County support for the Regional Office of Education No. 51 remained at \$285,075.
- Although many grant funds have decreased, the Regional Office of Education No. 51 was successful in obtaining continued funding for the Reading First Grants.

BUDGETARY HIGHLIGHTS

The Regional Office of Education No. 51 annually prepares budgets for several funds when required by the granting agency. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the County Board members for their approval. The Office Operations Budget covers a fiscal year of December 1 through November 30. All grant budgets are prepared by the Regional Office of Education No. 51 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Schedules showing the budget amounts compared to the Office's actual financial activity are included in the supplementary information of this report.

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007**

Capital Assets

Capital Assets of the Regional Office of Education No. 51 include office equipment, computers, audio-visual equipment, and office furniture. The Regional Office of Education No. 51 maintains an inventory of capital assets which have been accumulated over time. The increase for fiscal year 2007 is a result of the need for updated computer equipment to provide certification support for area teachers. The Regional Office of Education No. 51's ending net capital asset balance for fiscal year 2007 is \$17,260 which is the total original cost of the capital assets less accumulated depreciation. More detailed information about capital assets is available in Note No. 3 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 used in the calculation remains at \$5,334 per student, pending budget approval for 2007-2008 fiscal year.
- The interest rate on investments remains low and will impact interest earned.
- Several grants have remained near or at previous funding levels. In addition, the School Services funding levels have been reduced.
- County Board support of the Regional Office of Education No. 51 has been cut by approximately \$20,000 for FY 2008.
- The Regional Office of Education No. 51 was successful in obtaining another Reading First Project grant for FY 2008.
- The number of students served by the Regional Office of Education No. 51 is expected to increase.

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. 51, at 200 South 9th St., Room 303, Springfield, IL 62701.

BASIC FINANCIAL STATEMENTS

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
STATEMENT OF NET ASSETS
June 30, 2007

	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,260,802	\$ 10,615	\$ 1,271,417
Due from other governmental units and agencies	171,305	-	171,305
Total current assets	1,432,107	10,615	1,442,722
NONCURRENT ASSETS			
Capital assets, net of depreciation	17,260	-	17,260
TOTAL ASSETS	1,449,367	10,615	1,459,982
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	132,258	600	132,858
Deferred revenue	53,572	-	53,572
Due to other governmental units and agencies	2,065	-	2,065
Total current liabilities	187,895	600	188,495
NONCURRENT LIABILITIES			
Compensated absences	9,422	-	9,422
TOTAL LIABILITIES	197,317	600	197,917
NET ASSETS			
Invested in capital assets, net of related debt	17,260	-	17,260
Restricted for teacher professional development	208,311	-	208,311
Unrestricted	1,026,479	10,015	1,036,494
TOTAL NET ASSETS	\$ 1,252,050	\$ 10,015	\$ 1,262,065

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT						
Governmental Activities:						
Instructional Services:						
Salaries and benefits	\$ 1,241,119	\$ 12,159	\$ 1,097,560	\$ (131,400)	\$ -	\$ (131,400)
Purchased services	972,882	99,492	756,809	(116,581)	-	(116,581)
Supplies and materials	795,555	-	788,135	(7,420)	-	(7,420)
Depreciation	9,132	-	-	(9,132)	-	(9,132)
Capital outlay	49,802	11,823	50,679	12,700	-	12,700
Transfers - payments to other governmental units	184	-	-	(184)	-	(184)
Administrative:						
On-behalf payments	247,805	-	-	(247,805)	-	(247,805)
Total Governmental Activities	3,316,479	123,474	2,693,183	(499,822)	-	(499,822)
Business-type Activities:						
Other	54,750	43,973	-	-	(10,777)	(10,777)
Total Business-type Activities	54,750	43,973	-	-	(10,777)	(10,777)
Total Primary Government	\$ 3,371,229	\$ 167,447	\$ 2,693,183	(499,822)	(10,777)	(510,599)
General Revenues:						
Local sources				361,789	-	361,789
On-behalf payments				247,805	-	247,805
Investment income				59,858	-	59,858
Total General Revenue				669,452	-	669,452
Change in net assets				169,630	(10,777)	158,853
Net Assets - beginning				1,082,420	20,792	1,103,212
Net Assets - ending	\$			1,252,050	\$ 10,015	\$ 1,262,065

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2007

	<u>General Fund</u>	<u>Education Fund</u>	<u>Teacher Institute Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 413,124	\$ 623,542	\$ 214,543	\$ 9,593	\$ 1,260,802
Due from other governmental units and agencies	18,031	148,214	-	5,060	171,305
Due from other funds	-	102,286	-	-	102,286
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 431,155</u>	<u>\$ 874,042</u>	<u>\$ 214,543</u>	<u>\$ 14,653</u>	<u>\$ 1,534,393</u>
 LIABILITIES AND FUND BALANCE					
LIABILITIES					
Due to other funds	\$ 27	\$ 102,259	\$ -	\$ -	\$ 102,286
Accounts payable	8,714	117,312	6,232	-	132,258
Deferred revenue	-	53,572	-	-	53,572
Due to other governmental units and agencies	24	2,041	-	-	2,065
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>8,765</u>	<u>275,184</u>	<u>6,232</u>	<u>-</u>	<u>290,181</u>
 FUND BALANCE					
Unreserved and undesignated					
General fund	422,390	-	-	-	422,390
Special revenue funds	-	598,858	208,311	14,653	821,822
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>422,390</u>	<u>598,858</u>	<u>208,311</u>	<u>14,653</u>	<u>1,244,212</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 431,155</u>	<u>\$ 874,042</u>	<u>\$ 214,543</u>	<u>\$ 14,653</u>	<u>\$ 1,534,393</u>

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2007

Total fund balances - governmental funds	\$ 1,244,212
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.	17,260
Some liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(9,422)</u>
Net assets of governmental activities	<u><u>\$ 1,252,050</u></u>

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
For the Year Ended June 30, 2007

	General Fund	Education Fund	Teacher Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
REVENUES					
State sources	\$ 99,620	\$ 1,005,841	\$ -	\$ 2,440	\$ 1,107,901
Federal sources	-	1,585,282	-	-	1,585,282
Local sources	354,391	67,256	66,398	57,076	545,121
On-behalf payments	191,846	55,959	-	-	247,805
	<u>645,857</u>	<u>2,714,338</u>	<u>66,398</u>	<u>59,516</u>	<u>3,486,109</u>
Total revenues					
EXPENDITURES					
Salaries and benefits	181,780	1,044,946	-	9,088	1,235,814
Purchased services	148,820	750,851	32,267	40,944	972,882
Supplies and materials	2,623	792,932	-	-	795,555
Capital outlay	9,266	45,472	6,990	-	61,728
Transfers - payments to other governmental units	-	184	-	-	184
On-behalf payments	191,846	55,959	-	-	247,805
	<u>534,335</u>	<u>2,690,344</u>	<u>39,257</u>	<u>50,032</u>	<u>3,313,968</u>
Total expenditures					
Net change in fund balances	111,522	23,994	27,141	9,484	172,141
FUND BALANCE, BEGINNING OF YEAR	<u>310,868</u>	<u>574,864</u>	<u>181,170</u>	<u>5,169</u>	<u>1,072,071</u>
FUND BALANCE, END OF YEAR	<u>\$ 422,390</u>	<u>\$ 598,858</u>	<u>\$ 208,311</u>	<u>\$ 14,653</u>	<u>\$ 1,244,212</u>

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

Net change in fund balances \$ 172,141

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

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

Capital outlay	\$ 11,926	
Depreciation expense	<u>(9,132)</u>	2,794

Certain expenses in the Statement of Activities do not require the
use of current financial resources and, therefore, are not
reported as expenditures in governmental funds.

(5,305)

Change in net assets of governmental activities \$ 169,630

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2007

	<u>Business-type Activities Enterprise Funds</u>
	<u>SDC Workshop</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 10,615
Total Assets	<u>10,615</u>
Liabilities	
Accounts payable	<u>600</u>
Total Liabilities	<u>600</u>
Net Assets	
Unrestricted	<u><u>\$ 10,015</u></u>

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
For the Year Ended June 30, 2007

	Business-type Activities <u>Enterprise Funds</u>
	<u>SDC Workshop</u>
Operating Revenues	
Charges for services	<u>\$ 43,973</u>
Operating Expenses	
Salaries and benefits	37,109
Purchased services	16,975
Supplies and materials	666
Total operating expenses	<u>54,750</u>
Change in Net Assets	(10,777)
Net Assets, Beginning of year	<u>20,792</u>
Net Assets, End of year	<u><u>\$ 10,015</u></u>

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2007

	Business-type Activities Enterprise Funds
	SDC Workshop
Cash Flows from Operating Activities:	
Receipts from customers	\$ 43,973
Payments to suppliers and providers of goods and services	(17,041)
Payments to employees	(37,109)
Net cash used for operating activities	(10,177)
Net decrease in cash and cash equivalents	(10,177)
Cash and cash equivalents - Beginning of year	20,792
Cash and cash equivalents - End of year	\$ 10,615
Reconciliation of operating income (loss) to net cash from operating activities:	
Operating loss	\$ (10,777)
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Increase/(Decrease) in liabilities:	
Accounts payable	600
Net cash used for operating activities	\$ (10,177)

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2007

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 209,659</u>
TOTAL ASSETS	<u><u>\$ 209,659</u></u>
 LIABILITIES	
Due to other governmental units and agencies	\$ 171,921
Due to primary government	<u>37,738</u>
TOTAL LIABILITIES	<u><u>\$ 209,659</u></u>

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Sangamon County Regional Office of Education No. 51 (ROE) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies.

Reporting Entity

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

The Regional Superintendent is charged with the responsibility for township fund lands; registration of the names of applicants for scholarships to State controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teacher meetings and assist in their management; evaluate the schools in the region; examine school treasurer's books, accounts, and vouchers; examine evidence of indebtedness; file and keep 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. 51 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 that may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

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, 2007, the Regional Office of Education No. 51 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. 51. Such activities are reported as a single major special revenue fund (Education Fund).

The ROE's financial statements include all funds of the ROE.

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 ROE has determined no other outside agency meets any of the above criteria and, therefore, no other agency has been included as a component unit in the ROE's financial statements.

Furthermore, the ROE does not consider itself to be a component unit of any other entity.

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. For the most part, 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.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements (Continued)

The Statement of Net Assets includes all of the ROE's assets and liabilities, including capital assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to 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.

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 fiduciary 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.

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. However, expenditures relating to compensated absences are recorded only when payment is due.

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.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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:

Local – These funds are generated through interest and fees earned for providing various administrative functions for entities including the Illinois State Board of Education, the Technology Conference and Illinois Special Education Administrators and are used to assist in providing for the needs of the Staff Development Center (SDC) not funded through State or county dollars.

Administrative Discretionary – These funds are generated through interest and fees earned for providing various administrative functions for entities including the Illinois State Board of Education, the Technology Conference and Illinois Special Education Administrators and are used to assist in providing for the needs of the ROE not funded through State or county dollars.

ROE/ISC Operations – These funds are provided by the Illinois State Board of Education, through a budget application process, to Regional Offices to provide staff development to district schools and teachers. The SDC offers Administrator Academy activities, School Improvement initiatives, and staff development opportunities in the areas of reading, math, science and technology. Monies are used for overhead costs and salaries of employees at the Staff Development Center.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Regional Safe School – These funds provide programs for disruptive students who are eligible for suspension or expulsion. The programs provide individually designed curriculum, social skills training, career exploration and work experience opportunities, and opportunities to work toward re-entry into the traditional programs, if appropriate.

Title V – Innovative Program – This program supports local education reform efforts that are consistent with and sustain statewide reform efforts; implement promising education reform programs, provide for innovative and educational improvement and assist in meeting the needs of at-risk and high-cost students.

Transition Outreach Training for Adult Living (TOTAL) Program – This initiative provides training and technical assistance to individuals who work with secondary-age students who receive special education services.

School Directory – The funds provide a directory that is published annually and distributed to all Sangamon County Schools. The directory includes employee listing, enrollment and demographic information for all Sangamon County Schools, public and private.

Kindergarten Learning Standards – These funds were generated through collaboration between the Illinois State Board of Education and kindergarten teachers throughout the State. This was the first opportunity for kindergarten teachers and administrators to access the new standards specifically designed for kindergarten. In addition to releasing the standards on Kindergarten Day, training sessions on the standards are being provided at various locations throughout the state in collaboration with the Illinois State Board of Education and Regional Offices of Education.

Preschool for All – The funds were generated to provide educational services to all 3- to 5-year-old children whose families choose to participate to ensure that all Illinois children develop a strong foundation for learning.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Sangamon County 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 the student in the pursuit of their educational 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.

Illinois Student Exchange – This exchange program is run by the Illinois State Board of Education. It sends American students to Japan and brings Japanese students to our country. The ROE serves as administrative agent for this program.

Title I Reading First Part B SEA Funds – This program is designed to plan and implement Reading First Academies and provide professional development for teachers in schools that are participating in the Reading First program.

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.

Area III Homeless Liaison Project – The Homeless Education Liaison helps assist Sangamon County families overcoming barriers as well as achieving their rights by ensuring immediate school enrollment, promoting regular school attendance, and transportation.

Standards Aligned Classroom (SAC) – The Standards Aligned Classroom initiative helps educators rethink the relationship between assessment and effective schools. It centers on how we assess student achievement, and how we use assessment in the service of student success. Six teams from Sangamon County participated in the SAC initiative. Team meetings were held to help teachers align their curriculum with the Illinois Learning Standards and develop appropriate assessment using the Stiggins book and resources.

Certificate Renewal – This grant was provided by the Illinois State Board of Education to assist local professional development committees in fulfilling their responsibilities.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Illinois Department of Public Health (IDPH) Dental Sealant – This Illinois Department of Public Health grant provides funding to assist in providing a tooth sealant program for low income students in Sangamon County.

Background Checks – The ROE provides background checks/fingerprinting to all schools in Sangamon County for new hires. The schools send requests to the ROE, who forwards background check information to the Illinois State Police database. The fee for the background check and/or fingerprinting are paid by each school district.

Early School Leaver Conference – These monies are provided by the Illinois State Board of Education to hold workshops for individuals involved in programs for students who leave the traditional school program before graduation.

Early Childhood – This program provides workshops to assist teachers working in the area of early childhood development.

Title IV – Safe and Drug Free Sch – Formula – These funds are used to develop, implement, and evaluate comprehensive programs and activities, which are coordinated with other school and community based services and programs. The funds are utilized to address consequences of violence and the illegal use of drugs, and to promote individual responsibility. The programs include teaching students to recognize social and peer pressure to use illegal drugs and the skills for resisting illegal drug use.

State and Federal School Breakfast and Lunch – This program is designed to provide breakfast and lunch at free or reduced prices to eligible students, as determined in accordance with federal and state guidelines, as a healthy start to the school day to enhance the student's learning abilities. All meals provided must meet U.S. Department of Agriculture requirements for servings and nutrition.

System of Support – Grant monies 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.

Sangamon County Learning Academy (SCLA) Lunch – These funds were donated to purchase lunches for students at the Sangamon County Learning Academy on days when lunches were not provided or for students in need.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

State & Community Highway Safety – Local Alcohol Prevention (LAP) – The goal of the Local Alcohol Prevention program is to increase public awareness activities and educational opportunities for students as well as residents of Sangamon County. Students of the 18 public and private Sangamon County High Schools become the decision makers and plan the activities for Youth Empowerment, Prevention Day and Middle School Positive Choices. These representatives are chosen by their schools to represent them at the committee meetings held monthly. This grant provides the ROE the opportunity to educate the community, students, and staff of Sangamon County on the perceptions and attitudes toward drinking and driving.

Learn & Serve America – These funds were awarded to support service-learning programs specifically for at-risk populations of suspended or expelled students participating in the Regional Safe Schools Program.

Title II – Teacher Quality – This program provides professional development activities that improve the knowledge of teachers, principals and paraprofessionals in effective instructional practices. It also provides training in how to teach and address the needs of students with different learning styles.

Title IV – Community Service – The grant partners students with community service projects to enhance learning through service work. This project allowed students from Sangamon County Regional Safe Schools Program to work with the Southeast Branch of Lincoln Library to help enhance their Children’s Reading Room. Funds provided Safe School counseling, supervision, supplies and materials for the project.

Teacher Institute Fund - 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.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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:

General Education Development (GED) Certificate Fund – Illinois law requires the Regional Superintendent of Schools of each county/counties to administer the GED test. The GED tests are given at Lanphier High School once a month. Testing fees provide for testing materials and staff salaries.

Bus Driver Training Fund – 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.

Supervisory Expenses Fund – This fund was developed by the General Assembly to help support the day-to-day activities of the Regional Superintendent.

General Education Development (GED) Holistic Scoring Fund – The ROE provides scoring services for the written essay portion of the GED tests.

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:

SDC Workshop Fund – This fund is an enterprise fund established to track revenues received and expenses incurred in offering professional development workshops for teachers and administrators in Sangamon County.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fiduciary

Fiduciary Funds are used to account for assets held by the ROE in a trustee capacity or as an agent for individuals and private or governmental organizations. The Agency Funds are used to account for assets held by the ROE as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of operations. The ROE's Agency Funds include the following:

Distributive Fund – The Distributive account is an accounting method used to track the flow-through of monies from the Illinois State Board of Education to recipient Sangamon County schools.

Illinois Education and Technology Conference Fund – The ROE acts as the fiscal agent for this annual conference, which provides an opportunity to discover how educators can be an active part of the information revolution. Funding is derived from registration fees, vendor fees and sponsorship fees.

Cook County General Education Development (GED) Fund – The ROE acts as the fiscal agent for the General Education Development testing program for the Cook County area. The ROE maintains an office and support staff in the Cook County area.

Sangamon County Learning Academy Fund – This is a self-supporting account that provides services for students at the Sangamon County Learning Academy. Funds are derived from lunch money and registration fees.

Sangamon County Schoolmasters Fund – The Schoolmasters is an organization of all Sangamon County superintendents and school directors. Membership fees are used to provide meetings and seminars for disseminating current information on administration issues.

Director's Conference – The ROE acts as the fiscal agent for the annual Superintendents Conference hosted by the Illinois State Board of Education.

University of Illinois at Springfield (UIS) Roundtable Fund – The ROE acts as the treasurer for the UIS Roundtable. This organization of Sangamon County school administrators meets quarterly to discuss administrative issues. Membership fees provide food and workshop materials.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cash and Cash Equivalents

Cash consists of demand deposits. Cash equivalents are defined as short-term, highly liquid investments readily convertible to cash with original maturities of three months or less. Cash equivalents consist of repurchase agreements.

Investments

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

Due From Other Governmental Units and Agencies

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

Capital Assets

Capital assets, which include furniture and equipment, are reported in the governmental activities column in the government-wide financial statements. General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The ROE records all capital items, which are individually greater than \$1,000, with a useful life of greater than one year, as fixed assets.

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

Depreciation of the furniture and equipment is computed using the straight-line method over a five year estimated useful life.

Compensated Absences

Sick pay may be accumulated but does not vest with the employee. Vacation days are calculated on a twelve-month basis and a maximum of five unused vacation days may be carried over to the next year. A liability in the governmental funds is reported only if the benefit has matured.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Equity

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

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

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

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

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

Use of Estimates in Preparing Financial Statements

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.

New Accounting Pronouncements

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

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 2 – DEPOSITS AND INVESTMENTS

Bank Deposits

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.

At June 30, 2007, the government-wide and agency fund's carrying amounts of the ROE's various bank deposits totaled \$1,271,417 and \$209,659, respectively. The bank balances totaled \$1,551,577. Included in the bank balance is \$1,516,410 deposited in repurchase agreements and \$7,952 invested in the Illinois Funds, leaving \$27,215 secured by federal depository insurance.

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. To guard against custodial credit risk for deposits with financial institutions, the ROE investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the ROE.

Investments

The ROE's investment policy requires that funds should be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2. As noted above, the ROE had investments of \$1,516,410 deposited in repurchase agreements and \$7,952 invested in the Illinois Funds.

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. However, the securities underlying the repurchase agreements noted above at June 30, 2007 were backed by the U.S. Treasury.

Interest Rate Risk - The ROE's investment policy requires funds be invested 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.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investment (Continued)

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.

NOTE 3 – CAPITAL ASSETS

Governmental Activities

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

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
Equipment	\$146,862	\$ 11,926	\$ 48,311	\$ 110,477
Less accumulated depreciation for:				
Equipment	<u>132,396</u>	<u>9,132</u>	<u>48,311</u>	<u>93,217</u>
Total capital assets, net of accumulated depreciation	<u>\$ 14,466</u>	<u>\$ 2,794</u>	<u>\$ -</u>	<u>\$ 17,260</u>

Depreciation was charged to Instructional Services.

NOTE 4 – COMPENSATED ABSENCES

The ROE records a liability associated with compensated absences. During the fiscal year, the amount in this account increased by \$5,305. At June 30, 2007, the balance in this account was \$9,422.

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
Compensated absences	<u>\$ 4,117</u>	<u>\$ 5,305</u>	<u>\$ -</u>	<u>\$ 9,422</u>

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 5 - RETIREMENT PLANS

All certified personnel participate in the Teachers' Retirement System of the State of Illinois ("TRS"). All other employees who meet or exceed prescribed annual hourly standards are enrolled in the Illinois Municipal Retirement Fund ("IMRF").

TRS Plan Description

The ROE participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration. TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate through June 30, 2007 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer.

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

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

- On-behalf contributions. The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2007, State of Illinois contributions were based on 9.78 percent of creditable earnings, and the ROE recognized revenue and expenditures of \$71,800 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2006 and June 30, 2005, the State of Illinois contribution rates as percentages of creditable earnings were 7.06 percent (\$41,004) and 11.76 percent (\$64,556), respectively.

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

- 2.2 formula contributions. Employers contribute .58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ended June 30, 2007 were \$3,319. Contributions for the years ending June 30, 2006 and June 30, 2005 were \$2,454 and \$2,208, respectively.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 5 - RETIREMENT PLANS (CONTINUED)

TRS Plan Description (Continued)

- Federal and trust fund contributions. When TRS members are paid from federal and trust funds administered by the ROE, there is a statutory requirement for the ROE to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees from federal funds and trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2007, the employer pension contribution was 9.78 percent of salaries paid from federal and trust funds. For the year ended June 30, 2006, the employer pension contribution was 7.06 percent of salaries paid from those funds. For the year ended June 30, 2007, salaries totaling \$225,979 were paid from federal and trust funds that required employer contributions of \$22,101. For the years ended June 30, 2006 and June 30, 2005, required ROE contributions were \$9,542 and \$6,346, respectively.

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

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

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

For the year ended June 30, 2007, the ROE paid no amounts to TRS for employer contributions under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2006 and June 30, 2005, the ROE paid \$44,870 and \$0 in employer contributions, respectively.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 5 - RETIREMENT PLANS (CONTINUED)

TRS Plan Description (Continued)

New Employer Contributions

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

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer, and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2006. The report for the year ended June 30, 2007 is expected to be available in late 2007. The reports may be obtained by writing to the Teachers’ Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at www.trs.state.il.us.

Illinois Municipal Retirement Fund - TAOEP

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 5 - RETIREMENT PLANS (CONTINUED)

Illinois Municipal Retirement Fund – TAOEP (Continued)

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by State statute. TAOEP is required to contribute at an actuarially determined rate. The employer rate for calendar year 2006 was 11.41 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2006 was 5 years.

For December 31, 2006, TAOEP's annual pension cost of \$54,760 was equal to TAOEP's required and actual contributions. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 to 11.6 percent per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3 percent annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15 percent corridor. The assumptions used for the 2006 actuarial valuation were based on the 2002-2004 experience study.

Trend Information – IMRF

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/06	\$ 54,760	100%	\$0
12/31/05	37,461	100	0
12/31/04	38,547	100	0

Digest of Changes

Assumptions

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

The principal changes were:

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 6 – ON-BEHALF PAYMENTS

ROE personnel are paid by Sangamon County, Illinois, in accordance with statutes. Employees of programs funded by federal and state grants are paid by the grant funds. Some fixed assets used solely by the ROE are purchased by Sangamon County. Ownership of those fixed assets remains with Sangamon County and, accordingly, the cost of these assets is not included in the ROE’s financial statements.

The salaries, benefits, and TRS contributions of the Regional Superintendent and the Assistant Regional Superintendent are paid by the State of Illinois. The amounts paid by the State of Illinois are as follows:

Regional Superintendent salary	\$	88,540
Regional Superintendent benefits (Includes State paid insurance)		12,967
Assistant Regional Superintendent salary		73,433
Assistant Regional Superintendent benefits (Includes State paid insurance)		1,065
Total	\$	176,005

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.

These awards are included in the financial statements of the General Fund as on-behalf payments. In addition to the \$176,005 above, on-behalf payments include \$71,800 for TRS contributions (which includes \$55,959 in the Education Fund) for other employees for a total of \$247,805 for the year ended June 30, 2007.

NOTE 7 – INTERFUND RECEIVABLES AND PAYABLES

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

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ -	\$ 27
Education Fund	102,286	102,259
Total	\$ 102,286	\$ 102,286

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 8 – DUE TO/FROM OTHER GOVERNMENTAL UNITS AND AGENCIES

The Sangamon County Regional Office of Education No. 51’s General Fund, Agency Fund and various grant programs have funds due to and due from various other governmental units which consist of the following:

Due From Other Governments:

General Fund:

Illinois State Board of Education	\$ 55
Regional Office of Education No. 48	8,700
Sangamon County Learning Academy	513
Capital Area Career Center	150
Homeless program (various)	100
GED Scoring (various ROEs)	<u>8,513</u>
Total General Fund	<u>18,031</u>

Education Fund:

Illinois State Board of Education	105,795
Background Checks (various)	308
Illinois Department of Public Health	622
Illinois Department of Transportation	3,751
Distributive fund	<u>37,738</u>
Total Education Fund	<u>148,214</u>

Non-Major Special Revenue Funds:

GED scoring vendors (various)	<u>5,060</u>
Total	<u>\$ 171,305</u>

Due To Other Governments:

General Fund:

Illinois State Board of Education	<u>\$ 24</u>
-----------------------------------	--------------

Education Fund:

Illinois State Board of Education	<u>2,041</u>
-----------------------------------	--------------

Agency Funds:

Primary government (ROE #51)	37,738
Illinois Education and Technology Conference	77,664
Cook County General Education Development	70,542
Sangamon County Learning Academy	9,904
Sangamon County Schoolmasters	3,605
Director’s Conference	5,590
University of Illinois at Springfield Roundtable	<u>4,616</u>
Total Agency Funds	<u>209,659</u>

Total	<u>\$ 211,724</u>
--------------	-------------------

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 9 – 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 Sangamon County. Claims from these risks have not exceeded commercial insurance coverage during the current fiscal year and the previous two fiscal years.

NOTE 10 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

A. The following funds had a deficit fund balance at June 30, 2007:

<u>Fund</u>	<u>Amount</u>
Education Fund:	
Transition Outreach Training for Adult Living Program	\$ 1,179
School Directory	1,005
Area III Homeless Liaison Project	865
State and Community Highway Safety	177
Title IV - Community Service	184

NOTE 11 - LEASE OBLIGATIONS

The ROE leases classroom, office, and laboratory space from the Capital Area Career Center. The ROE leases the space according to four separate lease agreements with 7,533 square feet leased at \$7.00 per square foot, 3,460 square feet leased at \$7.00 per square foot, 2,700 square feet leased at \$7.41 per square foot, and 1,835 square feet leased at \$7.00 per square foot. The leases all expire on June 30, 2007. Additionally, the ROE leases office space in Evanston for \$1,961 per month during fiscal year 2007. Rent expense for the year ended June 30, 2007 was \$133,332. The ROE also leases a copier over a 60-month term ending June, 2007, and a phone system over a 48-month term ending August, 2007. Total equipment lease expense for the year ended June 30, 2007 was \$4,664. The remaining future minimum lease payments are:

Year ended		
<u>June 30,</u>		
2008	\$	<u>279</u>

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 12 - BUDGETS

The following accounts prepare budgets:

ROE/ISC Operations	Title I Reading First
Regional Safe School	Area III Homeless Liaison Project
Transition Outreach Training for Adult Living Program	Title IV - Safe & Drug Free Sch - Formula
Sangamon County Truants	System of Support
Alternative Optional Education Program	State & Community Highway Safety Learn & Serve America

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.

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. The ROE is required to report, in its financial statements, payments made by the State of Illinois to the Teachers' Retirement System. These "on-behalf" payments of \$13,124, \$20,734, \$15,028 and \$7,073, which were not required to be budgeted, are recorded in the Regional Safe Schools, Sangamon County Truants Alternative and Optional Education Program Fund, Title I – Reading First and System of Support, respectively. These payments were recorded as both revenues and expenditures in accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*.

NOTE 13 – RECLASSIFICATION

The Administrative Discretionary fund is used to account for interest and fees earned for providing various administrative functions for entities including the Illinois State Board of Education, the Technology Conference and Illinois Special Education Administrators and are used to assist in providing for the needs of the ROE not funded through State or county dollars. This program has been reported as part of the Education Fund in prior years; however, it should be reported as part of the General Fund. Due to this change in presentation, the beginning of the year fund balance in the General Fund increased by \$172,123 while the beginning of the year fund balance in the Education Fund decreased accordingly.

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

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
June 30, 2007

(Unaudited - See Accompanying Independent Auditors' Report)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry (b)	IMRF		Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			<u>TAOEP</u>	Unfunded AAL (UAAL) (b-a)		
12/31/2006	\$ 437,624	\$ 501,808	\$ 64,184	87.21%	\$ 479,929	13.37%
12/31/2005	352,244	408,497	56,253	86.23%	491,611	11.44%
12/31/2004	278,200	333,691	55,491	83.37%	469,519	11.82%
12/31/2003	218,192	206,061	(12,131)	105.89%	292,930	(4.14%)
12/31/2002	173,058	180,296	7,238	95.99%	334,230	2.17%
12/31/2001	162,527	150,949	(11,578)	107.67%	299,790	(3.86%)

On a market basis, the actuarial value of assets as of December 31, 2006 is \$460,884. On a market basis, the funded ratio would be 91.84%.

SUPPLEMENTAL INFORMATION

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51

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

	<u>Local</u>	<u>Administrative Discretionary</u>	<u>ROE/ISC Operations</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 148,395	\$ 264,534	\$ 195	\$ 413,124
Due from other governmental units and agencies	<u>4,463</u>	<u>13,568</u>	<u>-</u>	<u>18,031</u>
TOTAL ASSETS	<u><u>\$ 152,858</u></u>	<u><u>\$ 278,102</u></u>	<u><u>\$ 195</u></u>	<u><u>\$ 431,155</u></u>
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ 27	\$ 27
Accounts payable	7,978	699	37	8,714
Due to other governmental units and agencies	<u>-</u>	<u>-</u>	<u>24</u>	<u>24</u>
Total liabilities	7,978	699	88	8,765
 FUND BALANCE				
Fund balance - unreserved	<u>144,880</u>	<u>277,403</u>	<u>107</u>	<u>422,390</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 152,858</u></u>	<u><u>\$ 278,102</u></u>	<u><u>\$ 195</u></u>	<u><u>\$ 431,155</u></u>

See accompanying Independent Auditors' Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51

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

	<u>Local</u>	<u>Administrative Discretionary</u>	<u>ROE/ISC Operations</u>	<u>Total</u>
REVENUES				
State sources	\$ -	\$ -	\$ 99,620	\$ 99,620
Local sources	72,742	281,515	134	354,391
On-behalf payments from State	191,846	-	-	191,846
	<u>264,588</u>	<u>281,515</u>	<u>99,754</u>	<u>645,857</u>
EXPENDITURES				
Salaries and benefits	9,769	112,866	59,145	181,780
Purchased services	47,475	63,369	37,976	148,820
Supplies and materials	123	-	2,500	2,623
Capital outlay	9,266	-	-	9,266
On-behalf payments made to State	191,846	-	-	191,846
	<u>258,479</u>	<u>176,235</u>	<u>99,621</u>	<u>534,335</u>
Revenues over (under) expenditures	<u>6,109</u>	<u>105,280</u>	<u>133</u>	<u>111,522</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	6,109	105,280	133	111,522
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>138,771</u>	<u>172,123</u>	<u>(26)</u>	<u>310,868</u>
FUND BALANCE, END OF YEAR	<u>\$ 144,880</u>	<u>\$ 277,403</u>	<u>\$ 107</u>	<u>\$ 422,390</u>

See accompanying Independent Auditors' Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
ROE/ISC OPERATIONS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 99,644	\$ 99,644	\$ 99,620	\$ (24)
Local sources	-	-	134	134
Total revenues	99,644	99,644	99,754	110
EXPENDITURES				
Salaries and benefits	59,060	59,060	59,145	(85)
Purchased services	38,084	38,084	37,976	108
Supplies and materials	2,500	2,500	2,500	-
Total expenditures	99,644	99,644	99,621	23
Net change in fund balance	\$ -	\$ -	133	\$ 133
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			(26)	
FUND BALANCE, END OF YEAR			\$ 107	

See accompanying Independent Auditors' Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
June 30, 2007

ASSETS	Regional Safe School	Title V - Innovative Program	Transition Outreach Training for Adult Living Program	School Directory	Kindergarten Learning Standards	Preschool For All	Sangamon County Truants Alternative Optional Education Program	Illinois Student Exchange
ASSETS								
Cash and cash equivalents	\$ 379,927	\$ 18	\$ 228	\$ -	\$ 604	\$ 3,466	\$ 164,980	\$ 7,258
Due from other governmental units and agencies	16,834	-	-	-	-	-	20,904	-
Due from other funds	<u>102,286</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 499,047</u></u>	<u><u>\$ 18</u></u>	<u><u>\$ 228</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 604</u></u>	<u><u>\$ 3,466</u></u>	<u><u>\$ 185,884</u></u>	<u><u>\$ 7,258</u></u>
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Due to other funds	\$ 24	\$ -	\$ 79	\$ 1,005	\$ -	\$ -	\$ -	\$ -
Accounts payable	52,585	-	-	-	-	960	53,659	-
Deferred revenues	-	-	-	-	-	2,506	-	-
Due to other governmental units and agencies	<u>-</u>	<u>-</u>	<u>1,328</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134</u>	<u>-</u>
Total liabilities	52,609	-	1,407	1,005	-	3,466	53,793	-
FUND BALANCE (DEFICIT)								
Fund balance (deficit) - unreserved	<u>446,438</u>	<u>18</u>	<u>(1,179)</u>	<u>(1,005)</u>	<u>604</u>	<u>-</u>	<u>132,091</u>	<u>7,258</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u><u>\$ 499,047</u></u>	<u><u>\$ 18</u></u>	<u><u>\$ 228</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 604</u></u>	<u><u>\$ 3,466</u></u>	<u><u>\$ 185,884</u></u>	<u><u>\$ 7,258</u></u>

(Continued)

See accompanying Independent Auditors' Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
June 30, 2007

ASSETS	Title I Reading First Part B SEA	McKinney Education for Homeless Children	Area III Homeless Liaison Project	Standards Aligned Classroom	Certificate Renewal	Illinois Department of Public Health Dental Sealant	Background Checks	Early School Leaver Conference	Early Childhood
ASSETS									
Cash and cash equivalents	\$ 54	\$ -	\$ 5	\$ 15,848	\$ 107	\$ 1,888	\$ 5,393	\$ 1,414	\$ 4,000
Due from other governmental units and agencies	105,795	-	-	-	-	622	308	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 105,849</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 15,848</u>	<u>\$ 107</u>	<u>\$ 2,510</u>	<u>\$ 5,701</u>	<u>\$ 1,414</u>	<u>\$ 4,000</u>
LIABILITIES AND FUND BALANCE									
LIABILITIES									
Due to other funds	\$ 96,171	\$ -	\$ 866	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ -
Accounts payable	9,624	-	4	-	-	-	-	-	-
Deferred revenues	-	-	-	15,848	-	-	-	-	-
Due to other governmental units and agencies	-	-	-	-	-	-	-	-	-
Total liabilities	105,795	-	870	15,848	-	2	-	-	-
FUND BALANCE (DEFICIT)									
Fund balance (deficit) - unreserved	54	-	(865)	-	107	2,508	5,701	1,414	4,000
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 105,849</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 15,848</u>	<u>\$ 107</u>	<u>\$ 2,510</u>	<u>\$ 5,701</u>	<u>\$ 1,414</u>	<u>\$ 4,000</u>

(Continued)

See accompanying Independent Auditors' Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
June 30, 2007

ASSETS	Title IV - Safe & Drug Free Sch - Formula	State & Federal School Breakfast & Lunch	System of Support	Sangamon County Learning Academy Lunch	State & Community Highway Safety - Local Alcohol Prevention (LAP)	Learn & Serve America	Title II- Teacher Quality	Title IV- Community Service	Total
ASSETS									
Cash and cash equivalents	\$ 177	\$ 4,332	\$ 22,082	\$ 23	\$ -	\$ 11,256	\$ 482	\$ -	\$ 623,542
Due from other governmental units and agencies	-	-	-	-	3,751	-	-	-	148,214
Due from other funds	-	-	-	-	-	-	-	-	102,286
TOTAL ASSETS	<u>\$ 177</u>	<u>\$ 4,332</u>	<u>\$ 22,082</u>	<u>\$ 23</u>	<u>\$ 3,751</u>	<u>\$ 11,256</u>	<u>\$ 482</u>	<u>\$ -</u>	<u>\$ 874,042</u>
LIABILITIES AND FUND BALANCE									
LIABILITIES									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 3,928	\$ -	\$ -	\$ 184	\$ 102,259
Accounts payable	177	-	303	-	-	-	-	-	117,312
Deferred revenues	-	2,500	21,660	-	-	11,058	-	-	53,572
Due to other governmental units and agencies	-	-	-	-	-	97	482	-	2,041
Total liabilities	177	2,500	21,963	-	3,928	11,155	482	184	275,184
FUND BALANCE (DEFICIT)									
Fund balance (deficit) - unreserved	-	1,832	119	23	(177)	101	-	(184)	598,858
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 177</u>	<u>\$ 4,332</u>	<u>\$ 22,082</u>	<u>\$ 23</u>	<u>\$ 3,751</u>	<u>\$ 11,256</u>	<u>\$ 482</u>	<u>\$ -</u>	<u>\$ 874,042</u>

(Concluded)

See accompanying Independent Auditors' Report.

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
EDUCATION FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Year Ended June 30, 2007**

	Regional Safe School	Title V - Innovative Program	Transition Outreach Training for Adult Living Program	School Directory	Kindergarten Learning Standards	Preschool For All	Sangamon County Truants Alternative Optional Education Program	Illinois Student Exchange
REVENUES								
State sources	\$ 459,889	\$ -	\$ -	\$ -	\$ 1,800	\$ 15,994	\$ 493,584	\$ -
Federal sources	-	-	121,042	-	-	-	-	-
Local sources	25,982	-	237	-	-	-	12,899	-
On-behalf payment from State	13,124	-	-	-	-	-	20,734	-
Total revenues	<u>498,995</u>	<u>-</u>	<u>121,279</u>	<u>-</u>	<u>1,800</u>	<u>15,994</u>	<u>527,217</u>	<u>-</u>
EXPENDITURES								
Salaries and benefits	289,831	-	59,599	-	-	-	365,736	-
Purchased services	195,548	-	57,915	472	1,166	14,984	71,549	-
Supplies and materials	31,389	-	2,797	-	30	1,010	2,805	-
Capital outlay	6,567	-	947	-	-	-	11,826	-
Transfers - payments to other governmental units	-	-	-	-	-	-	-	-
On-behalf payment made to State	13,124	-	-	-	-	-	20,734	-
Total expenditures	<u>536,459</u>	<u>-</u>	<u>121,258</u>	<u>472</u>	<u>1,196</u>	<u>15,994</u>	<u>472,650</u>	<u>-</u>
Net change in fund balances	(37,464)	-	21	(472)	604	-	54,567	-
FUND BALANCE (DEFICIT)								
BEGINNING OF YEAR	<u>483,902</u>	<u>18</u>	<u>(1,200)</u>	<u>(533)</u>	<u>-</u>	<u>-</u>	<u>77,524</u>	<u>7,258</u>
FUND BALANCE (DEFICIT)								
END OF YEAR	<u>\$ 446,438</u>	<u>\$ 18</u>	<u>\$ (1,179)</u>	<u>\$ (1,005)</u>	<u>\$ 604</u>	<u>\$ -</u>	<u>\$ 132,091</u>	<u>\$ 7,258</u>

(Continued)

See accompanying Independent Auditors' Report.

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
EDUCATION FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Year Ended June 30, 2007**

	Title I Reading First Part B SEA	McKinney Education for Homeless Children	Area III Homeless Liaison Project	Standards Aligned Classroom	Certificate Renewal	Illinois Department of Public Health Dental Sealant	Background Checks	Early School Leaver Conference	Early Childhood
REVENUES									
State sources	\$ -	\$ -	\$ -	\$ 8,500	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	1,156,668	-	57,000	33,047	-	6,394	-	-	-
Local sources	-	600	-	-	-	-	26,360	-	-
On-behalf payment from State	15,028	-	-	-	-	-	-	-	-
Total revenues	1,171,696	600	57,000	41,547	-	6,394	26,360	-	-
EXPENDITURES									
Salaries and benefits	182,151	-	52,685	-	-	-	-	-	-
Purchased services	224,393	329	4,011	40,852	196	3,886	22,251	-	-
Supplies and materials	744,454	571	303	695	-	-	-	-	-
Capital outlay	5,726	-	-	-	-	-	-	-	-
Transfers - payments to other governmental units	-	-	-	-	-	-	-	-	-
On-behalf payment made to State	15,028	-	-	-	-	-	-	-	-
Total expenditures	1,171,752	900	56,999	41,547	196	3,886	22,251	-	-
Net change in fund balances	(56)	(300)	1	-	(196)	2,508	4,109	-	-
FUND BALANCE (DEFICIT)									
BEGINNING OF YEAR	110	300	(866)	-	303	-	1,592	1,414	4,000
FUND BALANCE (DEFICIT)									
END OF YEAR	\$ 54	\$ -	\$ (865)	\$ -	\$ 107	\$ 2,508	\$ 5,701	\$ 1,414	\$ 4,000

(Continued)

See accompanying Independent Auditors' Report.

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
EDUCATION FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Year Ended June 30, 2007**

	Title IV - Safe & Drug Free Sch - Formula	State & Federal School Breakfast & Lunch	System of Support	Sangamon County Learning Academy Lunch	State & Community Highway Safety - Local Alcohol Prevention (LAP)	Learn & Serve America	Title II- Teacher Quality	Title IV- Community Service	Total
REVENUES									
State sources	\$ -	\$ 689	\$ 25,385	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,005,841
Federal sources	290	11,774	154,117	-	33,274	11,676	-	-	1,585,282
Local sources	-	978	100	-	-	100	-	-	67,256
On-behalf payment from State	-	-	7,073	-	-	-	-	-	55,959
Total revenues	290	13,441	186,675	-	33,274	11,776	-	-	2,714,338
EXPENDITURES									
Salaries and benefits	-	-	89,944	-	-	5,000	-	-	1,044,946
Purchased services	-	12,612	65,479	-	33,447	1,761	-	-	750,851
Supplies and materials	290	-	3,673	-	-	4,915	-	-	792,932
Capital outlay	-	-	20,406	-	-	-	-	-	45,472
Transfers - payments to other governmental units	-	-	-	-	-	-	-	184	184
On-behalf payment made to State	-	-	7,073	-	-	-	-	-	55,959
Total expenditures	290	12,612	186,575	-	33,447	11,676	-	184	2,690,344
Net change in fund balances	-	829	100	-	(173)	100	-	(184)	23,994
FUND BALANCE (DEFICIT)									
BEGINNING OF YEAR	-	1,003	19	23	(4)	1	-	-	574,864
FUND BALANCE (DEFICIT) END OF YEAR	\$ -	\$ 1,832	\$ 119	\$ 23	\$ (177)	\$ 101	\$ -	\$ (184)	\$ 598,858

(Concluded)

See accompanying Independent Auditors' Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
REGIONAL SAFE SCHOOL
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
State sources	\$ 257,536	\$ 459,889	\$ 202,353
Local sources	-	25,982	25,982
On-behalf payments from State	-	13,124	13,124
	<u>257,536</u>	<u>498,995</u>	<u>241,459</u>
EXPENDITURES			
Salaries and benefits	176,351	289,831	(113,480)
Purchased services	67,465	195,548	(128,083)
Supplies and materials	8,434	31,389	(22,955)
Capital outlay	5,286	6,567	(1,281)
On-behalf payments made to State	-	13,124	(13,124)
	<u>257,536</u>	<u>536,459</u>	<u>(278,923)</u>
Net change in fund balance	<u>\$ -</u>	(37,464)	<u>\$ (37,464)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>483,902</u>	
FUND BALANCE, END OF YEAR		<u>\$ 446,438</u>	

See accompanying Independent Auditors' Report.

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
TRANSITION OUTREACH TRAINING FOR ADULT LIVING PROGRAM
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Federal sources	\$ 122,370	\$ 121,042	\$ (1,328)
Local sources	<u> -</u>	<u> 237</u>	<u> 237</u>
Total revenues	<u>122,370</u>	<u>121,279</u>	<u>(1,091)</u>
EXPENDITURES			
Salaries and benefits	60,278	59,599	679
Purchased services	58,092	57,915	177
Supplies and materials	3,000	2,797	203
Capital outlay	<u>1,000</u>	<u> 947</u>	<u> 53</u>
Total expenditures	<u>122,370</u>	<u>121,258</u>	<u>1,112</u>
Net change in fund balance	<u><u> -</u></u>	<u> 21</u>	<u><u> 21</u></u>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR		<u>(1,200)</u>	
FUND BALANCE (DEFICIT), END OF YEAR		<u><u>\$ (1,179)</u></u>	

See accompanying Independent Auditors' Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
SANGAMON COUNTY TRUANTS ALTERNATIVE OPTIONAL EDUCATION PROGRAM
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
State sources	\$ 234,660	\$ 493,584	\$ 258,924
Local sources	-	12,899	12,899
On-behalf payments from State	-	20,734	20,734
	<u>234,660</u>	<u>527,217</u>	<u>292,557</u>
EXPENDITURES			
Salaries and benefits	160,255	365,736	(205,481)
Purchased services	71,405	71,549	(144)
Supplies and materials	2,000	2,805	(805)
Capital outlay	1,000	11,826	(10,826)
On-behalf payments made to State	-	20,734	(20,734)
	<u>234,660</u>	<u>472,650</u>	<u>(237,990)</u>
Net change in fund balance	<u>\$ -</u>	54,567	<u>\$ 54,567</u>
FUND BALANCE, BEGINNING OF YEAR		<u>77,524</u>	
FUND BALANCE, END OF YEAR		<u>\$ 132,091</u>	

See accompanying Independent Auditors' Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
TITLE I READING FIRST PART B SEA
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Federal sources	\$ 1,183,695	\$ 1,156,668	\$ (27,027)
On-behalf payments from State	<u> -</u>	<u> 15,028</u>	<u> 15,028</u>
Total revenues	<u>1,183,695</u>	<u>1,171,696</u>	<u>(11,999)</u>
EXPENDITURES			
Salaries and benefits	179,814	182,151	(2,337)
Purchased services	231,984	224,393	7,591
Supplies and materials	768,397	744,454	23,943
Capital outlay	3,500	5,726	(2,226)
On-behalf payments made to State	<u> -</u>	<u> 15,028</u>	<u>(15,028)</u>
Total expenditures	<u>1,183,695</u>	<u>1,171,752</u>	<u>11,943</u>
Net change in fund balance	<u>\$ -</u>	<u> (56)</u>	<u>\$ (56)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>110</u>	
FUND BALANCE (DEFICIT), END OF YEAR		<u>\$ 54</u>	

See accompanying Independent Auditors' Report.

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
 AREA III HOMELESS LIAISON PROJECT
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 For the Year Ended June 30, 2007**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Federal sources	\$ 57,000	\$ 57,000	\$ -
Total revenues	57,000	57,000	-
 EXPENDITURES			
Salaries and benefits	52,924	52,685	239
Purchased services	3,576	4,011	(435)
Supplies and materials	500	303	197
Total expenditures	57,000	56,999	1
Net change in fund balance	\$ -	1	\$ 1
 FUND BALANCE (DEFICIT), BEGINNING OF YEAR		(866)	
 FUND BALANCE (DEFICIT), END OF YEAR		\$ (865)	

See accompanying Independent Auditors' Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
TITLE IV - SAFE & DRUG FREE SCH - FORMULA
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Federal sources	<u>\$ 290</u>	<u>\$ 290</u>	<u>\$ -</u>
Total revenues	<u>290</u>	<u>290</u>	<u>-</u>
EXPENDITURES			
Supplies and materials	<u>290</u>	<u>290</u>	<u>-</u>
Total expenditures	<u>290</u>	<u>290</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE, BEGINNING OF YEAR		<u>-</u>	
FUND BALANCE, END OF YEAR		<u>\$ -</u>	

See accompanying Independent Auditors' Report.

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
SYSTEM OF SUPPORT
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2007**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
State sources	\$ 25,835	\$ 25,385	\$ (450)
Federal sources	175,328	154,117	(21,211)
Local sources	-	100	100
On-behalf payment from State	-	7,073	7,073
Total revenues	201,163	186,675	(14,488)
EXPENDITURES			
Salaries and benefits	87,789	89,944	(2,155)
Purchased services	86,074	65,479	20,595
Supplies and materials	6,900	3,673	3,227
Capital outlay	20,400	20,406	(6)
On-behalf payment made to State	-	7,073	(7,073)
Total expenditures	201,163	186,575	14,588
Net change in fund balance	\$ -	100	\$ 100
FUND BALANCE, BEGINNING OF YEAR		19	
FUND BALANCE, END OF YEAR		\$ 119	

See accompanying Independent Auditors' Report.

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
STATE & COMMUNITY HIGHWAY SAFETY - LOCAL ALCOHOL PREVENTION (LAP)
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Federal sources	\$ 33,100	\$ 33,274	\$ 174
Total revenues	<u>33,100</u>	<u>33,274</u>	<u>174</u>
EXPENDITURES			
Salaries and benefits	4,400	-	4,400
Purchased services	<u>28,700</u>	<u>33,447</u>	<u>(4,747)</u>
Total expenditures	<u>33,100</u>	<u>33,447</u>	<u>(347)</u>
Net change in fund balance	<u>\$ -</u>	(173)	<u>\$ (173)</u>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR		<u>(4)</u>	
FUND BALANCE (DEFICIT), END OF YEAR		<u>\$ (177)</u>	

See accompanying Independent Auditors' Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
LEARN & SERVE AMERICA
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Federal sources	\$ 14,000	\$ 11,676	\$ (2,324)
Local sources	<u>-</u>	<u>100</u>	<u>100</u>
Total revenues	<u>14,000</u>	<u>11,776</u>	<u>(2,224)</u>
EXPENDITURES			
Salaries and benefits	3,000	5,000	(2,000)
Purchased services	8,000	1,761	6,239
Supplies and materials	<u>3,000</u>	<u>4,915</u>	<u>(1,915)</u>
Total expenditures	<u>14,000</u>	<u>11,676</u>	<u>2,324</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>100</u>	<u><u>\$ 100</u></u>
FUND BALANCE, BEGINNING OF YEAR		<u>1</u>	
FUND BALANCE, END OF YEAR		<u><u>\$ 101</u></u>	

See accompanying Independent Auditors' Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2007

	General Education Development Certificate	Bus Driver Training	Supervisory Expenses	General Education Development Holistic Scoring	Total
ASSETS					
Cash and cash equivalents	\$ 4,990	\$ 1,916	\$ 2,343	\$ 344	\$ 9,593
Due from other governmental units and agencies	5	-	-	5,055	5,060
TOTAL ASSETS	\$ 4,995	\$ 1,916	\$ 2,343	\$ 5,399	\$ 14,653
LIABILITIES AND FUND BALANCE					
LIABILITIES	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCE					
Fund balance - unreserved	4,995	1,916	2,343	5,399	14,653
TOTAL LIABILITIES AND FUND BALANCE	\$ 4,995	\$ 1,916	\$ 2,343	\$ 5,399	\$ 14,653

See accompanying Independent Auditors' Report.

**SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Year Ended June 30, 2007**

	General Education Development Certificate	Bus Driver Training	Supervisory Expenses	General Education Development Holistic Scoring	Total
REVENUES					
State sources	\$ -	\$ 1,440	\$ 1,000	\$ -	\$ 2,440
Local sources	<u>17,026</u>	<u>2,376</u>	<u>1,604</u>	<u>36,070</u>	<u>57,076</u>
Total revenues	<u>17,026</u>	<u>3,816</u>	<u>2,604</u>	<u>36,070</u>	<u>59,516</u>
EXPENDITURES					
Salaries and benefits	9,088	-	-	-	9,088
Purchased services	<u>3,638</u>	<u>3,080</u>	<u>2,888</u>	<u>31,338</u>	<u>40,944</u>
Total expenditures	<u>12,726</u>	<u>3,080</u>	<u>2,888</u>	<u>31,338</u>	<u>50,032</u>
Net change in fund balance	4,300	736	(284)	4,732	9,484
FUND BALANCE					
BEGINNING OF YEAR	<u>695</u>	<u>1,180</u>	<u>2,627</u>	<u>667</u>	<u>5,169</u>
FUND BALANCE					
END OF YEAR	<u><u>\$ 4,995</u></u>	<u><u>\$ 1,916</u></u>	<u><u>\$ 2,343</u></u>	<u><u>\$ 5,399</u></u>	<u><u>\$ 14,653</u></u>

See accompanying Independent Auditors' Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
ALL AGENCY FUNDS
JUNE 30, 2007

	<u>Distributive</u>	<u>Illinois Education and Technology Conference</u>	<u>Cook County General Education Development</u>	<u>Sangamon County Learning Academy</u>	<u>Sangamon County Schoolmasters</u>	<u>Director's Conference</u>	<u>University of Illinois at Springfield Roundtable</u>	<u>Total</u>
ASSETS								
Cash and cash equivalents	\$ 37,738	\$ 77,664	\$ 70,542	\$ 9,904	\$ 3,605	\$ 5,590	\$ 4,616	\$ 209,659
TOTAL ASSETS	<u>\$ 37,738</u>	<u>\$ 77,664</u>	<u>\$ 70,542</u>	<u>\$ 9,904</u>	<u>\$ 3,605</u>	<u>\$ 5,590</u>	<u>\$ 4,616</u>	<u>\$ 209,659</u>
LIABILITIES								
Due to other governmental units and agencies	\$ -	\$ 77,664	\$ 70,542	\$ 9,904	\$ 3,605	\$ 5,590	\$ 4,616	\$ 171,921
Due to primary government	<u>37,738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,738</u>
TOTAL LIABILITIES	<u>\$ 37,738</u>	<u>\$ 77,664</u>	<u>\$ 70,542</u>	<u>\$ 9,904</u>	<u>\$ 3,605</u>	<u>\$ 5,590</u>	<u>\$ 4,616</u>	<u>\$ 209,659</u>

See accompanying Independent Auditors' Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - ALL AGENCY FUNDS
For the Year Ended June 30, 2007

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
<u>DISTRIBUTIVE</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 37,738	\$ -	\$ 37,738
LIABILITIES				
Due to primary government	\$ -	\$ 37,738	\$ -	\$ 37,738
<u>ILLINOIS EDUCATION AND TECHNOLOGY CONFERENCE</u>				
ASSETS				
Cash and cash equivalents	\$ 70,853	\$ 98,435	\$ 91,624	\$ 77,664
LIABILITIES				
Due to other governmental units and agencies	\$ 70,853	\$ 98,435	\$ 91,624	\$ 77,664
<u>COOK COUNTY GENERAL EDUCATION DEVELOPMENT</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 817,004	\$ 746,462	\$ 70,542
Due from other governmental units and agencies	30,540	-	30,540	-
Total assets	\$ 30,540	\$ 817,004	\$ 777,002	\$ 70,542
LIABILITIES				
Due to other governmental units and agencies	\$ 30,540	\$ 817,004	\$ 777,002	\$ 70,542

(Continued)

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - ALL AGENCY FUNDS
For the Year Ended June 30, 2007

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2007</u>
<u>SANGAMON COUNTY LEARNING</u>				
<u>ACADEMY</u>				
ASSETS				
Cash and cash equivalents	\$ 15,017	\$ 5,319	\$ 10,432	\$ 9,904
LIABILITIES				
Due to other governmental units and agencies	\$ 15,017	\$ 5,319	\$ 10,432	\$ 9,904
<u>SANGAMON COUNTY</u>				
<u>SCHOOLMASTERS</u>				
ASSETS				
Cash and cash equivalents	\$ 4,704	\$ 3,732	\$ 4,831	\$ 3,605
LIABILITIES				
Due to other governmental units and agencies	\$ 4,704	\$ 3,732	\$ 4,831	\$ 3,605
<u>DIRECTOR'S CONFERENCE</u>				
ASSETS				
Cash and cash equivalents	\$ 10,613	\$ 40,336	\$ 45,359	\$ 5,590
LIABILITIES				
Due to other governmental units and agencies	\$ 10,613	\$ 40,336	\$ 45,359	\$ 5,590
<u>UNIVERSITY OF ILLINOIS AT</u>				
<u>SPRINGFIELD ROUNDTABLE</u>				
ASSETS				
Cash and cash equivalents	\$ 6,505	\$ 5,960	\$ 7,849	\$ 4,616
LIABILITIES				
Due to other governmental units and agencies	\$ 6,505	\$ 5,960	\$ 7,849	\$ 4,616

(Continued)

See accompanying Independent Auditors' Report.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - ALL AGENCY FUNDS
For the Year Ended June 30, 2007

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2007</u>
<u>TOTAL - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 107,692	\$ 1,008,524	\$ 906,557	\$ 209,659
Due from other governmental units and agencies	<u>30,540</u>	<u>-</u>	<u>30,540</u>	<u>-</u>
Total assets	<u><u>\$ 138,232</u></u>	<u><u>\$ 1,008,524</u></u>	<u><u>\$ 937,097</u></u>	<u><u>\$ 209,659</u></u>
LIABILITIES				
Due to other governmental units and agencies	\$ 138,232	\$ 970,786	\$ 937,097	\$ 171,921
Due to primary government	<u>-</u>	<u>37,738</u>	<u>-</u>	<u>37,738</u>
Total liabilities	<u><u>\$ 138,232</u></u>	<u><u>\$ 1,008,524</u></u>	<u><u>\$ 937,097</u></u>	<u><u>\$ 209,659</u></u> (Concluded)

See accompanying Independent Auditors' Report.

FEDERAL COMPLIANCE SECTION

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2007

Federal Grantor/Pass-through Grantor/ <u>Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Project # (1st Eight Digits) or Contract #</u>	<u>Federal Expenditures July 1, 2006 through June 30, 2007</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Illinois Department of Transportation:			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants (State and Community Highway Safety)		AL7-0084-022	\$ 22,086
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants (State and Community Highway Safety)		AL6-0084-123	<u>11,188</u>
Total Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grant	20.601		<u>33,274</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through Illinois State Board of Education:			
School Breakfast Program		07-4220-00	3,869
School Breakfast Program		06-4220-00	<u>67</u>
Total School Breakfast Program	10.553		<u>3,936</u>
National School Lunch Program		07-4210-00	7,645
National School Lunch Program		06-4210-00	<u>193</u>
Total National School Lunch Program	10.555		<u>7,838</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through Two Rivers Professional Development Center:			
Title I - Grants to Local Educational Agencies (Standards Aligned Classroom Project)		07-4331-01	6,040
Title I - Grants to Local Educational Agencies (System of Support)		07-4331-SS	<u>143,659</u>
Total Title I - Grants to Local Educational Agencies	84.010A		<u>149,699</u>
Passed through Illinois State Board of Education:			
Safe and Drug-Free Schools and Communities - State Grants (Title IV - Safe & Drug Free Sch - Formula)	84.186A	07-4400-00	<u>290</u>
Passed through Hancock/McDonough ROE #26:			
Education for Homeless Children and Youth (McKinney Education for Homeless Children)	84.196	07-4920-00	<u>56,999</u>
Passed through Two Rivers Professional Development Center:			
State Grants for Innovative Programs (Standards Aligned Classroom Project)	84.298A	07-4999-00	<u>27,007</u>
Passed through Illinois State Board of Education:			
Research in Special Education (Transition Outreach Training for Adult Living Program)		07-4999-TI	18,714
Research in Special Education (Transition Outreach Training for Adult Living Program)		07-4999-TO	<u>102,328</u>
Total Research in Special Education	84.324R		<u>121,042</u>

(Continued)

The accompanying notes are an integral part of this schedule.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2007

Federal Grantor/Pass-through Grantor/ <u>Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Project # (1st Eight Digits) or Contract #</u>	<u>Federal Expenditures July 1, 2006 through June 30, 2007</u>
U.S. DEPARTMENT OF EDUCATION - CONTINUED			
Passed through Illinois State Board of Education:			
Title I - Reading First Part B SEA Funds		07-4337-00	\$ 226,397
Title I - Reading First Part B SEA Funds		07-4337-04	103,492
Title I - Reading First Part B SEA Funds		07-4337-AA	719,345
Title I - Reading First Part B SEA Funds		06-4337-00	28,349
Title I - Reading First Part B SEA Funds		06-4337-01	50,603
Title I - Reading First Part B SEA Funds		06-4337-02	1,186
Title I - Reading First Part B SEA Funds		06-4337-04	<u>27,296</u>
(M) Total Title I - Reading First Part B SEA Funds	84.357A		<u>1,156,668</u>
Passed through Two Rivers Professional Development Center:			
Improving Teacher Quality State Grants (System of Support)	84.367	07-4935-SS	<u>10,458</u>
Passed through Illinois State Board of Education:			
Learn & Serve America		07-4910-00	2,942
Learn & Serve America		06-4910-00	<u>8,734</u>
Total Learn & Serve America	94.004		<u>11,676</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Illinois Department of Public Health:			
Maternal and Child Health Services Block Grant to States (Illinois Department Public Health Dental Sealant)	93.994	73480180	<u>6,394</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,585,281</u> (Concluded)

(M) Audited as a major program

The accompanying notes are an integral part of this schedule.

SANGAMON COUNTY REGIONAL OFFICE OF EDUCATION NO. 51
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2007

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Sangamon County Regional Office of Education No. 51 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.

NOTE 2 - SUBRECIPIENTS

The Sangamon County Regional Office of Education No. 51 did not make any payments to subrecipients.

NOTE 3 - DESCRIPTIONS OF FEDERAL PROGRAMS AUDITED AS A MAJOR PROGRAM

The major federal program of the Sangamon County Regional Office of Education No. 51 is the Title I – Reading First Part B SEA Funds (CFDA #84.357A). This program is designed to plan and implement Reading First Academies and provide professional development for teachers in schools that are participating in the Reading First program.

NOTE 4 - NON-CASH ASSISTANCE

The Sangamon County Regional Office of Education No. 51 did not receive any Federal awards involving non-cash assistance with continuing compliance requirements.

NOTE 5 - AMOUNT OF INSURANCE

The Sangamon County Regional Office of Education No. 51 did not receive any Federal awards involving insurance with continuing compliance requirements.

NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

The Sangamon County Regional Office of Education No. 51 did not receive any Federal awards involving loans or loan guarantees with continuing compliance requirements.