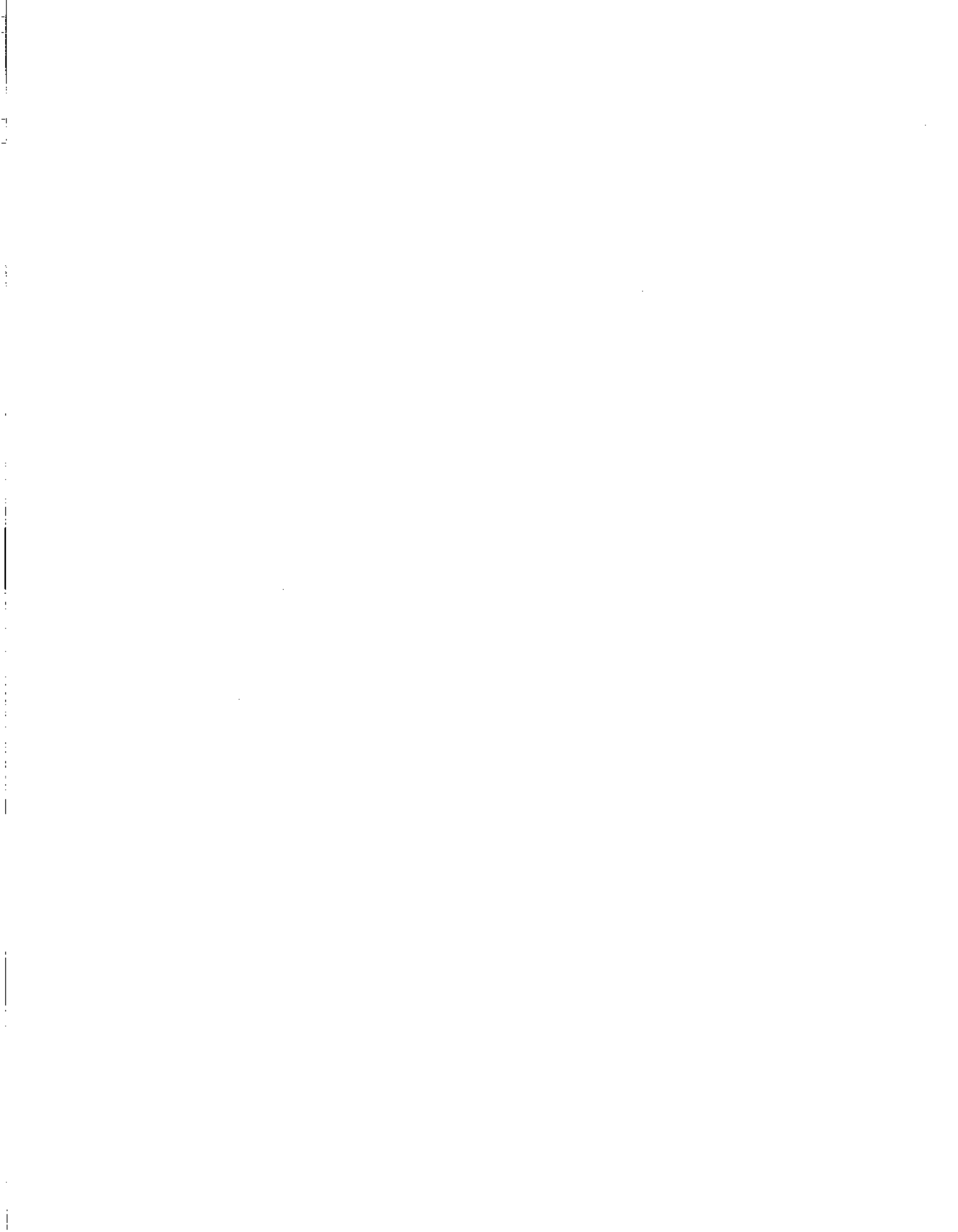


**State of Illinois
REGIONAL OFFICE OF EDUCATION #20**

**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**



**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

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**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

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**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

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**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

OFFICIALS

Regional Superintendent (during the audit period)..... Dr. Linda L. Blackman
Regional Superintendent (current)..... Mr. Lawrence Fillingim
Assistant Regional Superintendent (current and during the audit period) Mr. James Taylor

Offices are located at:

512 N. Main Street
Harrisburg, IL 62946

930 Market Street
Mount Carmel, IL 62863

Wayne County Courthouse
Fairfield, IL 62837

307 E. Cherry Street
Carmi, IL 62821

500 E. Main Street
Albion, IL 62806

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

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 non-standard language.

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	2	1
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	0	0

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)		
07-01	13	Controls over compliance with laws and regulations.
07-02	14	Cash collateral.

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2007.

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

06-01	18	A. Public Act 95-496 repealed the requirements of 105 ILCS 5/3-14.11. C. Public Act 95-496 repealed the requirements of 105 ILCS 5/3-14.5. D. Not in compliance with 105 ILCS 5/3-7.
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PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

There were no prior findings.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

EXIT CONFERENCE

An informal exit conference was held on September 14, 2007. Attending were Lawrence Fillingim, Regional Superintendent, Debbie Grubb, Bookkeeper of the Regional Office of Education #20, and Raif Perry, CPA, and Nathan Earnest, CPA of West & Company, LLC.

The responses to the recommendations were provided by Debbie Grubb in emails dated February 8, 2008.

FINANCIAL STATEMENT REPORT

Financial Presentation Examined

A financial statement audit consists of an audit of an agency's financial statements, including an examination of the underlying books and records, to determine whether those financial statements are fairly presented in accordance with generally accepted accounting principles.

The financial statement report is comprised of the following:

A Summary section providing a brief overview of the financial statement audit.

Auditors' Reports

- An Auditors' Report section containing statements by the auditors on the scope and results of their audit, as required by applicable professional standards.

Findings and Recommendations

- A Findings & Recommendations section containing sequentially numbered findings in which the auditors note any instances of nonconformity by the agency with applicable laws, rules, regulations, grant agreements, and other standards governing its conduct that were found by the auditors in the course of their review. All findings are discussed with the agency officials during the post audit process.

Each finding generally contains: a description of the condition found; a recommendation by the auditors for corrective action; a response by the agency either accepting or rejecting the auditors' finding; and a description of the agency's plan for addressing the problem.

Financial Statements

- A Financial Statement section generally consisting of:
 - Management's discussion and analysis (MD&A) as required supplementary information;
 - Basic financial statements (entity-wide financial statements, fund financial statements, and notes to the financial statements);
 - Required supplementary information other than MD&A.

Additional financial statements may be presented for agencies with special reporting requirements.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying basic financial statements of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20 was performed by West & Company, LLC.

Based on their audit, the auditors expressed an unqualified opinion on the agency's basic financial statements.

WEST & COMPANY, LLC

MEMBERS

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

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

613 BROADWAY AVENUE
P.O. BOX 945
MATTOON, ILLINOIS 61938

(217) 235-4747
www.westcpa.com

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INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20, as of and for the year ended June 30, 2007, which collectively comprise the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20'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 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20, 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 June 25, 2008 on our consideration of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20'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 Illinois Municipal Retirement Fund - Schedule of Funding Progress on page 49 is 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.

Edwards, Gallatin, Pope, Saline, Wabash and White Counties Regional Office of Education #20 has not presented a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20'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.

West + Company, LLC

June 25, 2008

WEST & COMPANY, LLC

MEMBERS

E. LYNN FREESE
RICHARD C. WEST
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20, as of and for the year ended June 30, 2007, which collectively comprise the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's basic financial statements and have issued our report thereon dated June 25, 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's internal control over financial reporting.

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.

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 the 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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted a matter involving internal control over financial reporting which we reported on the accompanying Schedule of Findings and Questioned Costs as item 07-02.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20'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*. However, we noted a certain immaterial instance of noncompliance or other matters which we reported on the accompanying Schedule of Findings and Questioned Costs as item 07-01.

Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, others within the 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.

West + Company, LLC

June 25, 2008

WEST & COMPANY, LLC

MEMBERS

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RICHARD C. WEST
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MATTOON, ILLINOIS 61938

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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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's major federal program is 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's management. Our responsibility is to express an opinion on the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20's compliance with those requirements.

In our opinion, the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20 complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20 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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20'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 Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne and White Counties Regional Office of Education #20'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 the 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.

West & Company, LLC

June 25, 2008

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2007

Section I -- Summary of Auditors' Results

Financial statements

Type of auditors' report issued:

UNQUALIFIED

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes X none reported
- Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes X none reported

Type of auditors' 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 X no

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2007

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

Identification of major programs:

CFDA Number(s)

Name of federal program or cluster

84.173A

Fed. Sp. Ed. - Preschool Discretionary

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

\$300,000

Auditee qualified as a low-risk auditee?

 X yes no

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2007

Section II: Financial Statement Findings

FINDING NO. 07-01 – Controls Over Compliance with Laws and Regulations (Repeated from 05-01 and 06-01)

Criteria/Specific Requirement:

The Illinois School Code 105 ILCS 5/3-5 states that the county superintendent shall present under oath or affirmation to the county board at its meeting in September and as nearly quarterly thereafter as it may have regular or special meetings, a report of all acts as county superintendent, including a list of all the schools visited with the dates of visitation. (This mandate has existed in its current form since at least 1953.)

Condition:

The Regional Office of Education #20 did not present at the September county board meetings and as nearly quarterly thereafter, a report of all acts including a list of all schools visited and dates of visitation.

Effect:

The Regional Office of Education #20 did not comply with statutory requirements.

Cause:

The Regional Superintendent has not been reporting quarterly to the county boards on its activities during the year. The Regional Superintendent does provide a brochure of the responsibilities of the Regional Superintendent to the county boards annually in August or September when the proposed budget is submitted to the counties for the coming year.

Auditors' Recommendation:

The Regional Superintendent should attend the county board meetings in September and quarterly thereafter, and present a report of all acts including a list of all schools visited and dates of visitation as required by 105 ILCS 5/3-5.

Management's Response:

Having been made aware of the previous administration not complying with this regulation, it is the Regional Superintendent's intent to start as soon as possible to comply with the quarterly reports to the various county boards. The portion of this school code that refers to mandating school visits each year under Sec. 3-14.5 has been repealed this year. However, the Regional Superintendent will still make every effort to visit the schools in his district if at no other time but to do his compliance visits.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2007**

Section II: Financial Statement Findings

FINDING NO. 07-02 - Cash Collateral

Criteria/Specific Requirement:

The Public Funds Deposit Act (30 ILCS 225/1) gives the authorization for deposits in excess of the federally insured limit to be covered by pledged collateral held by the financial institutions' trust departments in the Regional Office of Education #20's name. In addition, prudent business practice requires that all deposits held by financial institutions for the Regional Office of Education #20 be adequately covered by depository insurance or collateral.

Condition:

At June 30, 2007, the amount on deposit at a financial institution exceeded the federally insured limit and amount pledged as collateral by \$7,494.

Effect:

Uninsured deposits could cause a loss to the Regional Office of Education #20 if the bank failed.

Cause:

On June 27, 2007, two deposits totaling \$8,561 were made to the Regional Office of Education #20's checking account. While performing all of her fiscal year-end responsibilities, the bookkeeper failed to check the account balance total at the financial institution with the unsecured amount. The Regional Office of Education #20 has never asked for pledged securities at that particular financial institution because they intended to keep the balance under \$100,000.

Auditors' Recommendation:

The Regional Office of Education #20 should periodically monitor the amount of collateral held on deposits to ensure that an adequate amount is maintained. The Regional Office of Education #20 should also seek an agreement with the bank to automatically pledge securities for any deposit amounts in excess of the FDIC amount.

Management's Response:

Management agrees with the finding and as soon as the bookkeeper discovered the amount in excess of \$100,000 during the bank reconciliations, it was promptly corrected.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2007**

Section III: Federal Award Findings

No findings were noted for the year ended June 30, 2007.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the year ended June 30, 2007

Corrective Action Plan

Finding No.: 07-01

Condition:

The Regional Office of Education #20 did not present at the September county board meetings and as nearly quarterly thereafter, a report of all acts including a list of all schools visited and dates of visitation.

Plan:

Having been made aware of the previous administration not complying with this regulation, it is the Regional Superintendent's intent to start as soon as possible to comply with the quarterly reports to the various county boards. The portion of this school code that refers to mandating school visits each year under Sec. 3-14.5 has been repealed this year. However, the Regional Superintendent will still make every effort to visit the schools in his district if at no other time but to do his compliance visits.

Anticipated Date of Completion:

Ongoing

Name of Contact Person:

Lawrence Fillingim, Regional Superintendent

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the year ended June 30, 2007

Corrective Action Plan

Finding No.: 07-02

Condition:

At June 30, 2007, the amount on deposit at a financial institution exceeded the federally insured limit and amount pledged as collateral by \$7,494.

Plan:

Management agrees with the finding and as soon as the bookkeeper discovered the amount in excess of \$100,000 during the bank reconciliations, it was promptly corrected.

Anticipated Date of Completion:

July 16, 2007

Name of Contact Person:

Lawrence Fillingim, Regional Superintendent

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**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. Failure to present a report of all her acts including a list of all schools visited and dates of visitation to the county board meetings.	Repeated as 07-01
	C. Public Act 95-496 repealed the requirements of 105 ILCS 5/3-14.5.	Resolved
	D. Each school district had not submitted an audit or extension request as of October 15, as required by 105 ILCS 5/3-7.	Not Repeated

BASIC FINANCIAL STATEMENTS

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

STATEMENT OF NET ASSETS

June 30, 2007

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash	\$ 509,415	\$ 80,963	\$ 590,378
Due from other governments	67,327	-	67,327
Prepaid items	1,000	400	1,400
Total current assets	577,742	81,363	659,105
Noncurrent assets:			
Capital assets, net	56,682	5,922	62,604
Total assets	634,424	87,285	721,709
LIABILITIES			
Current liabilities:			
Accounts payable	26,797	47,038	73,835
Salaries and benefits payable	5,101	-	5,101
Deferred revenue	83,575	2,918	86,493
Total current liabilities	115,473	49,956	165,429
Noncurrent liabilities:			
Liability for compensated absences	35,915	-	35,915
Total liabilities	151,388	49,956	201,344
NET ASSETS			
Invested in capital assets	56,682	5,922	62,604
Restricted for teacher professional development	91,929	-	91,929
Unrestricted	334,425	31,407	365,832
Total net assets	\$ 483,036	\$ 37,329	\$ 520,365

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**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 and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Governmental activities:						
Salaries and benefits	\$ 1,577,482	\$ -	\$ 724,840	\$ (852,642)	\$ -	\$ (852,642)
Purchased services	653,876	-	497,417	(156,459)	-	(156,459)
Supplies and materials	94,286	-	64,840	(29,446)	-	(29,446)
Capital outlay - grant funded assets	3,117	-	735	(2,382)	-	(2,382)
Payments to other governments	21,462	-	21,252	(210)	-	(210)
Other objects	11,599	-	11,248	(351)	-	(351)
Depreciation	29,137	-	-	(29,137)	-	(29,137)
Administrative:						
On-behalf payments	175,357	-	-	(175,357)	-	(175,357)
Total governmental activities	2,566,316	-	1,320,332	(1,245,984)	-	(1,245,984)
Business-type activities:						
Instructional services:						
	163,868	145,890	-	-	(17,978)	(17,978)
Total governmental activities	2,730,184	145,890	1,320,332	(1,245,984)	(17,978)	(1,263,962)
General revenues:						
Local sources				324,746	-	324,746
State sources				729,396	-	729,396
On-behalf payments				175,357	-	175,357
Interest				15,491	1,698	17,189
Total general revenues				1,244,990	1,698	1,246,688
Change in net assets				(994)	(16,280)	(17,274)
Net assets - beginning				484,030	53,609	537,639
Net assets - ending				\$ 483,036	\$ 37,329	\$ 520,365

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007**

	General Fund	Education Fund	Institute Fund
ASSETS			
Cash	\$ 234,837	\$ 153,013	\$ 93,366
Due from other funds	27,476	-	-
Due from other governments	7,875	6,217	-
Prepaid items	1,000	-	-
	<u>\$ 271,188</u>	<u>\$ 159,230</u>	<u>\$ 93,366</u>
LIABILITIES			
Accounts payable	\$ 1,197	\$ 16,588	\$ 1,437
Salaries and benefits payable	-	5,101	-
Due to other funds	-	-	-
Deferred revenue	1,900	81,675	-
	<u>3,097</u>	<u>103,364</u>	<u>1,437</u>
FUND BALANCES			
Reserved for prepaid items, reported in:			
General fund	1,000	-	-
Unreserved, reported in:			
General fund	267,091	-	-
Special revenue funds	-	55,866	91,929
	<u>268,091</u>	<u>55,866</u>	<u>91,929</u>
Total fund balances	<u>268,091</u>	<u>55,866</u>	<u>91,929</u>
Total liabilities and fund balances	<u>\$ 271,188</u>	<u>\$ 159,230</u>	<u>\$ 93,366</u>

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**BALANCE SHEET
GOVERNMENTAL FUNDS (continued)
June 30, 2007**

	<u>Harrisburg Project</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 3,437	\$ 24,762	\$ 509,415
Due from other funds	-	-	27,476
Due from other governments	53,005	230	67,327
Prepaid items	-	-	1,000
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 56,442</u>	<u>\$ 24,992</u>	<u>\$ 605,218</u>
LIABILITIES			
Accounts payable	\$ 2,781	\$ 4,794	\$ 26,797
Salaries and benefits payable	-	-	5,101
Due to other funds	27,476	-	27,476
Deferred revenue	-	-	83,575
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>30,257</u>	<u>4,794</u>	<u>142,949</u>
FUND BALANCES			
Reserved for prepaid items, reported in:			
General fund	-	-	1,000
Unreserved, reported in:			
General fund	-	-	267,091
Special revenue funds	26,185	20,198	194,178
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>26,185</u>	<u>20,198</u>	<u>462,269</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 56,442</u>	<u>\$ 24,992</u>	<u>\$ 605,218</u>

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS

June 30, 2007

Total fund balances-governmental funds	\$ 462,269
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(35,915)
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	<u>56,682</u>
Net assets of governmental activities	<u><u>\$ 483,036</u></u>

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2007**

	General Fund	Education Fund	Institute Fund
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Local sources	\$ 290,976	\$ 4,000	\$ 23,114
State sources	73,720	564,294	-
Federal sources	-	673,478	-
On-behalf payments	175,357	-	-
Interest	7,622	2,980	3,949
	<u>547,675</u>	<u>1,244,752</u>	<u>27,063</u>
Total revenues			
Expenditures:			
Education:			
Salaries and benefits	294,711	671,034	-
Purchased services	47,664	484,502	23,454
Supplies and materials	14,962	63,417	320
Capital outlay	-	-	-
Payments to other governments	-	21,255	-
Other objects	-	9,689	-
On-behalf payments	175,357	-	-
	<u>532,694</u>	<u>1,249,897</u>	<u>23,774</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>14,981</u>	<u>(5,145)</u>	<u>3,289</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	(23,142)	-
	<u>-</u>	<u>(23,142)</u>	<u>-</u>
Total other financing sources (uses)			
Net change in fund balances	14,981	(28,287)	3,289
Fund balances, beginning of year	<u>253,110</u>	<u>84,153</u>	<u>88,640</u>
Fund balances, end of year	<u>\$ 268,091</u>	<u>\$ 55,866</u>	<u>\$ 91,929</u>

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (continued)
For the year ended June 30, 2007**

	Harrisburg Project	Other Nonmajor Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Local sources	\$ -	\$ 6,656	\$ 324,746
State sources	679,505	58,731	1,376,250
Federal sources	-	-	673,478
On-behalf payments	-	-	175,357
Interest	632	308	15,491
	<u>680,137</u>	<u>65,695</u>	<u>2,565,322</u>
Total revenues			
Expenditures:			
Education:			
Salaries and benefits	565,449	47,494	1,578,688
Purchased services	82,104	16,152	653,876
Supplies and materials	15,378	209	94,286
Capital outlay	13,956	900	14,856
Payments to other governments	207	-	21,462
Other objects	-	1,910	11,599
On-behalf payments	-	-	175,357
	<u>677,094</u>	<u>66,665</u>	<u>2,550,124</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>3,043</u>	<u>(970)</u>	<u>15,198</u>
Other financing sources (uses):			
Transfers in	23,142	-	23,142
Transfers out	-	-	(23,142)
	<u>23,142</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)			
Net change in fund balances	26,185	(970)	15,198
Fund balances, beginning of year	<u>-</u>	<u>21,168</u>	<u>447,071</u>
Fund balances, end of year	<u>\$ 26,185</u>	<u>\$ 20,198</u>	<u>\$ 462,269</u>

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES-
GOVERNMENTAL FUNDS
For the year ended June 30, 2007**

Net change in fund balances	\$ 15,198
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	\$ 11,739
Depreciation expense	<u>(29,137)</u> (17,398)
<p>Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>	
	<u>1,206</u>
Change in net assets of governmental activities	<u><u>\$ (994)</u></u>

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2007**

	Business-Type Activities
	Enterprise Fund
	Workshop Fund
ASSETS	
Current assets:	
Cash	\$ 80,963
Prepaid items	400
Total current assets	81,363
Noncurrent assets	
Capital assets, net	5,922
Total assets	87,285
LIABILITIES	
Current liabilities:	
Accounts payable	47,038
Deferred revenue	2,918
Total liabilities	49,956
NET ASSETS	
Invested in capital assets	5,922
Unrestricted	31,407
Total net assets	\$ 37,329

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

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the year ended June 30, 2007

	Business-Type Activities
	Enterprise Fund
	Workshop Fund
Operating revenues:	
Charges for services	\$ 145,890
Operating expenses:	
Salaries and benefits	7,649
Purchased services	141,014
Supplies and materials	9,770
Depreciation	3,810
Payments to other governments	1,625
Total operating expenses	163,868
Operating loss	(17,978)
Nonoperating revenues:	
Interest	1,698
Change in net assets	(16,280)
Total net assets - beginning	53,609
Total net assets - ending	\$ 37,329

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2007**

	Business-Type Activities
	Enterprise Fund
	Workshop Fund
Cash flows from operating activities:	
Collection of fees	\$ 148,808
Payments to suppliers and providers of goods and services	(153,137)
Payments to employees	(7,649)
Payments to other governments	(1,625)
	(13,603)
Cash flows from investing activities:	
Interest received	1,698
	(11,905)
Cash - beginning	92,868
Cash - ending	\$ 80,963
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (17,978)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	3,810
Prepaid items	(400)
Accounts payable	(1,953)
Unearned revenue	2,918
	(13,603)
Net cash used for operating activities	\$ (13,603)

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

NOTES TO FINANCIAL STATEMENTS

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education #20's accounting policies conform to generally accepted accounting principles which are appropriate to local governmental units of this type.

A. Reporting Entity

The Regional Office of Education #20 was created August 8, 1995, upon the consolidation of Education Service Region #20 and Education Service Region #23. Education Service Region #20 consisted of Edwards, Wabash, Wayne, and White Counties while Region #23 consisted of Gallatin, Hardin, Pope, and Saline Counties.

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

The Superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and insuring of the safety, health and welfare of the students in the region by periodically inspecting the school buildings and insuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses. Further, the Superintendent receives an allocation of school funds from the State Board of Education and apportions these funds to the school districts in accordance with the State Board of Education's formula.

The Regional Office of Education #20 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters. The Regional Office of Education #20 exercises no oversight responsibility on financial interdependency, selection of governing authority, designation of management or the ability to significantly influence the operations of any other outside agencies. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing order. Therefore, no other agency has been included as a component unit in the Regional Office of Education #20's financial statements. In addition, the Regional Office of Education #20 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education #20 being considered a component unit of the entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS

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

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

The Statement of Net Assets includes all of the Regional Office of Education #20'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 is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Regional Office of Education #20 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Regional Office of Education #20 and is used to account for all financial resources that are not legally restricted for expenditure for specified purposes. The following funds are included within the General Fund of the Regional Office of Education #20:

Clearing - This fund operates as an imprest account. Money is transferred from various funds and the expenditures appear within the fund in which the cost was incurred.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

NOTES TO FINANCIAL STATEMENTS

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

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

General Fund (Continued)

Payroll - This fund is utilized for processing payroll. Money is transferred from various funds and the salary expenses appear within the fund in which the salary cost was incurred.

General Budget - This fund is utilized to account for general revenues and pay various general and administrative expenses.

ROE/ISC Operations - This fund accounts for grant monies received and expended for general and administrative expenses.

Media - This fund operates as an imprest account. Money is transferred from various funds for shipping expenses.

Institute - This fund accounts for fees from registrations. These funds are used to help pay certain administrative expenses incurred to conduct workshops and for general meetings with teachers and other school personnel. All funds generated remain restricted until expended only on the aforementioned activities.

Harrisburg Project - This fund is used to account for the contract that creates and maintains computer software and provides an electronic exchange of data for the school districts with other entities.

Education - These Special Revenue Funds account for State, local and federal grant monies received for, and payment of, administering numerous grant awards for education which include:

ROE/ISC Technology - This fund accounts for grant monies received and expended for implementing regional-based computer software and providing on-going support of that software.

Workforce Investment Act - This fund accounts for grant monies received and expended to prepare youth for entry into the labor force and to afford job training to those economically disadvantaged youth facing serious barriers to employment, who are in special need of such training to obtain productive employment.

Standards-Aligned Classroom - This fund accounts for monies received and expended for creating and supporting learning teams that are focused on alignment of classroom level assessment and instruction.

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Education (Continued)

Federal Special Education - IDEA - Discretionary - This fund is used to account for the federal grant which creates and maintains computer software and provides an electronic exchange of data for the school districts with other entities.

Federal Special Education - Pre-School Discretionary - This fund is used to account for the federal grant which promotes increasing public awareness of the availability of services and locating, identifying and evaluating children suspected of having disabilities.

Regional Safe Schools - This fund is used to account for the Regional Safe Schools grant monies. The program concentrates on the education of students who have been expelled from the school districts served by the Regional Office of Education #20.

Safe Schools State Aid - To account for General State Aid received from the Illinois State Board of Education based on the average daily attendance at the Safe School.

Math and Science Partnerships - To increase the academic achievement of students in mathematics and science by enhancing the content knowledge and teaching skills of classroom teachers.

System of Support - To provide improvement support to schools in academic early warning and academic watch status as well as to assist other schools whose performance makes placement on the lists in the near future likely.

Truants Alternative/Optional Education - This fund accounts for the proceeds from State grants expended under a program to reduce student truancy.

Truants Alternative Gen. State Aid - These funds are used to account for the administration of monies to be used for the General State Aid Program.

McKinney Ed. For Homeless Children - This fund is used to account for grant monies received and expended assisting school districts in identifying and providing assistance to at-risk students.

Federal Lunch - To account for monies received from federal funds for reimbursement for meals served through the school lunch program at the regular price as well as reimbursement of free and reduced-price meals for students enrolled in the Regional Safe Schools Program.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

NOTES TO FINANCIAL STATEMENTS

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

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

Education (Continued)

State Lunch – To account for State monies received to provide free lunches and breakfasts to eligible needy children enrolled in the Regional Safe School Program.

Federal Forest Reserve – To account for federal flow-through grant monies for school districts with land in the Shawnee National Forest.

The Regional Office of Education #20 reports the following major proprietary funds:

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

Workshops – To account for the fees and local revenues received and related disbursements incurred while performing the corresponding program services.

Additionally, the Regional Office of Education #20 reports the following nonmajor funds:

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

General Educational Development (GED) - The GED Fund accounts for proceeds earned from students who pay to participate in the high school equivalency program. These proceeds are used to pay administrative expenses incurred to administer the GED program.

Bus Driver/Transportation - This fund is used to account for the fee charged for annual training courses. Proceeds from these fees are used to pay administrative expenses incurred pertaining to the program.

Supervisory - This fund accounts for proceeds provided to the Regional Superintendent by the Illinois State Board of Education to be used for travel and related expenses.

Safe Schools-Healthy Students Initiative - This fund is used to account for monies received and expended for the development of community-wide approaches to creating safe and drug free schools and promoting healthy childhood development.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
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REGIONAL OFFICE OF EDUCATION #20**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Investments

State regulations require that Regional Office of Education #20 deposit funds under its control into accounts insured by the federal government, secured by substantial collateral, or into pooled investment trusts. All funds not needed for immediate disbursement are maintained in interest bearing accounts.

Statutes authorize the Regional Office of Education #20 to make deposits or invest in obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Money Market Fund.

2. Interfund Transactions

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

3. Capital assets

Capital assets are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
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NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Capital assets (Continued)

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

<u>Assets</u>	<u>Years</u>
Building improvements	10-20
Office equipment	5-10
Computer equipment	3

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

4. Compensated Absences

Employees of Regional Office of Education #20 are permitted to accumulate earned but unused vacation benefits. Accumulated unused vacation benefits are accrued as incurred in the government-wide financial statements. Governmental funds record accumulated unused vacation benefits payable only when due for payment, such as when an employee retires or resigns.

Sick leave accumulates as far as time available but is not reimbursable to employees upon termination. Therefore, no accruals or reserves have been established.

5. Equity Classifications

Government-wide Statements

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Equity Classifications (Continued)

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved.

E. New Accounting Pronouncement

The Regional Office of Education #20 has implemented GASB Statement No. 43, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*, effective for the fiscal year beginning July 1, 2006. The Statement had no effect on the Regional Office of Education #20's net assets or changes in net assets.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund Balance Sheet includes a reconciliation between *fund balance-total governmental funds and net assets-governmental activities* as reported in the government-wide Statement of Net Assets. One element of that reconciliation explains that "long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$35,915 difference are as follows:

Compensated Absences	<u>\$35,915</u>
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**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

NOTES TO FINANCIAL STATEMENTS

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between *net changes in fund balances-total governmental funds and changes in net assets of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "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." The details of this \$11,673 difference are as follows:

Capital outlay	\$ 11,739
Depreciation expense	<u>(29,137)</u>
Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (17,398)</u>

3. BUDGETS AND BUDGETARY ACCOUNTING

The Regional Office of Education #20 was not legally required to adopt annual budgets for all funds under its control, and some annual budgets prepared were not based upon the same operating period. Therefore, budgetary reports comparing budgeted to actual expenditures are not presented.

Budgets relating to programs funded by grants from the Illinois State Board of Education are prepared and submitted to the State Board as part of the grant awards process. The State Board must also approve amendments to these budgets. Grant project budgets are based on the award period. Budget versus actual statements have been presented for the following grants: ROE/ISC Operations, Fed. Sp. Ed. – Pre-School Discretionary, Regional Safe Schools, and Truants Alternative/Optional Ed.

4. USE OF ESTIMATES

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

5. DEPOSITS

At June 30, 2007, the carrying amount of the Regional Office of Education #20's cash deposits was \$590,378 and the bank balance was \$666,179. Of the total bank balance, \$465,853 was secured by federal depository insurance and \$192,832 was collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education #20's name.

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NOTES TO FINANCIAL STATEMENTS

5. DEPOSITS (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Regional Office of Education #20's deposits may not be returned to it. The Regional Office of Education #20 does not have a deposit policy for custodial credit risk. As of June 30, 2007, \$7,494 of the Regional Office of Education #20's bank balance was exposed to custodial credit risk as follows

Uninsured and uncollateralized	<u>\$ 7,494</u>
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6. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets being depreciated:				
Improvements other than buildings	\$ 5,187	\$ -	\$ -	\$ 5,187
Machinery and equipment	245,080	11,739	-	256,819
Total capital assets being depreciated	<u>250,267</u>	<u>11,739</u>	<u>-</u>	<u>262,006</u>
Less accumulated depreciation for:				
Improvements other than buildings	(4,793)	(395)	-	(5,188)
Machinery and equipment	(171,394)	(28,742)	-	(200,136)
Total accumulated depreciation	<u>(176,187)</u>	<u>(29,137)</u>	<u>-</u>	<u>(205,324)</u>
Governmental activities capital assets, net	<u>\$ 74,080</u>	<u>\$(17,398)</u>	<u>\$ -</u>	<u>\$ 56,682</u>
Business-type activities:				
Capital assets being depreciated:				
Improvements other than buildings	\$ 2,182	\$ -	\$ -	\$ 2,182
Machinery and equipment	55,740	-	-	55,740
Total capital assets being depreciated	<u>57,922</u>	<u>-</u>	<u>-</u>	<u>57,922</u>
Less accumulated depreciation for:				
Improvements other than buildings	(1,309)	(218)	-	(1,527)
Machinery and equipment	(46,881)	(3,592)	-	(50,473)
Total accumulated depreciation	<u>(48,190)</u>	<u>(3,810)</u>	<u>-</u>	<u>(52,000)</u>
Business-type activities capital assets, net	<u>\$ 9,732</u>	<u>\$ (3,810)</u>	<u>\$ -</u>	<u>\$ 5,922</u>

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NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the Regional Office of Education #20 as follows:

Governmental activities:	
Instructional services:	
Depreciation	<u>\$23,412</u>
Business-Type activities:	
Instructional services:	
Depreciation	<u>\$ 3,810</u>

7. RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

The Regional Office of Education #20 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 their 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 employers and members pay a contribution to the Teachers' Health Insurance Security Fund (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer 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 district's TRS-covered employees.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
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REGIONAL OFFICE OF EDUCATION #20**

NOTES TO FINANCIAL STATEMENTS

7. RETIREMENT FUND COMMITMENTS (Continued)

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

On-Behalf Contributions - The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #20. For the year ended June 30, 2007, State of Illinois contributions were based on 9.78 percent of creditable earnings, and the Regional Office of Education #20 recognized revenue and expenditures of \$40,276 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 (\$28,149) and 11.76 percent (\$42,955), respectively.

The state contributions to TRS for the years ended June 30, 2007 and June 30, 2006 were based on dollar amounts specified by the statute and were not actuarially determined. The state contributions for the year ended June 30, 2005 were based on an actuarial formula.

The Regional Office of Education #20 makes other types of employer contributions directly to TRS.

2.2 Formula Contributions - Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2007 were \$2,388. Contributions for the years ended June 30, 2006, and June 30, 2005, were \$2,313 and \$2,119, respectively.

Federal and Trust Fund Contributions - When TRS members are paid from federal and trust funds administered by the Regional Office of Education #20, there is a statutory requirement for the Regional Office of Education #20 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 paid from federal 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 contribution was 7.06 percent of salaries paid from federal and trust funds. For the year ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2007, salaries totaling \$131,220 were paid from federal and trust funds that required employer contributions of \$12,833. For the years ended June 30, 2006 and June 30, 2005, required Regional Office of Education #20 contributions were \$6,738 and \$11,466, respectively.

Early Retirement Option - The Regional Office of Education #20 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.

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NOTES TO FINANCIAL STATEMENTS

7. RETIREMENT FUND COMMITMENTS (Continued)

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

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 contributions is 100 percent of the members' 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 Regional Office of Education #20 made no payments to TRS for employer contributions under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2006 and 2005, the Regional Office of Education #20 made no payments for ERO contributions.

Salary Increases Over 6 Percent and Excess Sick Leave – Public Act 94-0004 added two new employer contributions to TRS.

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

For the years ended June 30, 2007 and 2006, the Regional Office of Education #20 made no payments for employer contributions to TRS due on salary increases in excess of 6 percent.

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 (17.6 percent of salary during the year ended June 30, 2007).

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REGIONAL OFFICE OF EDUCATION #20**

NOTES TO FINANCIAL STATEMENTS

7. RETIREMENT FUND COMMITMENTS (Continued)

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

For the years ended June 30, 2007 and 2006, the Regional Office of Education #20 made no payments for employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment.

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, IL 62794-9253. The most current report is also available on the TRS Web site at trs.illinois.gov.

B. Illinois Municipal Retirement Fund

The Regional Office of Education #20's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system, 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. The 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.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The Regional Office of Education #20 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2006 was 11.80 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.

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NOTES TO FINANCIAL STATEMENTS

7. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

For December 31, 2006, the Regional Office of Education #20's annual pension cost of \$93,008 was equal to the Regional Office of Education #20'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) 7.5% investment rate of return (net of administrative expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% 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% corridor. The assumptions used for the 2006 actuarial valuation were based on the 2002-2004 experience study.

Trend Information

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2006	\$ 93,008	100%	\$ -
12/31/2005	\$ 80,469	100%	\$ -
12/31/2004	\$ 79,278	100%	\$ -
12/31/2003	\$ 50,237	100%	\$ -
12/31/2002	\$ 6,591	100%	\$ -
12/31/2001	\$ 48,395	100%	\$ -
12/31/2000	\$ 36,009	100%	\$ -
12/31/1999	\$ 51,726	100%	\$ -
12/31/1998	\$ 31,286	100%	\$ -
12/31/1997	\$ 26,884	100%	\$ -

Schedule of Funding Progress

Schedule of Funding Progress gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Schedule of Funding Progress for the past ten years is reported as required supplementary information.

C. Social Security

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

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NOTES TO FINANCIAL STATEMENTS

8. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2007, interfund receivables and payables were as follows:

Due To	Due From	Balance at June 30, 2007
General Fund:		
General Budget	Harrisburg Project Fund	<u>\$27,476</u>

At June 30, 2007 receivables to the General Budget are temporary advances to the Harrisburg Project Fund which is awaiting funds to be provided by the Illinois State Board of Education.

9. SCHEDULE OF TRANSFERS

Transfer In	Transfers Out
Harrisburg Project Fund	Education Fund: Fed. Sp. Ed. - IDEA - Discretionary
<u>\$ 23,142</u>	<u>\$ 23,142</u>

The transfers are to move the remaining cash balance from an education fund that is no longer active to a special revenue fund.

10. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2007 was as follows:

	Balance at July 1, 2006	Subtractions	Balance at June 30, 2007
Compensated Absences	<u>\$ 37,121</u>	<u>\$ (1,206)</u>	<u>\$ 35,915</u>

Due to the nature of the obligation for compensated absences, annual requirements to amortize such obligations are not determinable and have not been presented. Compensated absences are liquidated through the fund that provides the particular employee's salary.

11. BOND

The 105 ILCS 5/3-2 directs the Regional Office of Education #20 to execute a bond of not less than \$100,000 on the Regional Superintendent. The Regional Office of Education #20 has secured and maintained such a bond with coverage of \$1,000,000 on the Regional Superintendent.

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NOTES TO FINANCIAL STATEMENTS

12. ON-BEHALF PAYMENTS

The Regional Office of Education #20 received on-behalf payments for employee salaries and benefits from the State of Illinois for the following items:

Regional Superintendent salary	\$ 84,737
Regional Superintendent benefits (includes State paid insurance)	12,716
Assistant Regional Superintendent salary	34,954
Assistant Regional Superintendent benefits (includes State paid insurance)	2,674
TRS Pension contributions	<u>40,276</u>
	<u>\$ 175,357</u>

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

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

13. RISK MANAGEMENT - CLAIMS AND JUDGEMENTS

The Regional Office of Education #20 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; and natural disasters. The Regional Office of Education #20 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

14. OPERATING LEASE

The Regional Office of Education #20 leases its office facilities. The lease term is from January 1, 2004 to December 31, 2007. The monthly rental payments under the lease are \$2,360 per month with the Regional Office of Education #20 being responsible for all utility bills and trash removal.

In addition, the Regional Office of Education #20 subleases a portion of their facilities to Preschool Discretionary and IDEA Part B Discretionary. Sublease income was \$20,412 for the year ended June 30, 2007.

The Regional Office of Education #20 leases office space for an Alternative School in Harrisburg, Illinois. The lease term is from January 1, 2004 through December 31, 2007. The monthly rental payments under the lease are \$2,050 per month with the Regional Office of Education #20 being responsible for all utility bills and trash removal.

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NOTES TO FINANCIAL STATEMENTS

14. OPERATING LEASE (Continued)

The Regional Office leases office space for an Alternative School in Mill Shoals, Illinois from the Village of Mill Shoals. The lease term is from July 1, 2007 to June 30, 2008. The monthly rental payments under the lease are \$382 per month with the Regional Office of Education #20 being responsible for all utility bills and trash removal.

During the year ended June 30, 2007, rentals under lease obligations were \$57,504.

Future minimum rentals for the years ending June 30 are:

Year Ending June 30,	Amount
2008	\$ 31,044

15. DUE FROM OTHER GOVERNMENTS

The Regional Office of Education #20's General Fund and various grant programs have funds due from various other governmental units which consist of the following at June 30, 2007:

Due From Other Governments

Gallatin County Clerk	\$ 3,105
Illinois Department of Corrections	90
Southeastern Illinois College	120
Miscellaneous School Districts	20
School Association of Special Education	285
Regional Office of Education #2	6,217
Saline County Clerk	4,485
Illinois State Board of Education	53,005
Total	\$ 67,327

16. CONTINGENCIES

The Regional Office of Education #20 has received funding from Federal and State grants in the current and prior years which are subject to audits by granting agencies. The Regional Office of Education #20 believes any adjustments that may arise will be insignificant to the Regional Office of Education #20's operations.

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NOTES TO FINANCIAL STATEMENTS

17. RECLASSIFICATIONS

The following beginning fund balance has been reclassified from being reported as part of the Institute Fund in 2006 to a proprietary fund in 2007:

Workshop	<u>\$ 43,877</u>
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Following is an analysis of the reclassification described above:

	<u>Institute</u>	<u>Workshop</u>
Fund balance/net assets at June 30, 2006	\$ 132,517	\$ -
Reclassification as explained above	(43,877)	43,877
Capital assets net of accumulated depreciation	<u>-</u>	<u>9,732</u>
Fund balance/net assets restated at June 30, 2006	<u>\$ 88,640</u>	<u>\$ 53,609</u>

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

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
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**ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
UNAUDITED**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a) / c]
12/31/2006	\$ 1,594,179	\$ 1,696,194	\$ 102,015	93.99 %	\$ 788,200	12.94 %
12/31/2005	\$ 1,343,790	\$ 1,417,459	\$ 73,669	94.80 %	\$ 668,346	11.02 %
12/31/2004	\$ 1,160,983	\$ 1,275,012	\$ 114,029	91.06 %	\$ 696,640	16.37 %
12/31/2003	\$ 1,024,201	\$ 1,150,896	\$ 126,695	88.99 %	\$ 681,647	18.59 %
12/31/2002	\$ 1,019,182	\$ 1,103,780	\$ 84,598	92.34 %	\$ 679,465	12.45 %
12/31/2001	\$ 1,127,584	\$ 1,048,359	\$ (79,225)	107.56 %	\$ 618,861	-- %
12/31/2000	\$ 1,028,619	\$ 891,786	\$ (136,833)	115.34 %	\$ 583,612	-- %
12/31/1999	\$ 875,867	\$ 825,909	\$ (49,958)	106.05 %	\$ 547,368	-- %
12/31/1998	\$ 695,971	\$ 701,335	\$ 5,364	99.24 %	\$ 506,245	1.06 %
12/31/1997	\$ 607,265	\$ 684,291	\$ 77,026	88.74 %	\$ 559,917	13.76 %

On a market value basis the actuarial value of assets as of December 31, 2006 was \$1,714,835.
On a market basis, the funded ratio would be 101.10 percent.

Digest of Changes

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.

SLEP member contribution rate changed from 6.5% to 7.5% effective June 1, 2006.

SUPPLEMENTAL INFORMATION

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

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

	<u>Clearing</u>	<u>Payroll</u>	<u>General Budget</u>
ASSETS			
Cash	\$ 353	\$ 2,492	\$ 219,657
Due from other funds	-	-	27,476
Due from other governments	-	-	7,875
Prepaid items	-	-	1,000
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 353</u>	<u>\$ 2,492</u>	<u>\$ 256,008</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 1,041
Deferred revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>-</u>	<u>1,041</u>
FUND BALANCE			
Reserved for prepaid items	-	-	1,000
Unreserved	353	2,492	253,967
	<hr/>	<hr/>	<hr/>
Total fund balance	<u>353</u>	<u>2,492</u>	<u>254,967</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ 353</u>	<u>\$ 2,492</u>	<u>\$ 256,008</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND (continued)
June 30, 2007

	<u>ROE/ISC Operations</u>	<u>Media</u>	<u>Total</u>
ASSETS			
Cash	\$ 2,056	\$ 10,279	\$ 234,837
Due from other funds	-	-	27,476
Due from other governments	-	-	7,875
Prepaid items	-	-	1,000
	<u>2,056</u>	<u>10,279</u>	<u>271,188</u>
Total assets	<u>\$ 2,056</u>	<u>\$ 10,279</u>	<u>\$ 271,188</u>
LIABILITIES			
Accounts payable	\$ 156	\$ -	\$ 1,197
Deferred revenue	1,900	-	1,900
	<u>2,056</u>	<u>-</u>	<u>3,097</u>
Total liabilities	<u>2,056</u>	<u>-</u>	<u>3,097</u>
FUND BALANCE			
Reserved for prepaid items	-	-	1,000
Unreserved	-	10,279	267,091
	<u>-</u>	<u>10,279</u>	<u>268,091</u>
Total fund balance	<u>-</u>	<u>10,279</u>	<u>268,091</u>
Total liabilities and fund balance	<u>\$ 2,056</u>	<u>\$ 10,279</u>	<u>\$ 271,188</u>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND ACCOUNTS
For the year ended June 30, 2007**

	Clearing	Payroll	General Budget
Revenues:			
Local sources	\$ -	\$ -	\$ 290,976
State sources	-	-	-
On-behalf payments	-	-	175,357
Interest	159	294	6,888
	159	294	473,221
 Total revenues	 159	 294	 473,221
 Expenditures:			
Salaries and benefits	-	-	236,731
Purchased services	-	545	35,474
Supplies and materials	93	-	10,513
On-behalf payments	-	-	175,357
	93	545	458,075
 Total expenditures	 93	 545	 458,075
 Excess (deficiency) of revenues over (under) expenditures	 66	 (251)	 15,146
 Fund balance, beginning of year	 287	 2,743	 239,821
 Fund balance, end of year	 \$ 353	 \$ 2,492	 \$ 254,967

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND ACCOUNTS (continued)
For the year ended June 30, 2007**

	<u>ROE/ISC Operations</u>	<u>Media</u>	<u>Total</u>
Revenues:			
Local sources	\$ -	\$ -	\$ 290,976
State sources	73,720	-	73,720
On-behalf payments	-	-	175,357
Interest	156	125	7,622
	<u>73,876</u>	<u>125</u>	<u>547,675</u>
Total revenues			
Expenditures:			
Salaries and benefits	57,980	-	294,711
Purchased services	11,564	81	47,664
Supplies and materials	4,332	24	14,962
On-behalf payments	-	-	175,357
	<u>73,876</u>	<u>105</u>	<u>532,694</u>
Total expenditures			
Excess of revenues over expenditures over (under) expenditures	-	20	14,981
Fund balance, beginning of year	<u>-</u>	<u>10,259</u>	<u>253,110</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 10,279</u>	<u>\$ 268,091</u>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND ACCOUNTS
ROE/ISC OPERATIONS - PROJECT #07-3730-00
For the year ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	\$ 77,520	\$ 77,520	\$ 73,720	\$ (3,800)
Interest	-	-	156	156
Total revenues	<u>77,520</u>	<u>77,520</u>	<u>73,876</u>	<u>(3,644)</u>
Expenditures:				
Salaries and benefits	54,027	56,915	57,980	(1,065)
Purchased services	16,940	10,790	11,564	(774)
Supplies and materials	3,558	3,815	4,332	(517)
Capital outlay	2,995	6,000	-	6,000
Total expenditures	<u>77,520</u>	<u>77,520</u>	<u>73,876</u>	<u>3,644</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ -</u>	

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

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

	ROE/ISC Technology	Workforce Investment Act	Standards- Aligned Classroom	Fed. Sp. Ed. - IDEA - Discretionary
ASSETS				
Cash	\$ 1,481	\$ 4,174	\$ 1,948	\$ -
Due from other governments	-	-	-	-
Total assets	\$ 1,481	\$ 4,174	\$ 1,948	\$ -
LIABILITIES				
Accounts payable	\$ 31	\$ 4,108	\$ 227	\$ -
Salaries and benefits payable	-	-	-	-
Deferred revenue	1,450	66	-	-
Total liabilities	1,481	4,174	227	-
FUND BALANCE				
Unreserved	-	-	1,721	-
Total liabilities and fund balance	\$ 1,481	\$ 4,174	\$ 1,948	\$ -

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (continued)
June 30, 2007**

	<u>Fed. Sp. Ed. - Pre-School Discretionary</u>	<u>Regional Safe Schools</u>	<u>Safe Schools State Aid</u>	<u>Math and Science Partnerships</u>
ASSETS				
Cash	\$ 76,276	\$ 4,666	\$ 51,215	\$ 318
Due from other governments	-	-	-	-
	<u>\$ 76,276</u>	<u>\$ 4,666</u>	<u>\$ 51,215</u>	<u>\$ 318</u>
LIABILITIES				
Accounts payable	\$ 713	\$ 70	\$ 3,652	\$ 318
Salaries and benefits payable	-	-	-	-
Deferred revenue	<u>75,563</u>	<u>4,596</u>	<u>-</u>	<u>-</u>
	76,276	4,666	3,652	318
FUND BALANCE				
Unreserved	<u>-</u>	<u>-</u>	<u>47,563</u>	<u>-</u>
	<u>\$ 76,276</u>	<u>\$ 4,666</u>	<u>\$ 51,215</u>	<u>\$ 318</u>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (continued)
June 30, 2007**

	<u>System of Support</u>	<u>Truants Alternative/ Optional Education</u>	<u>Truants Alternative Gen. State Aid</u>	<u>McKinney Ed. For Homeless Children</u>
ASSETS				
Cash	\$ 1,454	\$ 44	\$ 9,534	\$ 1,903
Due from other governments	6,217	-	-	-
Total assets	<u>\$ 7,671</u>	<u>\$ 44</u>	<u>\$ 9,534</u>	<u>\$ 1,903</u>
LIABILITIES				
Accounts payable	\$ 2,570	\$ 44	\$ 2,952	\$ 1,903
Salaries and benefits payable	5,101	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	7,671	44	2,952	1,903
FUND BALANCE				
Unreserved	-	-	6,582	-
Total liabilities and fund balance	<u>\$ 7,671</u>	<u>\$ 44</u>	<u>\$ 9,534</u>	<u>\$ 1,903</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (continued)
June 30, 2007

	<u>Federal Lunch</u>	<u>State Lunch</u>	<u>Federal Forest Reserve</u>	<u>Total</u>
ASSETS				
Cash	\$ -	\$ -	\$ -	\$ 153,013
Due from other governments	-	-	-	6,217
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,230</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 16,588
Salaries and benefits payable	-	-	-	5,101
Deferred revenue	-	-	-	81,675
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	-	-	-	103,364
FUND BALANCE				
Unreserved	-	-	-	55,866
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,230</u>

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

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

	ROE/ISC Technology	Workforce Investment Act	Standards- Aligned Classroom	Fed. Sp. Ed. - IDEA - Discretionary
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	11,050	-	6,000	-
Federal sources	-	53,557	-	-
Interest	-	1	5	-
Total revenues	11,050	53,558	6,005	-
Expenditures:				
Salaries and benefits	5,915	43,839	4,608	-
Purchased services	5,135	8,862	402	-
Supplies and materials	-	857	-	-
Payments to other governments	-	-	1,000	-
Other objects	-	-	-	-
Total expenditures	11,050	53,558	6,010	-
Excess (deficiency) of revenues over (under) expenditures	-	-	(5)	-
Other financing uses:				
Transfers out	-	-	-	(23,142)
Excess (deficiency) of revenues over (under) expenditures and other financing uses	-	-	(5)	(23,142)
Fund balance, beginning of year	-	-	1,726	23,142
Fund balance, end of year	\$ -	\$ -	\$ 1,721	\$ -

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS (continued)
For the year ended June 30, 2007**

	Fed. Sp. Ed. - Pre-School Discretionary	Regional Safe Schools	Safe Schools State Aid	Math and Science Partnerships
Revenues:				
Local sources	\$ -	\$ -	\$ 1,250	\$ 1,500
State sources	-	143,723	102,733	-
Federal sources	529,016	-	-	-
Interest	813	73	1,986	2
Total revenues	529,829	143,796	105,969	1,502
Expenditures:				
Salaries and benefits	135,406	132,795	36,219	1,151
Purchased services	387,838	7,803	41,388	351
Supplies and materials	5,872	3,198	34,744	-
Payments to other governments	713	-	-	-
Other objects	-	-	-	-
Total expenditures	529,829	143,796	112,351	1,502
Excess (deficiency) of revenues over (under) expenditures	-	-	(6,382)	-
Other financing uses:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other financing uses	-	-	(6,382)	-
Fund balance, beginning of year	-	-	53,945	-
Fund balance, end of year	\$ -	\$ -	\$ 47,563	\$ -

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS (continued)
For the year ended June 30, 2007**

	System of Support	Truants Alternative/ Optional Education	Truants Alternative Gen. State Aid	McKinney Ed. For Homeless Children
Revenues:				
Local sources	\$ -	\$ -	\$ 1,250	\$ -
State sources	4,750	141,000	154,633	-
Federal sources	37,197	-	-	25,545
Interest	3	53	25	19
Total revenues	41,950	141,053	155,908	25,564
Expenditures:				
Salaries and benefits	29,518	124,783	137,492	19,308
Purchased services	7,606	14,118	8,860	2,139
Supplies and materials	4,163	2,152	8,314	4,117
Payments to other governments	663	-	-	-
Other objects	-	-	-	-
Total expenditures	41,950	141,053	154,666	25,564
Excess (deficiency) of revenues over (under) expenditures	-	-	1,242	-
Other financing uses:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other financing uses	-	-	1,242	-
Fund balance, beginning of year	-	-	5,340	-
Fund balance, end of year	\$ -	\$ -	\$ 6,582	\$ -

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS (continued)
For the year ended June 30, 2007**

	Federal Lunch	State Lunch	Federal Forest Reserve	Total
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ 4,000
State sources	-	405	-	564,294
Federal sources	9,284	-	18,879	673,478
Interest	-	-	-	2,980
Total revenues	9,284	405	18,879	1,244,752
Expenditures:				
Salaries and benefits	-	-	-	671,034
Purchased services	-	-	-	484,502
Supplies and materials	-	-	-	63,417
Payments to other governments	-	-	18,879	21,255
Other objects	9,284	405	-	9,689
Total expenditures	9,284	405	18,879	1,249,897
Excess (deficiency) of revenues over (under) expenditures	-	-	-	(5,145)
Other financing uses:				
Transfers out	-	-	-	(23,142)
Excess (deficiency) of revenues over (under) expenditures and other financing uses	-	-	-	(28,287)
Fund balance, beginning of year	-	-	-	84,153
Fund balance, end of year	\$ -	\$ -	\$ -	\$ 55,866

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FED. - SP. ED. - PRE-SCHOOL DISCRETIONARY - PROJECT #06-4605-00
For the year ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources	<u>\$ 509,232</u>	<u>\$ 509,232</u>	<u>\$ 95,347</u>	<u>\$(413,885)</u>
Total revenues	<u>509,232</u>	<u>509,232</u>	<u>95,347</u>	<u>(413,885)</u>
Expenditures:				
Salaries and benefits	157,955	157,955	-	157,955
Purchased services	218,246	344,392	95,347	249,045
Supplies and materials	<u>133,031</u>	<u>6,885</u>	<u>-</u>	<u>6,885</u>
Total expenditures	<u>509,232</u>	<u>509,232</u>	<u>95,347</u>	<u>413,885</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS**

FED. - SP. ED. - PRE-SCHOOL DISCRETIONARY - PROJECT #07-4605-00

For the year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources	\$ 509,232	\$ 509,232	\$ 433,669	\$ (75,563)
Interest	-	-	813	813
Total revenues	<u>509,232</u>	<u>509,232</u>	<u>434,482</u>	<u>(74,750)</u>
Expenditures:				
Salaries and benefits	148,701	148,701	135,406	13,295
Purchased services	353,646	353,646	292,491	61,155
Supplies and materials	6,885	6,885	5,872	1,013
Payments to other governments	-	-	713	(713)
Total expenditures	<u>509,232</u>	<u>509,232</u>	<u>434,482</u>	<u>74,750</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ -</u>	

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS - PROJECT #07-3696-00
For the year ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	\$ 146,930	\$ 148,319	\$ 143,723	\$ (4,596)
Interest	-	-	73	73
Total revenues	<u>146,930</u>	<u>148,319</u>	<u>143,796</u>	<u>(4,523)</u>
Expenditures:				
Salaries and benefits	127,328	132,796	132,795	1
Purchased services	11,331	7,463	7,803	(340)
Supplies and materials	3,771	3,260	3,198	62
Capital outlay	4,500	4,800	-	4,800
Total expenditures	<u>146,930</u>	<u>148,319</u>	<u>143,796</u>	<u>4,523</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ -</u>	

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE/OPTIONAL ED. - PROJECT #07-3695-00
For the year ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	\$ 141,000	\$ 141,000	\$ 141,000	\$ -
Interest	-	-	53	53
Total revenues	<u>141,000</u>	<u>141,000</u>	<u>141,053</u>	<u>53</u>
Expenditures:				
Salaries and benefits	130,446	124,536	124,783	(247)
Purchased services	9,265	12,875	14,118	(1,243)
Supplies and materials	1,289	3,589	2,152	1,437
Total expenditures	<u>141,000</u>	<u>141,000</u>	<u>141,053</u>	<u>(53)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ -</u>	

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2007

	<u>General Education Development</u>	<u>Bus Driver/ Transportation</u>	<u>Supervisory</u>
ASSETS			
Cash	\$ 5,953	\$ 10,043	\$ 5,751
Due from other governments	210	20	-
	<u>6,163</u>	<u>10,063</u>	<u>5,751</u>
Total assets	<u>\$ 6,163</u>	<u>\$ 10,063</u>	<u>\$ 5,751</u>
LIABILITIES			
Accounts payable	\$ 1,589	\$ 190	\$ -
	<u>1,589</u>	<u>190</u>	<u>-</u>
Total liabilities	<u>1,589</u>	<u>190</u>	<u>-</u>
FUND BALANCE			
Unreserved	<u>4,574</u>	<u>9,873</u>	<u>5,751</u>
Total liabilities and fund balance	<u>\$ 6,163</u>	<u>\$ 10,063</u>	<u>\$ 5,751</u>

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (continued)
June 30, 2007

	Safe Schools- Healthy Students Initiative	Total
ASSETS		
Cash	\$ 3,015	\$ 24,762
Due from other governments	-	230
	\$ 3,015	\$ 24,992
LIABILITIES		
Accounts payable	\$ 3,015	\$ 4,794
	3,015	4,794
FUND BALANCE		
Unreserved	-	20,198
	\$ 3,015	\$ 24,992
Total liabilities and fund balance	\$ 3,015	\$ 24,992

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

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

	General Education Development	Bus Driver/ Transportation	Supervisory
Revenues:			
Local sources	\$ 4,776	\$ 1,880	\$ -
State sources	-	840	8,000
Interest	40	139	129
Total revenues	4,816	2,859	8,129
Expenditures:			
Salaries and benefits	538	2,142	-
Purchased services	3,240	946	6,889
Supplies and materials	77	32	100
Capital outlay	-	-	900
Other objects	-	-	1,910
Total expenditures	3,855	3,120	9,799
Excess (deficiency) of revenues over (under) expenditures	961	(261)	(1,670)
Fund balance, beginning of year	3,613	10,134	7,421
Fund balance, end of year	\$ 4,574	\$ 9,873	\$ 5,751

EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (continued)
For the year ended June 30, 2007

	Safe Schools- Healthy Students Initiative	Total
Revenues:		
Local sources	\$ -	\$ 6,656
State sources	49,891	58,731
Interest	-	308
	49,891	65,695
Expenditures:		
Salaries and benefits	44,814	47,494
Purchased services	5,077	16,152
Supplies and materials	-	209
Capital outlay	-	900
Other objects	-	1,910
	49,891	66,665
Excess (deficiency) of revenues over (under) expenditures	-	(970)
Fund balance, beginning of year	-	21,168
Fund balance, end of year	\$ -	\$ 20,198

FEDERAL FINANCIAL COMPLIANCE SECTION

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2007**

Federal Grantor/ Pass-Through Grantor Program or Cluster Title	CFDA Number	Project Number	Federal Expenditures 7/1/06 - 6/30/07
U.S. Department of Education:			
<i>Passed through Illinois State Board of Education</i>			
(M) Fed. Sp. Ed. - Pre-School Discretionary	84.173A	06-4605-00	\$ 95,347
(M) Fed. Sp. Ed. - Pre-School Discretionary	84.173A	07-4605-00	433,669
Total CFDA #84.173A			<u>529,016</u>
<i>Passed through Regional Office of Education #2</i>			
Title I - Grants to Local Education Agencies	84.010A	07-4331-00	37,197
<i>Passed through Regional Office of Education #21</i>			
McKinney Education for Homeless Children	84.196A	07-4920-00	25,545
Total U.S. Department of Education			<u>591,758</u>
U.S. Department of Labor:			
<i>Passed through Mid-5 Employment & Training, Inc.</i>			
Workforce Investment Act	17.259	Y70-PY06-01	38,457
<i>Passed through Wabash Area Development, Inc.</i>			
Workforce Investment Act	17.259	WIA-ISY-PY06	15,100
Total U.S. Department of Labor			<u>53,557</u>
U.S. Department of Agriculture:			
<i>Passed through Illinois State Board of Education</i>			
National School Lunch Program	10.555	06-4210-00	1,472
National School Lunch Program	10.555	07-4210-00	7,812
Total U.S. Department of Agriculture			<u>9,284</u>
U.S. Forestry Department:			
<i>Passed through Illinois Department of Natural Resources</i>			
Federal Forest Reserve	10.670	07-4473-00	18,879
TOTAL			<u><u>\$ 673,478</u></u>

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

**EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES
REGIONAL OFFICE OF EDUCATION #20**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2007**

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Regional Office of Education #20 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 in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the Regional Office of Education #20 provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Federal Forest Reserve	10.670	<u>\$18,879</u>

3. DESCRIPTIONS OF MAJOR FEDERAL PROGRAMS

Fed. Sp. Ed. – Pre-School - Discretionary - This fund is used to account for the federal grant which promotes increasing public awareness of the availability of services and locating, identifying and evaluating children suspected of having disabilities.

4. NON-CASH ASSISTANCE

The note is not applicable to Regional Office of Education #20.

5. AMOUNT OF INSURANCE

The note is not applicable to Regional Office of Education #20.

6. LOANS OR LOAN GUARANTEES OUTSTANDING

The note is not applicable to Regional Office of Education #20.