

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

**FINANCIAL AUDIT
(In Accordance with the Single Audit Act
and OMB Circular A-133)
For the Year Ended June 30, 2008**

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

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

	<u>Page</u>
OFFICIALS	1
COMPLIANCE REPORT SUMMARY.....	2
FINANCIAL STATEMENT REPORT SUMMARY	5
 FINANCIAL SECTION	
Independent Auditors’ Report	6
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	8
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	10
Schedule of Findings and Questioned Costs.....	13
Financial Statement Findings.....	14
Federal Award Findings.....	20
Corrective Action Plan for Current Year Audit Findings.....	21
Summary Schedule of Prior Audit Findings.....	25
Management’s Discussion and Analysis	26
 BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Assets	33
Statement of Activities.....	34
Fund Financial Statements	
Governmental Funds – Balance Sheet	35
Governmental Funds – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	36
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances	37
Governmental Funds – Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	38
Proprietary Funds – Statement of Net Assets	39
Proprietary Funds – Statement of Revenues, Expenses, and Changes in Fund Net Assets	40

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

	<u>Page</u>
BASIC FINANCIAL STATEMENTS – Continued	
Proprietary Funds – Statement of Cash Flows.....	41
Fiduciary Funds – Statement of Fiduciary Net Assets.....	42
Notes to Financial Statements.....	43
 REQUIRED SUPPLEMENTARY INFORMATION	
Illinois Municipal Retirement Fund - Schedule of Funding Progress	69
 SUPPLEMENTAL INFORMATION	
General Fund:	
Combining Schedule of Accounts	70
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	71
Budgetary Comparison Schedule – ROE/ISC Operations.....	72
 Education Fund:	
Combining Schedule of Accounts	73
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	78
Budgetary Comparison Schedules:	
Social/Emotional Standards	83
21 st Century Community Learning Centers	84
ECHO.....	85
Illinois Violence Prevention	86
McKinney Education for Homeless Children.....	87
Regional Safe Schools	88
Truants Alternative Optional Education Program Training (TAOEP).....	89
Title III Tech Prep.....	90
Vocational Ed Tech Prep	91
 Institute Fund:	
Combining Schedule of Accounts	92
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	93
 Nonmajor Special Revenue Funds:	
Combining Balance Sheet.....	94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	95

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

	<u>Page</u>
SUPPLEMENTAL INFORMATION – Continued	
General Education Development Fund:	
Combining Schedule of Accounts	96
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	97
Fiduciary Funds:	
Statement of Fiduciary Net Assets – Franklin County Regional Delivery System.....	98
Statement of Changes in Assets and Liabilities – Franklin County Regional Delivery System.....	99
Franklin County Regional Delivery System Accounts Combining Statement of Fiduciary Net Assets.....	100
FEDERAL COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards.....	101
Notes to the Schedule of Expenditures of Federal Awards	102

FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21

OFFICIALS

Regional Superintendent

R. Matthew Donkin
(Current and during audit period)

Assistant Regional Superintendent

Kurt Endebrock
(Current and during audit period)

Offices are located at:

202 West Main Street
Benton, IL 62812

404 North Monroe
Marion, IL 62959

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

S.T.A.R. Quest Academy
410 West 5th
Benton, IL 62812

FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21

COMPLIANCE REPORT

SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

* *Finding 08-01 is a partial repeat of a prior year finding.*

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

An additional 7 matters which are less than a significant deficiency or material weakness but more than inconsequential, have been reported in a Management Letter of Comments to the Regional Superintendent. In prior years, these issues may have been included as immaterial findings in the auditors' reports.

SUMMARY OF FINDINGS AND QUESTIONED COSTS

FINDINGS (GOVERNMENT AUDITING STANDARDS)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
08-01	14	Failure to remit interest earned	Significant Deficiency
08-02	16	Inadequate controls over property and equipment	Material Weakness
08-03	18	Controls over financial statement preparation	Material Weakness

FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

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

08-01	14	Failure to remit interest earned	Significant Deficiency - Compliance
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PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
07-01	25	Improper allocation of costs
07-02	25	Controls over compliance with laws and regulations

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
07-01	25	Improper allocation of costs

FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Regional Office personnel at a formal exit teleconference on April 13, 2009. Attending were R. Matthew Donkin, Regional Superintendent and Kurt Endebrock, Assistant Regional Superintendent from the Regional Office, Thomas R. Krehbiel, Partner and Leslie Ruyle, Manager from Sikich LLP, and Kelly Mittelstaedt, Audit Manager, from the Office of the Auditor General. Responses to the recommendations had previously been provided by R. Matthew Donkin, Regional Superintendent in a letter dated February 17, 2009.

FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21

FINANCIAL STATEMENT REPORT

SUMMARY

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

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



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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 Franklin/Williamson Counties Regional Office of Education No. 21, as of and for the year ended June 30, 2008, which collectively comprise the Franklin/Williamson Counties Regional Office of Education No. 21's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office of Education No. 21's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin/Williamson Counties Regional Office of Education No. 21, as of June 30, 2008, 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 April 23, 2009 on our consideration of the Franklin/Williamson Counties Regional Office of Education No. 21's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 26 through 32 and 69 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Sikech LLP

Springfield, Illinois
April 23, 2009

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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin/Williamson Counties Regional Office of Education No. 21, as of and for the year ended June 30, 2008, which collectively comprise the Franklin/Williamson Counties Regional Office of Education No. 21's basic financial statements and have issued our report thereon dated April 23, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting (08-01, 08-02, and 08-03).

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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered material weaknesses. However, of the significant deficiencies described above, we consider items 08-02 and 08-03 to be material weaknesses.

Compliance and Other Matters

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

We also noted certain matters which we have reported to management of the Franklin/Williamson Counties Regional Office of Education No. 21 in a separate letter dated April 23, 2009.

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

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

Sikich LLP

Springfield, Illinois
April 23, 2009



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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 Franklin/Williamson Counties Regional Office of Education No. 21 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Franklin/Williamson Counties Regional Office of Education No. 21's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Franklin/Williamson Counties Regional Office of Education No. 21's management. Our responsibility is to express an opinion on the Franklin/Williamson Counties Regional Office of Education No. 21's compliance based on our audit.

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

In our opinion, the Franklin/Williamson Counties Regional Office of Education No. 21 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 08-01.

Internal Control Over Compliance

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

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 08-01 to be a significant deficiency.

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

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

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

Sikich LLP

Springfield, Illinois
April 23, 2009

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2008**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: *unqualified*

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

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? yes x no

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2008**

FINDING 08-01 – Failure to remit interest earned (Partial repeat of prior year findings: 07-03, 06-08, 05-08)

Federal Program Name: (a) School Breakfast Program (b) National School Lunch Program (c) WIA Youth Activities (d) Title I – Grants to Local Educational Agencies (e) McKinney Education for Homeless Children (f) Tech-Prep Education (g) 21st Century Community Learning Centers (h) Mathematics and Science Partnerships (i) Substance Abuse Prevention and Treatment Block Grant

Project Number: (a) 07-4220-00 and 08-4220-00 (b) 07-4210-00 and 08-4210-00 (c) n/a (d) 08-4331-SS and 08-4331-00 (e) 08-4920-00 (f) 08TP7540 (g) 08-4421-05 (h) 08-4936-00 (i) 811G8200000

CFDA Number: (a) 10.553 (b) 10.555 (c) 17.259 (d) 84.010A (e) 84.196A (f) 84.243 (g) 84.287C (h) 84.366B (i) 93.959

Passed Through: (a) Illinois State Board of Education (b) Illinois State Board of Education (c) Man-Tra-Con Corp. (d) Regional Office of Education No. 02 and Regional Office of Education No. 25 (e) Illinois State Board of Education (f) Illinois Community College Board (g) Illinois State Board of Education (h) Regional Office of Education No. 02 (i) Illinois Department of Human Services

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

CRITERIA/SPECIFIC REQUIREMENT:

U.S. Department of Education (USDE) regulations appear in 34 Code of Federal Regulations (CFR). Part 80.21 of 34 CFR is titled: “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.” It is also known as the “Common Rule” because most federal agencies have adopted it in their regulations. The “Common Rule” states that annual interest earned in excess of \$100.00 on advances of funds must be submitted promptly, at least quarterly, to the granting agency. Additionally, the Grant Funds Recovery Act (30 ILCS 705/1 et seq.) states that interest earned on grant funds becomes part of the grant principal and is treated accordingly for all purposes unless the grant agreement and/or the grant regulations provides otherwise. The Act further states that any grant funds not expended (or legally obligated) by the end of the grant period must be returned to the grantor. This applies to State and federal grants.

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2008**

FINDING 08-01 – Continued

CONDITION:

The ROE implemented an approved interest allocation plan during fiscal year 2008. However, the ROE did not remit interest earned on grant funds to the granting agency. The ROE earned interest on both State and federal awards that should have been remitted at least quarterly to the granting agency in the following amounts:

State grants	\$387
Federal awards	\$520

QUESTIONED COSTS:

The amount of questioned costs would be approximately \$118.

CONTEXT:

The ROE received various grant funds from State and federal sources.

EFFECT:

The ROE was not in compliance with 34 Code of Federal Regulations or the Grant Funds Recovery Act.

CAUSE:

According to ROE Officials, it was understood that interest should be returned in a “timely manner” as indicated on previous audits and from their research on the matter, rather than quarterly.

RECOMMENDATION:

The Regional Office of Education No. 21 should follow the appropriate State and federal statutes and regulations and remit any interest earned back to the granting agency in accordance with the requirements of the Grant Funds Recovery Act and 34 Code of Federal Regulations.

MANAGEMENT’S RESPONSE:

1. The interest earned on said grant funds had not been returned prior to the completion of fieldwork. However, since that time, 100% of the interest earned for those funds requiring repayment was returned. The funds were McKinney Vento, which received a refund of \$360.29; Carl Perkins, which received a refund of \$115.12; and Tech Prep, which received a refund of \$164.40.
2. With regards to the quarterly remittance of interest earned, the ROE had requested clarification from numerous sources regarding the correct process that was required. The ROE did not ever receive information related to quarterly remittance of payments. The ROE will move to a quarterly schedule.

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2008**

FINDING 08-02 – Inadequate controls over property and equipment (Repeat of prior year finding: 07-04)

CRITERIA/SPECIFIC REQUIREMENT:

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

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

CONDITION:

The Regional Office of Education No. 21 (Regional Office) did not have adequate controls over the recording and reporting of fixed assets. The Regional Office did not maintain a complete listing of fixed assets and did not have procedures in place to ensure that acquisitions over the established capitalization threshold were added to the Regional Office's fixed asset records, resulting in the omission of 12 items totaling \$24,887 that were inadvertently expensed. The Regional Office also incorrectly recorded costs associated with training and web services in the purchase price for a fiscal year 2008 addition, overstating the listing of fixed assets by \$10,200.

The Regional Office attempted to create a more complete listing of fixed assets during the fiscal year; however, this resulted in using cost amounts for existing assets that were inconsistent with prior year amounts, modifying useful lives for existing assets, modifying depreciation methods for existing assets, and not documenting disposals of assets. These actions resulted in the need for many corrections to the current year listing and corrections to prior year assets. A prior period adjustment of \$7,548 was necessary to correct the understated financial statements.

Additionally, the Regional Office did not have a formal policy in place regarding useful lives of fixed assets and did not provide complete information as to the useful lives of the above acquisitions.

EFFECT:

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

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2008**

FINDING 08-02 – Continued

CAUSE:

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

RECOMMENDATION:

The Regional Office should adhere to its fixed asset policy and procedures manual to effectively and efficiently monitor property acquisitions, transfers and disposals, and provide for accurate reporting of fixed asset balances. The Regional Office should also update the fixed asset policies and procedures manual to address their standard useful lives for various types of fixed assets.

The fixed asset listing should be checked for accuracy and existence through an annual physical inventory. A reconciliation should be performed between the fixed asset listing and the recorded capital outlay expenditures for the year. All reconciling items should be addressed in a timely manner.

MANAGEMENT'S RESPONSE:

1. ROE 21 has hired a new employee with an accounting degree who has experience in the area of fixed asset capitalization and depreciation who will be helping with the maintenance of fixed assets. This employee will be utilizing a new Fixed Assets software program recently purchased by the ROE. This program will facilitate the maintenance of a fixed assets inventory, the computation of annual depreciation, and the reconciliation of annual fixed asset additions to recorded capital outlay expenditures for the year.
2. The ROE is in the process of updating its policy regarding maintenance of fixed assets and internal control procedures to adequately address issues regarding acquisitions, transfers, dispositions, capitalization, depreciation, useful lives, and the taking of annual inventory. Due to the hiring of this employee, the ROE will be able to separate the duties of maintaining the fixed asset inventory and performing the physical walk-through which will reduce the risk of possible omission of assets.

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2008**

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

CRITERIA/SPECIFIC REQUIREMENT:

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

CONDITION:

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

- Numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, grants receivable, accounts payable and deferred revenues. While the Regional Office did make entries to record year-end accruals, they were not complete.
- The Regional Office did not report two accounts (Title III Tech Prep and Vocational Ed Tech Prep) as Education Fund accounts in prior years and, instead, reported them as Agency Funds.

EFFECT:

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

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2008**

FINDING 08-03 – Continued

CAUSE:

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

RECOMMENDATION:

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

MANAGEMENT'S RESPONSES:

The ROE will review, approve, and accept responsibility for the proposed audit adjustments and the financial statements and related notes. It has hired an employee with an accounting degree with governmental accounting background to serve as accounting / internal control officer. It is believed that this will help to meet this requirement.

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS
For the Year Ended June 30, 2008**

INSTANCES OF NON COMPLIANCE:

1. **FINDING 08-01** – Failure to remit interest earned (finding details on pages 14-15)

SIGNIFICANT DEFICIENCIES:

1. **FINDING 08-01** – Failure to remit interest earned (finding details on pages 14-15)

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2008**

Corrective Action Plan

FINDING 08-01 – Failure to remit interest earned

CONDITION:

The ROE implemented an approved interest allocation plan during fiscal year 2008. However, the ROE did not remit interest earned on grant funds to the granting agency. The ROE earned interest on both State and federal awards that should have been remitted at least quarterly to the granting agency in the following amounts:

State grants	\$387
Federal awards	\$520

PLAN:

Since fieldwork was completed, the ROE has returned 100% of the interest earned for those funds requiring repayment. The funds were McKinney Vento, which received a refund of \$360.29; Carl Perkins, which received a refund of \$115.12; and Tech Prep, which received a refund of \$164.40.

Now that the ROE is aware of the quarterly remittance requirement, it will utilize the interest allocation plan that was implemented in FY 07-08 and will monitor interest earned on grant funds. On a quarterly basis, the ROE will analyze its grant funds for interest earned in an amount over \$100. The ROE will return the entire interest amount to the grant agency when the earned amount is greater than \$100.

ANTICIPATED DATE OF COMPLETION:

Implemented and completed on an on-going basis in FY 08-09.

CONTACT PERSON:

R. Matthew Donkin, Regional Superintendent

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2008**

Corrective Action Plan

FINDING 08-02 – Inadequate controls over property and equipment

CONDITION:

The Regional Office of Education No. 21 (Regional Office) did not have adequate controls over the recording and reporting of fixed assets. The Regional Office did not maintain a complete listing of fixed assets and did not have procedures in place to ensure that acquisitions over the established capitalization threshold were added to the Regional Office's fixed asset records, resulting in the omission of 12 items totaling \$24,887 that were inadvertently expensed. The Regional Office also incorrectly recorded costs associated with training and web services in the purchase price for a fiscal year 2008 addition, overstating the listing of fixed assets by \$10,200.

The Regional Office attempted to create a more complete listing of fixed assets during the fiscal year; however, this resulted in using cost amounts for existing assets that were inconsistent with prior year amounts, modifying useful lives for existing assets, modifying depreciation methods for existing assets, and not documenting disposals of assets. These actions resulted in the need for many corrections to the current year listing and corrections to prior year assets. A prior period adjustment of \$7,548 was necessary to correct the understated financial statements.

Additionally, the Regional Office did not have a formal policy in place regarding useful lives of fixed assets and did not provide complete information as to the useful lives of the above acquisitions.

PLAN:

ROE 21 is continuing its work based upon the best information available to it to address inventory issues. It has hired a new employee with an accounting degree who has experience in the area of fixed asset capitalization and depreciation who will be helping with the maintenance of fixed assets. This employee will utilize a new Fixed Assets software program recently purchased by the ROE. This program will facilitate the maintenance of a fixed assets inventory, the computation of annual depreciation, and the reconciliation of annual fixed asset additions to recorded capital outlay expenditures for the year.

The ROE is in the process of updating its policy regarding maintenance of fixed assets and internal control procedures to adequately address issues regarding acquisitions, transfers, dispositions, capitalization, depreciation, useful lives, and the taking of annual inventory. Due to the hiring of new staff, the ROE will be able to separate the duties of maintaining the fixed asset inventory and performing the physical walk-through which will reduce the risk of possible omission of assets.

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2008**

Corrective Action Plan – continued

ANTICIPATED DATE OF COMPLETION:

On-going project completed in FY 08-09.

CONTACT PERSON:

R. Matthew Donkin, Regional Superintendent

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2008**

Corrective Action Plan

FINDING 08-03 – Controls over financial statement preparation

CONDITION:

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

- Numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, grants receivable, accounts payable and deferred revenues. While the Regional Office did make entries to record year-end accruals, they were not complete.
- The Regional Office did not report two accounts (Title III Tech Prep and Vocational Ed Tech Prep) as Education Fund accounts in prior years and, instead, reported them as Agency Funds.

PLAN:

ROE 21 contracted with a local auditing firm to assist in preparing for the FY 07-08 audit. With the departure of one employee, the ROE was in position to hire an employee with an accounting degree with governmental accounting background to serve as accounting / internal control officer. The ROE believes this will help in addressing this finding in FY 08-09.

ANTICIPATED DATE OF COMPLETION:

Completed November 2008.

CONTACT PERSON:

R. Matthew Donkin, Regional Superintendent

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

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
07-01	Improper allocation of costs	(See Note Below)
07-02	Controls over compliance with laws and regulations	(See Note Below)
07-03	Failure to allocate interest earned	Partial repeat 08-01
07-04	Inadequate controls over property and equipment	Repeat 08-02
07-05	Controls over financial statement preparation	Repeat 08-03

NOTE: Although the Regional Office of Education No. 21 has not fully implemented the corrective action plan associated with this finding during the fiscal year 2008, they have made significant progress in addressing the condition. Therefore, the effect of the condition is inconsequential to the specific programs and the overall financial statements and is now being addressed with management in a separate letter dated April 23, 2009.

**FRANKLIN-WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

Franklin-Williamson Counties Regional Office of Education (ROE) No. 21 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the Agency's financial statements, which follow.

This report will include past year financial activity, along with fiscal year 2008 activity, making comparisons of the financial position and results of operations more meaningful.

2008 FINANCIAL HIGHLIGHTS

General Fund balance increased from \$(23,900) in fiscal year 2007 to \$190,750 in fiscal year 2008. General Fund revenues increased from \$236,823 to \$274,272 (excluding on-behalf payments), which is attributable to an increase in state grant revenue and revenues from local sources. General Fund expenditures decreased from \$299,320 to \$280,486 (excluding on-behalf payments) due primarily to a decrease in capital outlay and other expenditures and slight decreases in salary and benefit expenses.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Office's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the ROE No. 21 as a whole and present an overall view of the Office's finances.
- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Supplementary Information further explains and supports the financial statements with a comparison of the Office's detailed information for each category of funds and also provides detailed information about the non-major funds.

**FRANKLIN-WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

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

The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the ROE No. 21 as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the ROE No. 21 assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the net assets can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Office's overall health, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the State level need to be considered.

Fund Financial Statements

The fund financial statements provide detailed information about the Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices which allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by State law. The Regional Office of Education No. 21 established other funds to control and manage money for particular purposes.

The Office has three kinds of fund classifications:

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

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

**FRANKLIN-WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

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

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

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

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

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

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of financial position. ROE No. 21's net assets at the end of fiscal year 2007 totaled \$846,261. At the end of fiscal year 2008, the net assets were \$1,047,422. The analysis that follows provides a summary of the Office's net assets at June 30, 2008 and 2007.

**FRANKLIN-WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

**CONDENSED STATEMENT OF NET ASSETS
June 30, 2008 and 2007**

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
ASSETS						
Current assets	\$ 1,157,578	\$ 777,409	\$ (738)	\$ -	\$ 1,156,840	\$ 777,409
Capital assets, net of depreciation	91,152	113,566	-	-	91,152	113,566
TOTAL ASSETS	\$ 1,248,730	\$ 890,975	\$ (738)	\$ -	\$ 1,247,992	\$ 890,975
LIABILITIES						
Current liabilities	\$ 200,570	\$ 44,714	\$ -	\$ -	\$ 200,570	\$ 44,714
TOTAL LIABILITIES	200,570	44,714	-	-	200,570	44,714
NET ASSETS						
Investments in capital assets, net of related debt	91,152	113,566	-	-	91,152	113,566
Restricted for teacher professional development	27,014	24,997	-	-	27,014	24,997
Unrestricted	929,994	707,698	(738)	-	929,256	707,698
TOTAL NET ASSETS	\$ 1,048,160	\$ 846,261	\$ (738)	\$ -	\$ 1,047,422	\$ 846,261

The Regional Office of Education's net assets increased by \$201,161 from Fiscal Year 2007 to Fiscal Year 2008. This increase occurred as a result of an increase in grant funds from Illinois State Board of Education and other governments and as a result of insurance proceeds received in Fiscal Year 2008 related to noncompliance noted in audits of fiscal years ending June 30, 2002 through 2007 and restatement of Fiscal Year 2007 beginning net assets due errors noted in capital assets. In addition, Institute Funds are restricted for teacher professional development.

**FRANKLIN-WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

The following analysis shows the changes in net assets for the years ended June 30, 2007 and 2008.

**CHANGES IN NET ASSETS
For the Years Ended June 30, 2008 and 2007**

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:						
Program revenues:						
Charges for services	\$ 44,287	\$ 56,975	\$ 173,958	\$ 139,143	\$ 218,245	\$ 196,118
Operating grants & contributions	<u>2,430,086</u>	<u>2,394,976</u>	<u>-</u>	<u>-</u>	<u>2,430,086</u>	<u>2,394,976</u>
Total Program revenues	<u>2,474,373</u>	<u>2,451,951</u>	<u>173,958</u>	<u>139,143</u>	<u>2,648,331</u>	<u>2,591,094</u>
General revenues:						
Local sources	229,615	189,250	-	-	229,615	189,250
On-behalf payments	525,740	366,899	-	-	525,740	366,899
Investment income	9,336	10,021	-	-	9,336	10,021
Loss on disposal of capital assets	(5,937)	-	-	-	(5,937)	-
Insurance proceeds	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Total General revenues	<u>958,754</u>	<u>566,170</u>	<u>-</u>	<u>-</u>	<u>958,754</u>	<u>566,170</u>
Total Revenues	<u>3,433,127</u>	<u>3,018,121</u>	<u>173,958</u>	<u>139,143</u>	<u>3,607,085</u>	<u>3,157,264</u>
Expenses:						
Salaries	1,390,547	1,217,902	-	-	1,390,547	1,217,902
Benefits	240,592	228,985	-	-	240,592	228,985
Purchased services	618,502	640,990	-	-	618,502	640,990
Supplies and materials	162,840	83,042	174,696	139,143	337,536	222,185
Depreciation	41,358	106,808	-	-	41,358	106,808
Other	20,667	34,371	-	-	20,667	34,371
Transfers-payments to other governmental units	238,530	206,321	-	-	238,530	206,321
On-behalf payments	<u>525,740</u>	<u>366,899</u>	<u>-</u>	<u>-</u>	<u>525,740</u>	<u>366,899</u>
Total expenses	<u>3,238,776</u>	<u>2,885,318</u>	<u>174,696</u>	<u>139,143</u>	<u>3,413,472</u>	<u>3,024,461</u>
Change in net assets	194,351	132,803	(738)	-	193,613	132,803
Net Assets – beginning	846,261	713,458	-	-	846,261	713,458
Restatement	<u>7,548</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,548</u>	<u>-</u>
Net Assets – beginning – restated	<u>853,809</u>	<u>713,458</u>	<u>-</u>	<u>-</u>	<u>853,809</u>	<u>713,458</u>
Net Assets – ending	<u>\$ 1,048,160</u>	<u>\$ 846,261</u>	<u>\$ (738)</u>	<u>\$ -</u>	<u>\$ 1,047,422</u>	<u>\$ 846,261</u>

**FRANKLIN-WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

Governmental Activities

Revenues for governmental activities were \$3,433,127 and expenses were \$3,238,776. The Regional Office of Education No. 21 will be able to use some of the carryover balances to pay for the additional services offered to and needed by local school districts in future fiscal years.

Business-Type Activities

Revenues and expenses for the Regional Office of Education No. 21's business-type activities increased from the prior fiscal year due to an increase in quantity of paper requested and purchased in fiscal year 2008 for the local school districts.

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

As previously noted, the Regional Office of Education No. 21 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Office's governmental funds reported combined fund balances of \$957,008 significantly above last year's ending fund balance of \$732,695. The primary reason for the increase in combined fund balances in fiscal year 2008 was due to insurance proceeds received in the amount of \$200,000.

Governmental Fund Highlights

- Regional Office of Education No. 21 received a one-time payment from insurance proceeds in the amount of \$200,000.
- The State financial support for school services was slightly increased for 2007-2008.

Budgetary Highlights

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

**FRANKLIN-WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

Capital Assets

Capital Assets of the Regional Office of Education No. 21 include office equipment, computers, audio-visual equipment, office furniture, and a building. The Regional Office of Education No. 21 maintains an inventory of capital assets, which have been accumulated over time. The decrease for fiscal year 2008 was a result of not receiving grant monies to purchase new equipment and the depreciation of existing assets. There were also substantial dispositions during the fiscal year. The Regional Office of Education No. 21's ending net asset balance for fiscal year 2008 is \$91,152 which is the total original cost of the capital assets less accumulated depreciation. More detailed information about capital assets is available in Note No. 4 to the financial statements.

Economic Factors And Next Year's Budget

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

- The State of Illinois Foundation level has increased to \$5,959 per student.
- The interest rate on investments remains low and will impact interest earned.
- Several grants have remained near or at previous funding levels. In addition, the School Services funding levels have slightly decreased.
- The number of students served by the Regional Office of Education No. 21 is expected to remain constant.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Office's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education No. 21 at 202 W. Main, Benton, IL 62812.

BASIC FINANCIAL STATEMENTS

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
STATEMENT OF NET ASSETS
June 30, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 881,917	\$ -	\$ 881,917
Accounts receivable	16,106	-	16,106
Due from Illinois State Board of Education	346	-	346
Due from other governments	179,382	79,089	258,471
Internal balances	79,827	(79,827)	-
Total current assets	<u>1,157,578</u>	<u>(738)</u>	<u>1,156,840</u>
NONCURRENT ASSETS			
Capital assets, net of depreciation	<u>91,152</u>	<u>-</u>	<u>91,152</u>
TOTAL ASSETS	<u>1,248,730</u>	<u>(738)</u>	<u>1,247,992</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	25,543	-	25,543
Due to other governments	109,030	-	109,030
Deferred revenue	65,997	-	65,997
Total current liabilities	<u>200,570</u>	<u>-</u>	<u>200,570</u>
TOTAL LIABILITIES	<u>200,570</u>	<u>-</u>	<u>200,570</u>
NET ASSETS			
Invested in capital assets, net of related debt	91,152	-	91,152
Restricted for teacher professional development	27,014	-	27,014
Unrestricted	929,994	(738)	929,256
TOTAL NET ASSETS	<u>\$ 1,048,160</u>	<u>\$ (738)</u>	<u>\$ 1,047,422</u>

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

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants	Primary Government		
				Governmental Activities	Business-Type Activities	
PRIMARY GOVERNMENT						
Governmental Activities:						
Instructional Services:						
Salaries	\$ 1,390,547	\$ 5,306	\$ 1,339,943	\$ (45,298)	\$ -	\$ (45,298)
Benefits	240,592	406	229,434	(10,752)	-	(10,752)
Purchased services	618,502	4,136	443,322	(171,044)	-	(171,044)
Supplies and materials	162,840	785	173,203	11,148	-	11,148
Depreciation	41,358	-	-	(41,358)	-	(41,358)
Other	20,667	33,654	600	13,587	-	13,587
Transfers - payments to other governmental units	238,530	-	243,584	5,054	-	5,054
Administrative:						
On-behalf payments	525,740	-	-	(525,740)	-	(525,740)
Total Governmental Activities	3,238,776	44,287	2,430,086	(764,403)	-	(764,403)
Business-type Activities:						
Other	174,696	173,958	-	-	(738)	(738)
Total Business-type Activities	174,696	173,958	-	-	(738)	(738)
Total Primary Government	\$ 3,413,472	\$ 218,245	\$ 2,430,086	(764,403)	(738)	(765,141)
			General Revenues:			
			Local sources	229,615	-	229,615
			On-behalf payments	525,740	-	525,740
			Investment income	9,336	-	9,336
			Loss on disposal of capital assets	(5,937)	-	(5,937)
			Insurance proceeds	200,000	-	200,000
			Total General Revenues	958,754	-	958,754
			Change in net assets	194,351	(738)	193,613
			Net Assets - beginning	846,261	-	846,261
			Restatement	7,548	-	7,548
			Net Assets - beginning - restated	853,809	-	853,809
			Net Assets - ending	\$ 1,048,160	\$ (738)	\$ 1,047,422

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

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2008

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 205,910	\$ 613,881	\$ 59,759	\$ 2,367	\$ 881,917
Accounts receivable	16,046	-	60	-	16,106
Due from Illinois State Board of Education	-	346	-	-	346
Due from other governments	51,280	126,990	-	1,112	179,382
Due from other funds	-	182,819	-	-	182,819
	<u>\$ 273,236</u>	<u>\$ 924,036</u>	<u>\$ 59,819</u>	<u>\$ 3,479</u>	<u>\$ 1,260,570</u>
TOTAL ASSETS					
 LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$ 3,200	\$ 20,550	\$ 55	\$ 1,738	\$ 25,543
Due to other governments	77,743	31,287	-	-	109,030
Due to other funds	1,543	94,395	1,924	5,130	102,992
Deferred revenue	-	65,997	-	-	65,997
	<u>82,486</u>	<u>212,229</u>	<u>1,979</u>	<u>6,868</u>	<u>303,562</u>
Total liabilities					
 FUND BALANCE					
Unreserved and undesignated					
General fund	190,750	-	-	-	190,750
Special revenue funds	-	711,807	57,840	(3,389)	766,258
	<u>190,750</u>	<u>711,807</u>	<u>57,840</u>	<u>(3,389)</u>	<u>957,008</u>
Total fund balance					
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 273,236</u></u>	<u><u>\$ 924,036</u></u>	<u><u>\$ 59,819</u></u>	<u><u>\$ 3,479</u></u>	<u><u>\$ 1,260,570</u></u>

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

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2008

Total fund balances - governmental funds	\$ 957,008
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Amounts reported for governmental activities in the Statement of Net
Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	<u>91,152</u>
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Net assets of governmental activities	<u><u>\$ 1,048,160</u></u>
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The notes to the financial statements are an integral part of this statement.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
For the Year Ended June 30, 2008

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
REVENUES					
Local sources	\$ 182,705	\$ 46,910	\$ 32,686	\$ 11,601	\$ 273,902
State sources	82,231	1,655,263	-	2,600	1,740,094
Federal sources	-	689,992	-	-	689,992
Interest income	9,336	-	-	-	9,336
On-behalf payments	525,740	-	-	-	525,740
Total revenues	<u>800,012</u>	<u>2,392,165</u>	<u>32,686</u>	<u>14,201</u>	<u>3,239,064</u>
EXPENDITURES					
Instructional services:					
Salaries	78,682	1,286,215	14,500	11,150	1,390,547
Benefits	13,580	221,294	4,865	853	240,592
Purchased services	174,441	405,201	27,114	11,746	618,502
Supplies and materials	11,958	134,470	-	1,651	148,079
Other	-	15,154	5,513	-	20,667
Transfers - payments to other governmental units	-	238,530	-	-	238,530
On-behalf payments	525,740	-	-	-	525,740
Capital outlay	1,825	28,918	1,351	-	32,094
Total expenditures	<u>806,226</u>	<u>2,329,782</u>	<u>53,343</u>	<u>25,400</u>	<u>3,214,751</u>
Revenues over (under) expenditures	<u>(6,214)</u>	<u>62,383</u>	<u>(20,657)</u>	<u>(11,199)</u>	<u>24,313</u>
Other financing sources (uses)					
Insurance proceeds	200,000	-	-	-	200,000
Transfers in	135,345	32,255	-	10,752	178,352
Transfers out	(114,481)	(50,473)	(13,398)	-	(178,352)
Total other financing sources (uses)	<u>220,864</u>	<u>(18,218)</u>	<u>(13,398)</u>	<u>10,752</u>	<u>200,000</u>
Net change in fund balances	214,650	44,165	(34,055)	(447)	224,313
FUND BALANCE (DEFICIT),					
BEGINNING OF YEAR	<u>(23,900)</u>	<u>667,642</u>	<u>91,895</u>	<u>(2,942)</u>	<u>732,695</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 190,750</u>	<u>\$ 711,807</u>	<u>\$ 57,840</u>	<u>\$ (3,389)</u>	<u>\$ 957,008</u>

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

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008**

Net change in fund balances		\$ 224,313
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p style="margin-left: 40px;">Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	\$ 17,333	
Depreciation expense	<u>(41,358)</u>	(24,025)
<p style="margin-left: 40px;">The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to increase/decrease net assets:</p>		
Disposals of capital assets		<u>(5,937)</u>
Change in net assets of governmental activities		<u><u>\$ 194,351</u></u>

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

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2008

	Business-type Activities Enterprise Fund
	<u>Paper Bid</u>
Assets	
Current assets	
Due from other governments	\$ 79,089
Total current assets	<u>79,089</u>
Total Assets	<u>79,089</u>
Liabilities	
Due to other funds	<u>79,827</u>
Total Liabilities	<u>79,827</u>
Net Assets	
Unrestricted	<u><u>\$ (738)</u></u>

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

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
For the Year Ended June 30, 2008

	Business-type Activities Enterprise Fund
	Paper Bid
Operating revenues	
Local sources	\$ 173,958
Operating expenses	
Supplies and materials	174,696
Change in Net Assets	(738)
Net Assets, Beginning of year	-
Net Assets (Deficit), End of year	\$ (738)

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

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2008

	Business-type Activities Enterprise Fund
	Paper Bid
Cash Flows from Operating Activities:	
Receipts from customers	\$ 95,522
Payments to suppliers and providers of goods and services	(95,522)
Net cash used for operating activities	-
Net decrease in cash and cash equivalents	-
Cash and cash equivalents - Beginning of year	-
Cash and cash equivalents - End of year	\$ -
Reconciliation of operating income to net cash from operating activities:	
Operating income	\$ (738)
Adjustments to reconcile operating income to net cash from operating activities:	
(Increase)/decrease in assets:	
Due from other governments	(78,436)
Increase/(decrease) in liabilities:	
Due to other funds	79,174
Net cash used for operating activities	\$ -

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

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2008

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,499
Due from Illinois State Board of Education	<u>6,526</u>
TOTAL ASSETS	<u><u>\$ 8,025</u></u>
 LIABILITIES	
Due to primary government	\$ 5,594
Due to other governments	<u>2,431</u>
TOTAL LIABILITIES	<u><u>\$ 8,025</u></u>

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

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education No. 21 districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

A. Reporting Entity – Continued

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

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

For the period ended June 30, 2008, the ROE applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education No. 21. Such activities are reported as a single major special revenue fund (Education Fund).

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

A. Reporting Entity – Continued

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

B. Government-wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and reported in a single column.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

The ROE reports the following major governmental funds:

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

- Computer Maintenance – Monies received from local districts for computer maintenance and technical assistance.
- County Budget – Monies received from the Franklin and Williamson County Boards to help support the day to day expenses of the ROE.
- ROE/ISC Operations – Monies received from local and State sources to help support the day to day operating expenses of the ROE.
- Working Cash – Interest received from the Illinois Funds and local bank accounts, as well as other miscellaneous receipts used to support the day to day expenses of the ROE.
- Interest Allocation – Accumulated interest earned on ROE funds from the Illinois Funds and local banks. The interest accumulated is to be allocated on a monthly basis to funds having cash balances.
- General Operating – Used to accumulate miscellaneous receipts used to support the day to day expenses of the ROE.
- Combined Fee – Used to account for monies that had accumulated over time in funds that were no longer active and were closed out.

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

- Career Awareness and Development – Offers teachers strategies for integrating career awareness into their daily classroom instruction.
- Social/Emotional Standards – Funds received to provide services to schools who have received a Social/Emotional Learning Standards Grant. These services include training for teacher teams, trainer fees, and workshop materials.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

- 21st Century Community Learning Centers – Funds received to administer the U.S. Department of Education 21st Century Learning Center after school program.
- Exceptional Children Have Opportunities (ECHO) – Funds received for students attending the two alternative schools.
- Family Violence – Registration fees from violence prevention workshops.
- Special Education - Grants to States – Provides supplemental services to children to expand community based capacity that allows children to remain in their community.
- Illinois Violence Prevention – Provides training costs and salary for a representative of the Family Violence Coordinating Council to represent the council at meetings in the nine county area of the 1st Circuit.
- Substance Abuse Prevention and Treatment Block Grant – The ROE is the administrative agent for the Department of Human Services funded In Touch program which supports prevention professionals trained to assist communities and schools with the knowledge and skills for effective alcohol, tobacco, and other drug prevention.
- Scientific Literacy Workshop – Funds include registration fees received from Scientific Literacy workshops.
- McKinney Education for Homeless Children – This grant provides funds for providing information to schools, community members and government entities about the educational rights of homeless students.
- Regional Gifted – Gifted services range from student oriented programs like the Gifted Olympiads, to professional development services such as the Gifted Program Coordinators’ meeting.
- Regional Safe Schools – These funds provide programs for disruptive students who are eligible for suspension or expulsion. The programs provide individually designed curriculum, social skills training, career exploration and work experience opportunities, and opportunities to work toward re-entry into the traditional programs, if appropriate.
- Title I - Reading First Part B State Education Agency (SEA) – This program is designed to plan and implement Reading First Academies and provide professional development for teachers in Reading First Schools.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

- State Administrative Expenses (SAE) Nutrition Education Loan Library – This program contains nutrition resource materials available for check out to Illinois public schools, daycare facilities, and community groups.
- Scientific Literacy Catalyst – Grant awarded to provide training to teachers on the topic of how to incorporate science in other core curriculums.
- Special Needs – A program that was established to help students meet their needs such as purchasing school supplies, clothing, coats, etc.
- Standards Aligned – The Standards Aligned Classroom initiative helps educators rethink the relationship between assessment and effective schools. It focuses on how student achievement is assessed and how the assessment is used in the service of student success.
- Tech Prep Academy – Program set up to handle registration fees from participants wanting to take professional development workshops.
- Test Center – The testing center provides services and technical assistance to schools on matters related to student assessment. Such services include group purchasing of achievement tests, scoring and reporting results of achievement tests, and data interpretation.
- Test Cooperative – A local fund set up to provide assistance with development and scoring of local assessment.
- Title IV - Community Service – The Community Service program is part of the No Child Left Behind Title IV Illinois Community Service Grant. The grant partners students with community service projects to enhance learning through service work.
- Truants Alternative Optional Education Program (TAOEP) – This program is devoted to ensuring that each referred at-risk student will be provided with individualized educational and supplemental services that meet the holistic needs of students in pursuit of their education development. TAOEP offerings include: identification of at-risk students and dropouts, truancy intervention services, academic intervention and remediation, parental skills development, and network with community agencies and businesses.
- Williamson County Film Library – Funding for the film library is based on an annual assessment fee from each school district in Williamson County. Funds are used to cover salary and travel expenses for the media assistant.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

- Math Professional Development – Provides training for local math teachers using the Materials for Teaching Teachers (M2T2) training program.
- Technology – Enhancing Education – Competitive – Competitive grant awarded to provide scientific literacy workshops to local teachers.
- Area VI Technology Hub – A local fund to track State dollars received through Jackson/Perry ROE No. 30 Area VI South Technology Center program.
- Community Technology Center – A grant to create or expand community technology centers that will provide access to information technology and the training to use it and to promote the academic achievement of low-achieving high school students.
- Learn and Serve – Grant funds received so that students may create, monitor, and learn from an outdoor classroom at the Project ECHO building.
- System of Support – Grant monies in this fund are used to provide professional development activities to schools that are on Illinois’ Academic Watch List. To be on the list, students in the buildings have not made Adequate Yearly Progress for at least two years. The funding sources for this grant are Title I, Title II, and State appropriated monies.
- Eliminate Digital Divide – Funding received through the Illinois Department of Commerce and Economic Opportunity to provide computer career and job skills through the community technology centers.
- ROE State Grant – Funding received through the ROE No. 56 in Will County through the Department of Commerce and Economic Opportunity as an entitlement based upon 02-03 enrollment.
- Team Nutrition Grant – Funding received through the Herrin Community Unit School District #4 through the Department of Agriculture to promote nutrition curriculum and education in schools.
- Kindergarten Standards Training – These funds were generated through collaboration between the Illinois State Board of Education and kindergarten teachers throughout the State. This was the first opportunity for kindergarten teachers and administrators to access the new standards specifically designed for kindergarten. In addition to releasing the standards on Kindergarten Day, training sessions on the standards are being provided at various locations throughout the state in collaboration with ISBE Education and Regional Office of Education.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

- New Principal Mentoring Program – This program provides for the selection and training of experienced principals to serve as mentors for new principals and for the new principals’ participation in the mentoring program designed for them. Funds flow through the Illinois Principals Association from the Illinois State Board of Education.
- Title III Tech Prep – Funding received through the Illinois Community College Board to ensure that all students are college and career ready and provided with the academic and technical competencies to transition from secondary to postsecondary education in order to pursue high skill, high demand, or high wage careers. The program will emphasize comprehensive career preparation and provide a collaborative environment that engages and retains students in learner-centered instruction.
- Vocational Ed Tech Prep – These funds are utilized to pay the salary of the Partnerships for College and Career Success Director. Additional funds are to be used for benefits, workman’s compensation, supplies and materials, software, and professional development.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Additionally, the ROE reports the following fund types:

Governmental

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

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

Proprietary

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

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

Fiduciary

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

- Franklin County Regional Delivery System (Joint Agreement) – The Franklin County Regional Delivery System consists of six Franklin County high schools whose students generate vocational credits which are reimbursed through a CTE grant and Perkins grant. The systems’ governing board consists of the six superintendents and the ROE Superintendent who hires a system director, special population’s coordinator, and technical preparation director who oversees the compliance with the grants and distribution of grant allocations.

D. Budgetary Data

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

ROE/ISC Operations	McKinney Education for Homeless
Social/Emotional Standards	Children
21 st Century Community Learning Centers	Regional Safe Schools
ECHO	TAOEP
Illinois Violence Prevention	Title III Tech Prep
	Vocational Ed Tech Prep

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

E. Cash and Cash Equivalents

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

F. Investments

Investments are stated at fair value using quoted market prices at June 30, 2008.

G. Due From Other Governments

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

H. Capital Assets

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

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

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

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

I. Accrued Absences

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

J. Fund Equity

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

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

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

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

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

K. Use of Estimates

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

L. New Accounting Pronouncements

The GASB has issued the following pronouncements effective for the ROE’s fiscal year ending June 30, 2008. However, there was no significant impact on the ROE’s financial statements as a result of adopting these statements.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

L. New Accounting Pronouncements – Continued

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, which establishes criteria that governments will use to ascertain whether certain transactions should be regarded as a sale or a collateralized borrowing. This Statement also includes a provision that stipulates that governments should not revalue assets that are transferred between financial reporting entity components. In addition to clarifying guidance on accounting for sales and pledges of receivables and future revenues, the Statement requires enhanced disclosures pertaining to future revenues that have been pledged or sold, provides guidance on sales of receivables and future revenues within the same financial reporting entity, and provides guidance on recognizing other assets and liabilities arising from the sale of specific receivables or future revenues.

GASB Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*, which more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits.

2. DEPOSITS AND INVESTMENTS

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

Bank Deposits

At June 30, 2008, the government-wide and agency fund's carrying amounts of the ROE's various bank deposits totaled \$881,917 and \$1,499, respectively. The bank balances totaled \$1,116,369. Included in the bank balance is \$1,411 invested in the Illinois Funds. All of the bank balances are covered by federal depositor insurance or by collateral held by the ROE, or its agent, in the ROE's name.

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

2. DEPOSITS AND INVESTMENTS – Continued

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

Investments

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

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

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

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

3. COMMON BANK ACCOUNT

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

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

4. CAPITAL ASSETS

Governmental Activities

Capital asset activity for the year ended June 30, 2008 is as follows:

	<u>Balance July 1, 2007*</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
Furniture and equipment	\$2,725,163	\$ 17,333	\$2,299,168	\$ 443,328
Building	<u>47,000</u>	<u>-</u>	<u>-</u>	<u>47,000</u>
Total capital assets	<u>2,772,163</u>	<u>17,333</u>	<u>2,299,168</u>	<u>490,328</u>
Less accumulated depreciation for:				
Furniture and equipment	2,641,649	40,183	2,293,231	388,601
Building	<u>9,400</u>	<u>1,175</u>	<u>-</u>	<u>10,575</u>
Total accumulated depreciation	<u>2,651,049</u>	<u>41,358</u>	<u>2,293,231</u>	<u>399,176</u>
Total capital assets, net of accumulated depreciation	<u>\$ 121,114</u>	<u>\$ (24,025)</u>	<u>\$ 5,937</u>	<u>\$ 91,152</u>

Depreciation was charged to the Instructional Services activity.

*Beginning of the year furniture and equipment and the related accumulated depreciation has been restated to reflect the omission of assets and incorrect values assigned to certain existing assets.

5. EMPLOYEE'S RETIREMENT PLANS

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

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

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

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

5. EMPLOYEE'S RETIREMENT PLANS – Continued

provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains 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, 2008 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer.

In addition, virtually all members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The member THIS Fund contribution was 0.63 percent during the year ended June 30, 2008, and the member THIS Fund health insurance contribution was 0.84 percent.

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

- On Behalf Contributions
The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2008, State of Illinois contributions were based on 13.11 percent of creditable earnings not paid from federal funds, and the ROE recognized revenue and expenditures of \$155,547 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2007 and June 30, 2006, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 9.78 percent (\$107,075) and 7.06 percent (\$81,003), respectively.

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

- 2.2 Formula Contributions
Employers contribute .58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2008 were \$5,750. Contributions for the years ending June 30, 2007 and June 30, 2006 were \$5,625 and \$5,679, respectively.

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

5. EMPLOYEE'S RETIREMENT PLANS – Continued

- Federal and Special Trust Fund Contributions

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

For the year ended June 30, 2008, the employer pension contribution was 13.11 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2007 and 2006, the employer pension contribution was 9.78 and 7.06 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2008, salaries totaling \$148,650 were paid from federal and special trust funds that required employer contributions of \$19,488. For the years ended June 30, 2007 and June 30, 2006, required ROE contributions were \$13,241 and \$10,134, respectively.

- Early Retirement Option

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

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

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

For the year ended June 30, 2008, the ROE paid no amounts to TRS for employer contributions under the ERO program. For the years ended June 30, 2007 and June 30, 2006, the ROE paid \$0 and \$68,569 in employer ERO contributions, respectively.

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

5. EMPLOYEE'S RETIREMENT PLANS – Continued

New Employer Contributions –

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

- Salary increases over 6 percent

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

For the year ended June 30, 2008, the ROE paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2007 and June 30, 2006, the ROE paid \$0 and \$0 to TRS for employer contributions due on salary increases in excess of 6 percent, respectively.

- Sick leave in excess of normal allotment

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (17.62 percent of pay during the year ended June 30, 2008).

For the year ended June 30, 2008, the ROE paid \$0 to TRS for sick leave days granted in excess of the normal annual allotment. For the years ended June 30, 2007 and June 30, 2006, the ROE paid \$0 and \$0 in employer contributions granted for sick leave days, respectively.

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, 2008. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at trs.illinois.gov.

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

5. EMPLOYEE’S RETIREMENT PLANS – Continued

B. Illinois Municipal Retirement Fund

Plan Description. The ROE’s defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The ROE’s plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not for individual employers. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2007 was 10.62 percent of annual covered payroll. The ROE also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For 2007, the ROE’s annual pension cost of \$32,908 for the regular plan was equal to the ROE’s required and actual contributions.

Three-Year Trend Information for the Regular Plan

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/07	\$ 32,908	100%	\$0
12/31/06	46,381	100	0
12/31/05	54,968	100	0

The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2005, included (a) 7.50 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected

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

5. EMPLOYEE’S RETIREMENT PLANS – Continued

B. Illinois Municipal Retirement Fund – continued

salary increases ranging from 0.4 to 10.0 percent per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3 percent annually. The actuarial value of the ROE’s plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15 percent corridor between the actuarial and market value of assets. The ROE’s regular plan’s overfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007 was 5 years.

Funding Status and Funding Progress. As of December 31, 2007, the most recent actuarial valuation date, the plan was 115.61 percent funded. The actuarial accrued liability for benefits was \$744,713 and the actuarial value of assets was \$860,985, resulting in an overfunded actuarial accrued liability (UAAL) of \$116,272. The covered payroll (annual payroll of active employees covered by the plan) was \$309,872 and since the plan is overfunded, there is no ratio of the UAAL to covered payroll.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

6. INTERFUND RECEIVABLES/PAYABLES

Funds periodically borrow from other funds to cover temporary cash shortages. These loans are usually paid in full within a few months. No interest is charged on the loans outstanding. Following is a summary of the outstanding amounts due from (to) other funds as of June 30, 2008:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ -	\$ 1,543
Education Fund	182,819	94,395
Institute Fund	-	1,924
Non-major Special Revenue Fund	-	5,130
Paper Bid Fund	-	79,827
Total	<u>\$ 182,819</u>	<u>\$ 182,819</u>

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

7. DUE TO/FROM OTHER GOVERNMENTS

A summary of amounts due from other governments from general, special revenue, proprietary, and agency funds at June 30, 2008 follows:

General Fund:	
Franklin County Regional Delivery System	\$ 13,938
Williamson County Regional Delivery System	<u>37,342</u>
Total General Fund	<u>51,280</u>
Education Fund:	
MAN-TRA-CON Corp. (DCEO)	72,800
Illinois State Board of Education	346
Illinois Department of Human Services	13,987
ROE #2	14,501
ROE #30	15,608
Illinois Principals Association	4,500
Franklin County Regional Delivery System	<u>5,594</u>
Total Education Fund	<u>127,336</u>
Nonmajor Special Revenue Fund:	
Illinois Community College Board	<u>1,112</u>
Total Nonmajor Special Revenue Fund	<u>1,112</u>
Enterprise Fund:	
School Districts	<u>79,089</u>
Agency Funds:	
Illinois State Board of Education	<u>6,526</u>
Total	<u>\$ 265,343</u>

A summary of amounts due to other governments from general, special revenue, and agency funds at June 30, 2008 follows:

General Fund:	
Franklin County	\$ 39,624
Williamson County	37,899
Illinois State Board of Education	<u>220</u>
Total General Fund	<u>77,743</u>

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

7. DUE TO/FROM OTHER GOVERNMENTS – Continued

Education Fund:	
ROE #2	\$ <u>31,287</u>
Agency Fund:	
Primary government (ROE #21)	5,594
Illinois State Board of Education	<u>2,431</u>
Total Agency Fund	<u>8,025</u>
Total	<u>\$ 117,055</u>

8. RISK MANAGEMENT

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

9. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

The following funds/fund accounts had deficit fund balances/net assets at June 30, 2008:

General Fund:	
ROE/ISC Operations	\$ 1,873
Education Fund:	
Substance Abuse Prevention & Treatment Block Grant	165
TAOEP	7
Math Professional Development	9,198

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

9. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continued

Institute Fund:	
Certification	\$ 1,924
Nonmajor Special Revenue Fund:	
General Education Development	5,436
Supervisory	320
Enterprise Fund:	
Paper Bid	738

10. ON-BEHALF SALARIES AND BENEFITS

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

Regional Superintendent salary	\$ 98,266
Regional Superintendent benefits (Includes State paid insurance)	12,377
Assistant Regional Superintendent salary	96,882
Assistant Regional Superintendent benefits	<u>20,256</u>
Total	<u>\$ 227,781</u>

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

Franklin and Williamson Counties provide the Regional Office of Education No. 21 with staff on behalf of the Regional Office of Education No. 21. The expenditures paid on the Regional Office of Education No. 21's behalf for the year ended June 30, 2008, were as follows:

Salaries	\$ 132,292
Benefits	<u>10,120</u>
Total	<u>\$ 142,412</u>

These awards are included in the financial statements of the General Fund as on-behalf payments. In addition to the \$227,781 and \$142,412 above, on-behalf payments include \$155,547 for TRS contributions for other employees, for a total of \$525,740 for the year ended June 30, 2008.

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

11. LEASES

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

2009	\$ 38,599
2010	43,599
2011	19,599
2012	14,599
2013 and thereafter	<u>8,842</u>
Total	<u>\$ 125,238</u>

Rent expense for the year ended June 30, 2008 was \$62,718.

12. INTERFUND TRANSFERS

During the year ended June 30, 2008, the following interfund transfers occurred:

	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
General Fund:		
County Budget	\$ 33,178	\$ -
Working Cash	28,217	-
General Operating	17,009	114,481
Combined Fee	<u>56,941</u>	<u>-</u>
	<u>135,345</u>	<u>114,481</u>
Education Fund:		
Career Awareness & Development	-	8
21 st Century Community Learning Centers	-	3
ECHO	30,337	22
Special Education – Grants to States	-	1
Scientific Literacy Workshop	-	13,715
McKinney Education for Homeless Children	-	2
Title I – Reading First Part B SEA	-	2,475
SAE Nutrition Education Loan Library	4	-
Scientific Literacy Catalyst	1,502	-
Special Needs	-	695
Tech Prep Academy	-	2,170
Test Center	-	23,877

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

12. INTERFUND TRANSFERS – Continued

	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
Test Cooperative	\$ -	\$ 1,305
Title IV – Community Service	10	-
Technology – Enhancing Education – Competitive	307	-
Community Technology Center	2	-
Learn and Serve	46	-
Eliminate Digital Divide	46	-
ROE State Grant	1	-
Team Nutrition Grant	-	6,043
Kindergarten Standards Training	-	157
Total Education Fund	<u>32,255</u>	<u>50,473</u>
Institute Fund:		
ISO Workshops	<u>-</u>	<u>13,398</u>
Nonmajor Special Revenue Funds:		
General Education Development	<u>10,752</u>	<u>-</u>
Total	<u>\$ 178,352</u>	<u>\$ 178,352</u>

13. OTHER MATTERS

Federal and State Grants Compliance

In the normal course of operations, the Regional Office of Education No. 21 receives grants from various State and federal agencies. The grant programs are subject to audit by the granting authority, the purpose of which is to ensure compliance with conditions precedent to granting of funds. Instances of noncompliance were noted in the audits of fiscal years ending June 30, 2002, 2003, 2004, 2005, 2006, and 2007. The ROE sought to recover all known costs related to these instances from their insurance company and received \$200,000 in June 2008.

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

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
June 30, 2008

(Unaudited - See Accompanying Independent Auditors' Report)

IMRF

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2007	\$ 860,985	\$ 744,713	\$ (116,272)	115.61%	\$ 309,872	(37.52)%
12/31/2006	758,041	680,530	(77,511)	111.39%	392,728	(19.74)%
12/31/2005	675,969	737,133	61,164	91.70%	444,004	13.78 %

On a market basis, the actuarial value of assets as of December 31, 2007 is \$902,662. On a market basis, the funded ratio would be 121.21%.

SUPPLEMENTAL INFORMATION

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

GENERAL FUND
COMBINING SCHEDULE OF ACCOUNTS
June 30, 2008

	Computer Maintenance	County Budget	ROE/ISC Operations	Working Cash	Interest Allocation	General Operating	Combined Fee	Total
ASSETS								
Cash and cash equivalents	\$ 20,741	\$ 28,158	\$ -	\$ -	\$ 9,029	\$ 91,041	\$ 56,941	\$ 205,910
Accounts receivable	-	-	220	-	207	15,619	-	16,046
Due from other governments	-	51,280	-	-	-	-	-	51,280
TOTAL ASSETS	<u>\$ 20,741</u>	<u>\$ 79,438</u>	<u>\$ 220</u>	<u>\$ -</u>	<u>\$ 9,236</u>	<u>\$ 106,660</u>	<u>\$ 56,941</u>	<u>\$ 273,236</u>
LIABILITIES AND FUND BALANCE								
Liabilities								
Accounts payable	\$ 1,063	\$ -	\$ 330	\$ -	\$ -	\$ 1,807	\$ -	\$ 3,200
Due to other governments	-	77,523	220	-	-	-	-	77,743
Due to other funds	-	-	1,543	-	-	-	-	1,543
Total Liabilities	<u>1,063</u>	<u>77,523</u>	<u>2,093</u>	<u>-</u>	<u>-</u>	<u>1,807</u>	<u>-</u>	<u>82,486</u>
Fund Balance (Deficit)								
Unreserved and undesignated	19,678	1,915	(1,873)	-	9,236	104,853	56,941	190,750
Total Fund Balance (Deficit)	<u>19,678</u>	<u>1,915</u>	<u>(1,873)</u>	<u>-</u>	<u>9,236</u>	<u>104,853</u>	<u>56,941</u>	<u>190,750</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 20,741</u>	<u>\$ 79,438</u>	<u>\$ 220</u>	<u>\$ -</u>	<u>\$ 9,236</u>	<u>\$ 106,660</u>	<u>\$ 56,941</u>	<u>\$ 273,236</u>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

**GENERAL FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2008**

	<u>Computer Maintenance</u>	<u>County Budget</u>	<u>ROE/ISC Operations</u>	<u>Working Cash</u>	<u>Interest Allocation</u>	<u>General Operating</u>	<u>Combined Fee</u>	<u>Total</u>
REVENUES								
Local sources	\$ 38,270	\$ 105,201	\$ -	\$ 6,913	\$ -	\$ 32,321	\$ -	\$ 182,705
State sources	-	-	82,231	-	-	-	-	82,231
Interest income	-	-	-	-	9,336	-	-	9,336
On-behalf payments	-	-	525,740	-	-	-	-	525,740
Total revenues	<u>38,270</u>	<u>105,201</u>	<u>607,971</u>	<u>6,913</u>	<u>9,336</u>	<u>32,321</u>	<u>-</u>	<u>800,012</u>
EXPENDITURES								
Salaries	45,432	-	33,250	-	-	-	-	78,682
Benefits	6,895	-	4,582	2,103	-	-	-	13,580
Purchased services	10,814	92,546	34,908	9,779	100	26,294	-	174,441
Supplies and materials	-	-	9,536	545	-	1,877	-	11,958
Capital outlay	-	-	-	-	-	1,825	-	1,825
On-behalf payments	-	-	525,740	-	-	-	-	525,740
Total expenditures	<u>63,141</u>	<u>92,546</u>	<u>608,016</u>	<u>12,427</u>	<u>100</u>	<u>29,996</u>	<u>-</u>	<u>806,226</u>
Revenues over (under) expenditures	<u>(24,871)</u>	<u>12,655</u>	<u>(45)</u>	<u>(5,514)</u>	<u>9,236</u>	<u>2,325</u>	<u>-</u>	<u>(6,214)</u>
Other financing sources (uses)								
Insurance proceeds	-	-	-	-	-	200,000	-	200,000
Transfers in	-	33,178	-	28,217	-	17,009	56,941	135,345
Transfers out	-	-	-	-	-	(114,481)	-	(114,481)
Total other financing sources (uses)	<u>-</u>	<u>33,178</u>	<u>-</u>	<u>28,217</u>	<u>-</u>	<u>102,528</u>	<u>56,941</u>	<u>220,864</u>
Net change in fund balances	<u>(24,871)</u>	<u>45,833</u>	<u>(45)</u>	<u>22,703</u>	<u>9,236</u>	<u>104,853</u>	<u>56,941</u>	<u>214,650</u>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>44,549</u>	<u>(43,918)</u>	<u>(1,828)</u>	<u>(22,703)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,900)</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 19,678</u>	<u>\$ 1,915</u>	<u>\$ (1,873)</u>	<u>\$ -</u>	<u>\$ 9,236</u>	<u>\$ 104,853</u>	<u>\$ 56,941</u>	<u>\$ 190,750</u>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
ROE/ISC OPERATIONS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 82,451	\$ 82,451	\$ 82,231	\$ (220)
On-behalf payments from State	-	-	525,740	525,740
Total revenues	82,451	82,451	607,971	525,520
EXPENDITURES				
Salaries	33,250	33,250	33,250	-
Benefits	4,590	4,590	4,582	8
Purchased services	33,461	33,461	34,908	(1,447)
Supplies and materials	11,150	11,150	9,536	1,614
On-behalf payments made to State	-	-	525,740	(525,740)
Total expenditures	82,451	82,451	608,016	(525,565)
Net change in fund balance	\$ -	\$ -	(45)	\$ (45)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			(1,828)	
FUND BALANCE (DEFICIT), END OF YEAR			\$ (1,873)	

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
June 30, 2008

	Career Awareness & Development	Social/ Emotional Standards	21st Century Community Learning Centers	ECHO	Family Violence	Special Education - Grants to States	Illinois Violence Prevention
ASSETS							
Cash and cash equivalents	\$ -	\$ 15,084	\$ 5,193	\$ 421,477	\$ 294	\$ -	\$ 8,907
Due from Illinois State Board of Education	-	-	-	346	-	-	-
Due from other governments	-	-	-	78,394	-	-	-
Due from other funds	-	-	-	182,819	-	-	-
Total Assets	\$ -	\$ 15,084	\$ 5,193	\$ 683,036	\$ 294	\$ -	\$ 8,907
LIABILITIES AND FUND BALANCE							
Liabilities							
Accounts payable	\$ -	\$ 2,753	\$ 115	\$ 14,162	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-	-	-
Due to other funds	-	-	399	64,042	-	-	-
Deferred revenue	-	10,331	-	23,819	-	-	8,517
Total Liabilities	-	13,084	514	102,023	-	-	8,517
Fund Balance (Deficit)							
Unreserved and undesignated	-	2,000	4,679	581,013	294	-	390
Total Fund Balance (Deficit)	-	2,000	4,679	581,013	294	-	390
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ 15,084	\$ 5,193	\$ 683,036	\$ 294	\$ -	\$ 8,907

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
June 30, 2008

	Substance Abuse Prevention & Treatment Block Grant	Scientific Literacy Workshop	McKinney Education for Homeless Children	Regional Gifted	Regional Safe Schools	Title I - Reading First Part B SEA	SAE Nutrition Education Loan Library
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 5,381	\$ 12,216	\$ 98,978	\$ -	\$ -
Due from Illinois State Board of Education	-	-	-	-	-	-	-
Due from other governments	13,987	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Total Assets	<u>\$ 13,987</u>	<u>\$ -</u>	<u>\$ 5,381</u>	<u>\$ 12,216</u>	<u>\$ 98,978</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE							
Liabilities							
Accounts payable	\$ 165	\$ -	\$ 7	\$ 470	\$ 571	\$ -	\$ -
Due to other governments	-	-	-	-	-	-	-
Due to other funds	13,987	-	-	-	359	-	-
Deferred revenue	-	-	5,265	-	-	-	-
Total Liabilities	<u>14,152</u>	<u>-</u>	<u>5,272</u>	<u>470</u>	<u>930</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit)							
Unreserved and undesignated	<u>(165)</u>	<u>-</u>	<u>109</u>	<u>11,746</u>	<u>98,048</u>	<u>-</u>	<u>-</u>
Total Fund Balance (Deficit)	<u>(165)</u>	<u>-</u>	<u>109</u>	<u>11,746</u>	<u>98,048</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 13,987</u>	<u>\$ -</u>	<u>\$ 5,381</u>	<u>\$ 12,216</u>	<u>\$ 98,978</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
June 30, 2008

	Scientific Literacy Catalyst	Special Needs	Standards Aligned	Tech Prep Academy	Test Center	Test Cooperative	Title IV - Community Service
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 7,567	\$ -	\$ -	\$ -	\$ -
Due from Illinois State Board of Education	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Total Assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,567</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
LIABILITIES AND FUND BALANCE							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Deferred revenue	-	-	7,276	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>7,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit)							
Unreserved and undesignated	<u>-</u>	<u>-</u>	<u>291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance (Deficit)	<u>-</u>	<u>-</u>	<u>291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,567</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
June 30, 2008

	TAOEP	Williamson County Film Library	Math Professional Development	Technology - Enhancing Education - Competitive	Area VI Technology Hub	Community Technology Center	Learn and Serve	System of Support
ASSETS								
Cash and cash equivalents	\$ -	\$ 9,385	\$ 1,891	\$ -	\$ 1,404	\$ -	\$ -	\$ 25,104
Due from Illinois State Board of Education	-	-	-	-	-	-	-	-
Due from other governments	15,608	-	-	-	-	-	-	14,501
Due from other funds	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 15,608</u>	<u>\$ 9,385</u>	<u>\$ 1,891</u>	<u>\$ -</u>	<u>\$ 1,404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,605</u>
LIABILITIES AND FUND BALANCE								
Liabilities								
Accounts payable	\$ 7	\$ -	\$ 300	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-	-	-	31,287
Due to other funds	15,608	-	-	-	-	-	-	-
Deferred revenue	-	-	10,789	-	-	-	-	-
Total Liabilities	<u>15,615</u>	<u>-</u>	<u>11,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,287</u>
Fund Balance (Deficit)								
Unreserved and undesignated	<u>(7)</u>	<u>9,385</u>	<u>(9,198)</u>	<u>-</u>	<u>1,404</u>	<u>-</u>	<u>-</u>	<u>8,318</u>
Total Fund Balance (Deficit)	<u>(7)</u>	<u>9,385</u>	<u>(9,198)</u>	<u>-</u>	<u>1,404</u>	<u>-</u>	<u>-</u>	<u>8,318</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 15,608</u>	<u>\$ 9,385</u>	<u>\$ 1,891</u>	<u>\$ -</u>	<u>\$ 1,404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,605</u>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
June 30, 2008

	Eliminate Digital Divide	ROE State Grant	Team Nutrition Grant	Kindergarten Standards Training	New Principal Mentoring Program	Title III Tech Prep	Vocational Ed Tech Prep	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ -	\$ 613,881
Due from Illinois State Board of Education	-	-	-	-	-	-	-	346
Due from other governments	-	-	-	-	4,500	-	-	126,990
Due from other funds	-	-	-	-	-	-	-	182,819
Total Assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,500</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 924,036</u></u>
LIABILITIES AND FUND BALANCE								
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ -	\$ -	\$ 20,550
Due to other governments	-	-	-	-	-	-	-	31,287
Due to other funds	-	-	-	-	-	-	-	94,395
Deferred revenue	-	-	-	-	-	-	-	65,997
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>212,229</u>
Fund Balance (Deficit)								
Unreserved and undesignated	-	-	-	-	3,500	-	-	711,807
Total Fund Balance (Deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>711,807</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,500</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 924,036</u></u>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

**EDUCATION FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2008**

	Career Awareness & Development	Social/ Emotional Standards	21st Century Community Learning Centers	ECHO	Family Violence	Special Education - Grants to States	Illinois Violence Prevention
REVENUES							
Local sources	\$ -	\$ 2,000	\$ 14,000	\$ 6,998	\$ -	\$ -	\$ -
State sources	-	58,607	-	1,068,072	-	-	19,234
Federal sources	-	-	218,400	98,566	-	-	-
Total revenues	-	60,607	232,400	1,173,636	-	-	19,234
EXPENDITURES							
Salaries	-	35,000	139,777	657,838	-	-	12,595
Benefits	-	4,607	24,176	113,593	-	-	964
Purchased services	-	19,000	58,354	188,763	75	-	4,747
Supplies and materials	-	-	9,234	57,682	-	-	928
Capital outlay	-	-	-	183	-	-	-
Other	-	-	-	-	-	-	-
Transfers - payments to other governmental units	-	-	-	72,000	-	-	-
Total expenditures	-	58,607	231,541	1,090,059	75	-	19,234
Revenues over (under) expenditures	-	2,000	859	83,577	(75)	-	-
Other financing sources (uses)							
Transfers in	-	-	-	30,337	-	-	-
Transfers out	(8)	-	(3)	(22)	-	(1)	-
Total other financing sources (uses)	(8)	-	(3)	30,315	-	(1)	-
Net change in fund balances	(8)	2,000	856	113,892	(75)	(1)	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	8	-	3,823	467,121	369	1	390
FUND BALANCE (DEFICIT), END OF YEAR	\$ -	\$ 2,000	\$ 4,679	\$ 581,013	\$ 294	\$ -	\$ 390

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

**EDUCATION FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2008**

	Substance Abuse Prevention & Treatment Block Grant	Scientific Literacy Workshop	McKinney Education for Homeless Children	Regional Gifted	Regional Safe Schools	Title I - Reading First Part B SEA	SAE Nutrition Education Loan Library
REVENUES							
Local sources	\$ -	\$ -	\$ 116	\$ 11,003	\$ -	\$ -	\$ -
State sources	81,787	-	-	-	231,765	-	-
Federal sources	91,700	-	148,162	-	-	-	-
Total revenues	<u>173,487</u>	<u>-</u>	<u>148,278</u>	<u>11,003</u>	<u>231,765</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
Salaries	110,811	-	29,677	-	169,272	-	-
Benefits	15,307	-	9,342	-	31,175	-	-
Purchased services	33,793	-	11,769	-	41,914	-	-
Supplies and materials	7,038	-	10,048	-	14,447	-	-
Capital outlay	6,703	-	-	-	1,430	-	-
Other	-	-	-	15,154	-	-	-
Transfers - payments to other governmental units	-	-	87,333	-	-	-	-
Total expenditures	<u>173,652</u>	<u>-</u>	<u>148,169</u>	<u>15,154</u>	<u>258,238</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(165)</u>	<u>-</u>	<u>109</u>	<u>(4,151)</u>	<u>(26,473)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	4
Transfers out	-	(13,715)	(2)	-	-	(2,475)	-
Total other financing sources (uses)	<u>-</u>	<u>(13,715)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>(2,475)</u>	<u>4</u>
Net change in fund balances	(165)	(13,715)	107	(4,151)	(26,473)	(2,475)	4
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>-</u>	<u>13,715</u>	<u>2</u>	<u>15,897</u>	<u>124,521</u>	<u>2,475</u>	<u>(4)</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (165)</u>	<u>\$ -</u>	<u>\$ 109</u>	<u>\$ 11,746</u>	<u>\$ 98,048</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

EDUCATION FUND ACCOUNTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 For the Year Ended June 30, 2008

	Scientific Literacy Catalyst	Special Needs	Standards Aligned	Tech Prep Academy	Test Center	Test Cooperative	Title IV - Community Service
REVENUES							
Local sources	\$ -	\$ -	\$ -	\$ 600	\$ 2,758	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	-	7,777	-	-	-	-
Total revenues	-	-	7,777	600	2,758	-	-
EXPENDITURES							
Salaries	-	-	-	-	-	-	-
Benefits	-	-	-	-	-	-	-
Purchased services	-	-	177	150	-	-	-
Supplies and materials	-	-	-	420	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Transfers - payments to other governmental units	-	-	7,600	-	-	-	-
Total expenditures	-	-	7,777	570	-	-	-
Revenues over (under) expenditures	-	-	-	30	2,758	-	-
Other financing sources (uses)							
Transfers in	1,502	-	-	-	-	-	10
Transfers out	-	(695)	-	(2,170)	(23,877)	(1,305)	-
Total other financing sources (uses)	1,502	(695)	-	(2,170)	(23,877)	(1,305)	10
Net change in fund balances	1,502	(695)	-	(2,140)	(21,119)	(1,305)	10
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	(1,502)	695	291	2,140	21,119	1,305	(10)
FUND BALANCE (DEFICIT), END OF YEAR	\$ -	\$ -	\$ 291	\$ -	\$ -	\$ -	\$ -

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

EDUCATION FUND ACCOUNTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 For the Year Ended June 30, 2008

	TAOEP	Williamson County Film Library	Math Professional Development	Technology - Enhancing Education - Competitive	Area VI Technology Hub	Community Technology Center	Learn and Serve	System of Support
REVENUES								
Local sources	\$ -	\$ 3,935	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	56,167	-	-	-	-	-	-	54,789
Federal sources	-	-	5,046	-	-	-	-	53,750
Total revenues	<u>56,167</u>	<u>3,935</u>	<u>5,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,539</u>
EXPENDITURES								
Salaries	42,124	233	-	-	-	-	-	18,380
Benefits	5,788	-	-	-	-	-	-	2,419
Purchased services	6,954	110	250	-	-	-	-	11,150
Supplies and materials	1,308	3,170	959	-	-	-	-	8,831
Capital outlay	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers - payments to other governmental units	-	-	3,837	-	-	-	-	67,760
Total expenditures	<u>56,174</u>	<u>3,513</u>	<u>5,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,540</u>
Revenues over (under) expenditures	<u>(7)</u>	<u>422</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
Other financing sources (uses)								
Transfers in	-	-	-	307	-	2	46	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>307</u>	<u>-</u>	<u>2</u>	<u>46</u>	<u>-</u>
Net change in fund balances	<u>(7)</u>	<u>422</u>	<u>-</u>	<u>307</u>	<u>-</u>	<u>2</u>	<u>46</u>	<u>(1)</u>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>-</u>	<u>8,963</u>	<u>(9,198)</u>	<u>(307)</u>	<u>1,404</u>	<u>(2)</u>	<u>(46)</u>	<u>8,319</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (7)</u>	<u>\$ 9,385</u>	<u>\$ (9,198)</u>	<u>\$ -</u>	<u>\$ 1,404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,318</u>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

**EDUCATION FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2008**

	Eliminate Digital Divide	ROE State Grant	Team Nutrition Grant	Kindergarten Standards Training	New Principal Mentoring Program	Title III Tech Prep	Vocational Ed Tech Prep	Total
REVENUES								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 5,500	\$ -	\$ -	\$ 46,910
State sources	-	-	-	-	-	-	84,842	1,655,263
Federal sources	-	-	-	-	-	66,591	-	689,992
Total revenues	-	-	-	-	5,500	66,591	84,842	2,392,165
EXPENDITURES								
Salaries	-	-	-	-	-	11,102	59,406	1,286,215
Benefits	-	-	-	-	-	2,998	10,925	221,294
Purchased services	-	-	-	-	2,000	25,995	-	405,201
Supplies and materials	-	-	-	-	-	5,894	14,511	134,470
Capital outlay	-	-	-	-	-	20,602	-	28,918
Other	-	-	-	-	-	-	-	15,154
Transfers - payments to other governmental units	-	-	-	-	-	-	-	238,530
Total expenditures	-	-	-	-	2,000	66,591	84,842	2,329,782
Revenues over (under) expenditures	-	-	-	-	3,500	-	-	62,383
Other financing sources (uses)								
Transfers in	46	1	-	-	-	-	-	32,255
Transfers out	-	-	(6,043)	(157)	-	-	-	(50,473)
Total other financing sources (uses)	46	1	(6,043)	(157)	-	-	-	(18,218)
Net change in fund balances	46	1	(6,043)	(157)	3,500	-	-	44,165
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	(46)	(1)	6,043	157	-	-	-	667,642
FUND BALANCE (DEFICIT), END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ 3,500	\$ -	\$ -	\$ 711,807

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
SOCIAL/EMOTIONAL STANDARDS
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Local sources	\$ -	\$ 2,000	\$ 2,000
State sources	<u>126,500</u>	<u>58,607</u>	<u>(67,893)</u>
Total revenues	<u>126,500</u>	<u>60,607</u>	<u>(65,893)</u>
EXPENDITURES			
Salaries	53,600	35,000	18,600
Benefits	8,806	4,607	4,199
Purchased services	58,411	19,000	39,411
Supplies and materials	3,935	-	3,935
Capital outlay	<u>1,748</u>	<u>-</u>	<u>1,748</u>
Total expenditures	<u>126,500</u>	<u>58,607</u>	<u>67,893</u>
Net change in fund balance	<u>\$ -</u>	2,000	<u>\$ 2,000</u>
FUND BALANCE, BEGINNING OF YEAR		<u>-</u>	
FUND BALANCE, END OF YEAR		<u>\$ 2,000</u>	

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
21st CENTURY COMMUNITY LEARNING CENTERS
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Local sources	\$ -	\$ 14,000	\$ 14,000
Federal sources	<u>218,400</u>	<u>218,400</u>	<u>-</u>
Total revenues	<u>218,400</u>	<u>232,400</u>	<u>14,000</u>
EXPENDITURES			
Salaries	139,777	139,777	-
Benefits	24,176	24,176	-
Purchased services	41,812	58,354	(16,542)
Supplies and materials	8,635	9,234	(599)
Transfers - payments to other governmental units	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Total expenditures	<u>218,400</u>	<u>231,541</u>	<u>(13,141)</u>
Revenues over (under) expenditures	<u>-</u>	<u>859</u>	<u>859</u>
Other financing (uses)			
Transfers out	<u>-</u>	<u>(3)</u>	<u>(3)</u>
Net change in fund balance	<u>\$ -</u>	<u>856</u>	<u>\$ 856</u>
FUND BALANCE, BEGINNING OF YEAR		<u>3,823</u>	
FUND BALANCE, END OF YEAR		<u>\$ 4,679</u>	

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
ECHO
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ -	\$ 6,998	\$ 6,998
State sources	-	1,068,072	1,068,072
Federal sources	72,800	98,566	25,766
Total revenues	72,800	1,173,636	1,100,836
 EXPENDITURES			
Salaries	55,000	657,838	(602,838)
Benefits	16,891	113,593	(96,702)
Purchased services	425	188,763	(188,338)
Supplies and materials	-	57,682	(57,682)
Capital outlay	-	183	(183)
Other	484	-	484
Transfers - payments to other governmental units	-	72,000	(72,000)
Total expenditures	72,800	1,090,059	(1,017,259)
Revenues over (under) expenditures	-	83,577	83,577
 Other financing sources (uses)			
Transfers in	-	30,337	30,337
Transfers out	-	(22)	(22)
Total other financing sources (uses)	-	30,315	30,315
Net change in fund balance	\$ -	113,892	\$ 113,892
FUND BALANCE, BEGINNING OF YEAR		467,121	
FUND BALANCE, END OF YEAR		\$ 581,013	

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
ILLINOIS VIOLENCE PREVENTION
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
State sources	\$ 19,500	\$ 19,234	\$ (266)
Total revenues	<u>19,500</u>	<u>19,234</u>	<u>(266)</u>
 EXPENDITURES			
Salaries	12,595	12,595	-
Benefits	1,306	964	342
Purchased services	5,325	4,747	578
Supplies and materials	274	928	(654)
Total expenditures	<u>19,500</u>	<u>19,234</u>	<u>266</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
 FUND BALANCE, BEGINNING OF YEAR		<u>390</u>	
 FUND BALANCE, END OF YEAR		<u>\$ 390</u>	

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
MCKINNEY EDUCATION FOR HOMELESS CHILDREN
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Local sources	\$ -	\$ 116	\$ 116
Federal sources	155,503	148,162	(7,341)
Total revenues	155,503	148,278	(7,225)
 EXPENDITURES			
Salaries	29,677	29,677	-
Benefits	7,975	9,342	(1,367)
Purchased services	20,838	11,769	9,069
Supplies and materials	9,248	10,048	(800)
Transfers - payments to other governmental units	87,765	87,333	432
Total expenditures	155,503	148,169	7,334
Revenues over (under) expenditures	-	109	109
Other financing (uses)			
Transfers out	-	(2)	(2)
Total other financing (uses)	-	(2)	(2)
Net change in fund balance	\$ -	107	\$ 107
 FUND BALANCE, BEGINNING OF YEAR		2	
FUND BALANCE, END OF YEAR		\$ 109	

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
REGIONAL SAFE SCHOOLS
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
State sources	\$ 162,384	\$ 231,765	\$ 69,381
Total revenues	<u>162,384</u>	<u>231,765</u>	<u>69,381</u>
 EXPENDITURES			
Salaries	124,970	169,272	(44,302)
Benefits	26,695	31,175	(4,480)
Purchased services	8,971	41,914	(32,943)
Supplies and materials	1,748	14,447	(12,699)
Capital outlay	<u>-</u>	<u>1,430</u>	<u>(1,430)</u>
Total expenditures	<u>162,384</u>	<u>258,238</u>	<u>(95,854)</u>
Net change in fund balance	<u>\$ -</u>	<u>(26,473)</u>	<u>\$ (26,473)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>124,521</u>	
FUND BALANCE, END OF YEAR		<u>\$ 98,048</u>	

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
TAOEP
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
State sources	\$ 56,167	\$ 56,167	\$ -
Total revenues	<u>56,167</u>	<u>56,167</u>	<u>-</u>
 EXPENDITURES			
Salaries	41,019	42,124	(1,105)
Benefits	7,099	5,788	1,311
Purchased services	7,119	6,954	165
Supplies and materials	930	1,308	(378)
Total expenditures	<u>56,167</u>	<u>56,174</u>	<u>(7)</u>
Net change in fund balance	<u>\$ -</u>	(7)	<u>\$ (7)</u>
 FUND BALANCE, BEGINNING OF YEAR		<u>-</u>	
 FUND BALANCE (DEFICIT), END OF YEAR		<u>\$ (7)</u>	

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
TITLE III TECH PREP
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Federal sources	\$ 56,167	\$ 66,591	\$ 10,424
Total revenues	<u>56,167</u>	<u>66,591</u>	<u>10,424</u>
 EXPENDITURES			
Salaries	11,102	11,102	-
Benefits	2,998	2,998	-
Purchased services	25,995	25,995	-
Supplies and materials	5,894	5,894	-
Capital outlay	<u>20,602</u>	<u>20,602</u>	<u>-</u>
Total expenditures	<u>66,591</u>	<u>66,591</u>	<u>-</u>
Net change in fund balance	<u>\$ (10,424)</u>	-	<u>\$ 10,424</u>
 FUND BALANCE, BEGINNING OF YEAR			
		<u>-</u>	
 FUND BALANCE, END OF YEAR			
		<u>\$ -</u>	

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
VOCATIONAL ED TECH PREP
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
State sources	\$ 84,842	\$ 84,842	\$ -
Total revenues	<u>84,842</u>	<u>84,842</u>	<u>-</u>
 EXPENDITURES			
Salaries	59,406	59,406	-
Benefits	13,000	10,925	2,075
Supplies and materials	12,436	14,511	(2,075)
Total expenditures	<u>84,842</u>	<u>84,842</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
 FUND BALANCE, BEGINNING OF YEAR		<u>-</u>	
 FUND BALANCE, END OF YEAR		<u>\$ -</u>	

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

**INSTITUTE FUND
COMBINING SCHEDULE OF ACCOUNTS
June 30, 2008**

	<u>Certification</u>	<u>Institute</u>	<u>ISO Workshops</u>	<u>Network Internet</u>	<u>Local Workshop Prevention</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ 27,014	\$ -	\$ 32,409	\$ 336	\$ 59,759
Accounts receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>60</u>	<u>-</u>	<u>60</u>
TOTAL ASSETS	<u><u>\$ -</u></u>	<u><u>\$ 27,014</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 32,469</u></u>	<u><u>\$ 336</u></u>	<u><u>\$ 59,819</u></u>
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 55	\$ -	\$ 55
Due to other funds	<u>1,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,924</u>
Total Liabilities	<u><u>1,924</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>55</u></u>	<u><u>-</u></u>	<u><u>1,979</u></u>
Fund Balance (Deficit)						
Unreserved and undesignated	<u>(1,924)</u>	<u>27,014</u>	<u>-</u>	<u>32,414</u>	<u>336</u>	<u>57,840</u>
Total Fund Balance (Deficit)	<u><u>(1,924)</u></u>	<u><u>27,014</u></u>	<u><u>-</u></u>	<u><u>32,414</u></u>	<u><u>336</u></u>	<u><u>57,840</u></u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u><u>\$ -</u></u>	<u><u>\$ 27,014</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 32,469</u></u>	<u><u>\$ 336</u></u>	<u><u>\$ 59,819</u></u>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

**INSTITUTE FUND ACCOUNTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2008**

	<u>Certification</u>	<u>Institute</u>	<u>ISO Workshops</u>	<u>Network Internet</u>	<u>Local Workshop Prevention</u>	<u>Total</u>
REVENUES						
Local sources	\$ 5,504	\$ 6,193	\$ -	\$ 20,989	\$ -	\$ 32,686
Total revenues	<u>5,504</u>	<u>6,193</u>	<u>-</u>	<u>20,989</u>	<u>-</u>	<u>32,686</u>
EXPENDITURES						
Salaries	-	-	-	14,500	-	14,500
Benefits	-	1,611	-	3,254	-	4,865
Purchased services	-	2,565	-	24,549	-	27,114
Capital outlay	-	-	-	1,351	-	1,351
Other	5,513	-	-	-	-	5,513
Total expenditures	<u>5,513</u>	<u>4,176</u>	<u>-</u>	<u>43,654</u>	<u>-</u>	<u>53,343</u>
Revenues over (under) expenditures	<u>(9)</u>	<u>2,017</u>	<u>-</u>	<u>(22,665)</u>	<u>-</u>	<u>(20,657)</u>
Other financing (uses)						
Transfers out	-	-	(13,398)	-	-	(13,398)
Total other financing (uses)	<u>-</u>	<u>-</u>	<u>(13,398)</u>	<u>-</u>	<u>-</u>	<u>(13,398)</u>
Net change in fund balances	(9)	2,017	(13,398)	(22,665)	-	(34,055)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(1,915)</u>	<u>24,997</u>	<u>13,398</u>	<u>55,079</u>	<u>336</u>	<u>91,895</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (1,924)</u>	<u>\$ 27,014</u>	<u>\$ -</u>	<u>\$ 32,414</u>	<u>\$ 336</u>	<u>\$ 57,840</u>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 2008

	<u>Bus Driver Permit</u>	<u>General Education Development</u>	<u>Supervisory</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 2,367	\$ -	\$ -	\$ 2,367
Due from other governments	-	1,112	-	1,112
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 2,367</u>	<u>\$ 1,112</u>	<u>\$ -</u>	<u>\$ 3,479</u>
 LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ -	\$ 1,418	\$ 320	\$ 1,738
Due to other funds	-	5,130	-	5,130
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>-</u>	<u>6,548</u>	<u>320</u>	<u>6,868</u>
 Fund Balance (Deficit)				
Unreserved and undesignated	2,367	(5,436)	(320)	(3,389)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balance (Deficit)	<u>2,367</u>	<u>(5,436)</u>	<u>(320)</u>	<u>(3,389)</u>
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 2,367</u>	<u>\$ 1,112</u>	<u>\$ -</u>	<u>\$ 3,479</u>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2008**

	<u>Bus Driver Permit</u>	<u>General Education Development</u>	<u>Supervisory</u>	<u>Total</u>
REVENUES				
Local sources	\$ 968	\$ 10,633	\$ -	\$ 11,601
State sources	<u>600</u>	<u>-</u>	<u>2,000</u>	<u>2,600</u>
Total revenues	<u>1,568</u>	<u>10,633</u>	<u>2,000</u>	<u>14,201</u>
EXPENDITURES				
Salaries	-	11,150	-	11,150
Benefits	-	853	-	853
Purchased services	735	8,691	2,320	11,746
Supplies and materials	<u>-</u>	<u>1,651</u>	<u>-</u>	<u>1,651</u>
Total expenditures	<u>735</u>	<u>22,345</u>	<u>2,320</u>	<u>25,400</u>
Revenues over (under) expenditures	<u>833</u>	<u>(11,712)</u>	<u>(320)</u>	<u>(11,199)</u>
Other financing sources				
Transfers in	<u>-</u>	<u>10,752</u>	<u>-</u>	<u>10,752</u>
Total other financing sources	<u>-</u>	<u>10,752</u>	<u>-</u>	<u>10,752</u>
Net change in fund balances	833	(960)	(320)	(447)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>1,534</u>	<u>(4,476)</u>	<u>-</u>	<u>(2,942)</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 2,367</u>	<u>\$ (5,436)</u>	<u>\$ (320)</u>	<u>\$ (3,389)</u>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

**GENERAL EDUCATION DEVELOPMENT FUND BY SUB-ACCOUNT
COMBINING SCHEDULE OF ACCOUNTS**

June 30, 2008

	<u>GED</u>	<u>Scoring</u>	<u>Total</u>
ASSETS			
Due from other governments	\$ 1,112	\$ -	\$ 1,112
TOTAL ASSETS	<u>\$ 1,112</u>	<u>\$ -</u>	<u>\$ 1,112</u>
 LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 1,418	\$ -	\$ 1,418
Due to other funds	<u>5,130</u>	<u>-</u>	<u>5,130</u>
Total Liabilities	<u>6,548</u>	<u>-</u>	<u>6,548</u>
Fund Balance (Deficit)			
Unreserved and undesignated	<u>(5,436)</u>	<u>-</u>	<u>(5,436)</u>
Total Fund Balance (Deficit)	<u>(5,436)</u>	<u>-</u>	<u>(5,436)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,112</u>	<u>\$ -</u>	<u>\$ 1,112</u>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

**GENERAL EDUCATION DEVELOPMENT FUND BY SUB-ACCOUNT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2008**

	<u>GED</u>	<u>Scoring</u>	<u>Total</u>
REVENUES			
Local sources	<u>\$ 10,633</u>	<u>\$ -</u>	<u>\$ 10,633</u>
Total revenues	<u>10,633</u>	<u>-</u>	<u>10,633</u>
EXPENDITURES			
Salaries	11,150	-	11,150
Benefits	853	-	853
Purchased services	8,691	-	8,691
Supplies and materials	<u>1,651</u>	<u>-</u>	<u>1,651</u>
Total expenditures	<u>22,345</u>	<u>-</u>	<u>22,345</u>
OTHER FINANCING SOURCES			
Transfers in	<u>-</u>	<u>10,752</u>	<u>10,752</u>
Total other financing sources	<u>-</u>	<u>10,752</u>	<u>10,752</u>
Net change in fund balances	(11,712)	10,752	(960)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>6,276</u>	<u>(10,752)</u>	<u>(4,476)</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (5,436)</u>	<u>\$ -</u>	<u>\$ (5,436)</u>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
STATEMENT OF FIDUCIARY NET ASSETS
FRANKLIN COUNTY REGIONAL DELIVERY SYSTEM
June 30, 2008

	<u>Franklin County Regional Delivery System</u>
ASSETS	
Cash and cash equivalents	\$ 1,499
Due from Illinois State Board of Education	<u>6,526</u>
TOTAL ASSETS	<u><u>\$ 8,025</u></u>
LIABILITIES	
Liabilities	
Due to primary government	\$ 5,594
Due to other governments	<u>2,431</u>
TOTAL LIABILITIES	<u><u>\$ 8,025</u></u>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FRANKLIN COUNTY REGIONAL DELIVERY SYSTEM
For the Year Ended June 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
ASSETS				
Cash and cash equivalents	\$ 4,831	\$ 320,433	\$ 323,765	\$ 1,499
Due from Illinois State Board of Education	51	6,526	51	6,526
TOTAL ASSETS	\$ 4,882	\$ 326,959	\$ 323,816	\$ 8,025
LIABILITIES				
Due to primary government	\$ 51	\$ 5,594	\$ 51	\$ 5,594
Due to other governments	4,831	321,365	323,765	2,431
TOTAL LIABILITIES	\$ 4,882	\$ 326,959	\$ 323,816	\$ 8,025

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

**FRANKLIN COUNTY REGIONAL DELIVERY SYSTEM ACCOUNTS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2008**

	<u>Title IIC Secondary</u>	<u>Regional Vocation Delivery</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 1,499	\$ 1,499
Due from Illinois State Board of Education	<u>6,526</u>	<u>-</u>	<u>6,526</u>
TOTAL ASSETS	<u><u>\$ 6,526</u></u>	<u><u>\$ 1,499</u></u>	<u><u>\$ 8,025</u></u>
LIABILITIES			
Liabilities			
Due to primary government	\$ 5,594	\$ -	\$ 5,594
Due to other governments	<u>932</u>	<u>1,499</u>	<u>2,431</u>
TOTAL LIABILITIES	<u><u>\$ 6,526</u></u>	<u><u>\$ 1,499</u></u>	<u><u>\$ 8,025</u></u>

See accompanying Independent Auditors' Report.

FEDERAL COMPLIANCE SECTION

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2008**

Federal Grantor/Pass-Through Grantor, Program or Cluster Title	CFDA Number	ISBE Project # (1st 8 digits) or Contract #	Federal Expenditures 7/1/07 - 6/30/08
U.S. DEPARTMENT OF AGRICULTURE:			
Passed through Illinois State Board of Education:			
School Breakfast Program		07-4220-00	\$ 6,229
School Breakfast Program		08-4220-00	2,432
Total School Breakfast Program (ECHO)	10.553		<u>8,661</u>
Passed through Illinois State Board of Education:			
National School Lunch Program		07-4210-00	11,152
National School Lunch Program		08-4210-00	5,953
Total National School Lunch Program (ECHO)	10.555		<u>17,105</u>
U.S. DEPARTMENT OF LABOR:			
Passed through Man-Tra-Con Corp.:			
WIA Youth Activities	17.259	n/a	<u>72,800</u>
U.S. DEPARTMENT OF EDUCATION:			
Passed through Regional Office of Education No. 02:			
Title I - Grants to Local Educational Agencies (System of Support)		08-4331-SS	42,996
Passed through Regional Office of Education No. 25:			
Title I - Grants to Local Educational Agencies (Standards Aligned)		08-4331-00	7,777
Total Title I - Grants to Local Educational Agencies	84.010A		<u>50,773</u>
Passed through Illinois State Board of Education:			
(M) McKinney Education for Homeless Children	84.196A	08-4920-00	<u>148,162</u>
Passed through Illinois Community College Board:			
Tech-Prep Education	84.243	08TP7540	<u>66,591</u>
Passed through Illinois State Board of Education:			
(M) 21st Century Community Learning Centers	84.287C	08-4421-05	<u>218,400</u>
Passed through Regional Office of Education No. 02:			
Mathematics and Science Partnerships (Math Professional Development)	84.366B	08-4936-00	<u>5,046</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed through Illinois Department of Human Services:			
Substance Abuse Prevention & Treatment Block Grant	93.959	811G8200000	<u>91,700</u>
Total Expenditures of Federal Awards			<u>\$ 679,238</u>

(M) Program was audited as a major program.

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

FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2008

1. BASIS OF PRESENTATION

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

2. DESCRIPTION OF FEDERAL PROGRAMS AUDITED AS A MAJOR PROGRAM

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

3. SUBRECIPIENTS

Of the expenditures in this schedule, the Franklin/Williamson Counties Regional Office of Education No. 21 provided awards to subrecipients in the amount of \$87,333 under the McKinney Education for Homeless Children grant, CFDA # 84.196A.

4. INSURANCE

Franklin/Williamson Counties Regional Office of Education No. 21 did not receive any Federal insurance as part of any Federal award during the year ended June 30, 2008.

5. LOANS AND LOAN GUARANTEES

Franklin/Williamson Counties Regional Office of Education No. 21 had no loans or loan guarantees as of or for the year ended June 30, 2008.

6. NON-MONETARY FEDERAL AWARDS

Franklin/Williamson Counties Regional Office of Education No. 21 did not receive any non-monetary federal awards as of or for the year ended June 30, 2008.