

**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, 2011**

**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
Independent Auditors’ 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
Independent Auditors’ Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	10
Schedule of Findings and Questioned Costs.....	12
Financial Statement Findings.....	13
Federal Award Findings.....	15
Corrective Action Plan for Current Year Audit Findings.....	16
Summary Schedule of Prior Audit Findings.....	17
Management’s Discussion and Analysis	18
 BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Assets	25
Statement of Activities.....	26
Fund Financial Statements	
Governmental Funds – Balance Sheet	27
Governmental Funds – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	28
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances	29
Governmental Funds – Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	30
Proprietary Funds – Statement of Net Assets	31
Proprietary Funds – Statement of Revenues, Expenses, and Changes in Fund Net Assets	32

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.....	33
Fiduciary Funds – Statement of Fiduciary Net Assets.....	34
Notes to Financial Statements.....	35
 REQUIRED SUPPLEMENTARY INFORMATION	
Illinois Municipal Retirement Fund - Schedule of Funding Progress	66
Illinois Municipal Retirement Fund – Schedule of Employer Contributions	67
Other Postemployment Benefit Plan – Schedule of Funding Progress.....	68
Other Postemployment Benefit Plan – Schedule of Employer Contributions.....	69
 SUPPLEMENTAL INFORMATION	
General Fund:	
Combining Schedule of Accounts	70
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	71
Budgetary Comparison Schedules:	
ECHO.....	72
Regional Safe Schools	73
 Education Fund:	
Combining Schedule of Accounts	74
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	77
Budgetary Comparison Schedules:	
Social/Emotional Standards.....	80
Illinois Violence Prevention	81
Substance Abuse Prevention and Treatment Block Grant.....	82
McKinney Education for Homeless Children.....	83
Truants Alternative Optional Education Program Training (TAOEP)	84
Title I Reading First Part B SEA (Reading First).....	85
Title III Tech Prep.....	86
Vocational Ed Tech Prep	87
Gifted Education	88
Partnership for College and Career Success.....	89
Title I ARRA School Improvement and Accountability.....	90
ROE/ISC Operations.....	91

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

	<u>Page</u>
SUPPLEMENTAL INFORMATION – Continued	
Nonmajor Special Revenue Funds:	
Combining Balance Sheet.....	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	93
Institute Fund:	
Combining Schedule of Accounts	94
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	95
Fiduciary Funds:	
Combining Statement of Fiduciary Net Assets.....	96
Combining Statement of Changes in Assets and Liabilities.....	97
FEDERAL COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards.....	98
Notes to the Schedule of Expenditures of Federal Awards	99

FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21

OFFICIALS

Regional Superintendent

R. Matthew Donkin
(Current and during audit period)

Assistant Regional Superintendent

Kurt Endebrook
(During audit period)

Offices are located at:

202 West Main Street
Benton, IL 62812

200 West Jefferson
Marion, IL 62959

Franklin/Williamson Project ECHO
PO Box 238, 17428 Route 37
Johnston City, IL 62951

S.T.A.R. Quest Academy
PO Box 303, 17428 Route 37
Johnston City, IL 62951

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	1	1
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	0	1

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

An additional three 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>
11-01	13	Controls over financial statement preparation	Material Weakness

FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

None noted.

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

None noted.

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

None noted.

FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21

EXIT CONFERENCE

The finding and recommendation appearing in this report were discussed with Regional Office personnel at a formal exit teleconference on February 2, 2012. Attending were R. Matthew Donkin, Regional Superintendent, Kurt Endebrock, Assistant Regional Superintendent, Johna Schullian, Comptroller, and Mallory Howell, Accountant/Internal Control Officer, from the Regional Office, Leslie McConnell, Senior Manager and Kelli Bruns, 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 on January 3, 2012.

FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21

FINANCIAL STATEMENT REPORT

SUMMARY

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

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



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

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, 2011, which collectively comprise the Franklin/Williamson Counties Regional Office of Education No. 21's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Franklin/Williamson Counties Regional Office of Education No. 21's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin/Williamson Counties Regional Office of Education No. 21, as of June 30, 2011, 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.

The Regional Office of Education No. 21 adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended June 30, 2011. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on any of the Regional Office of Education No. 21's governmental funds' assets or liabilities nor was there any effect to the total amount of any of the Regional Office of Education No. 21's governmental fund balances as of and for the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 7, 2012 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 other required supplementary information on pages 18 through 24 and 66 through 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 supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sikich LLP

Springfield, Illinois
February 7, 2012



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

**INDEPENDENT AUDITORS' 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, 2011, which collectively comprise the Franklin/Williamson Counties Regional Office of Education No. 21's basic financial statements and have issued our report thereon dated February 7, 2012. 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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Franklin/Williamson Counties Regional Office of Education No. 21's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in finding 11-01 in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

Compliance and Other Matters

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

We also noted certain matters that we reported to management of the Franklin/Williamson Counties Regional Office of Education No. 21 in a separate letter dated February 7, 2012.

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

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

Sikich LLP

Springfield, Illinois
February 7, 2012



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 Franklin/Williamson Counties Regional Office of Education No. 21's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Franklin/Williamson Counties Regional Office of Education No. 21's major federal programs for the year ended June 30, 2011. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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 the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, others within the entity, the 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
February 7, 2012

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: *unqualified*

Internal control over financial reporting:
 Material weakness(es) identified? yes no
 Significant deficiency(ies) identified? yes none noted

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? yes no
 Significant deficiency(ies) identified? yes no

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.196A and 84.387A	Education of Homeless Children and Youth Cluster
84.010A and 84.389A	Title I Grants to Local Educational Agencies, Recovery Act

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

Auditee qualified as low-risk auditee? yes no

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2011**

FINDING 11-01 – Controls over financial statement preparation (Repeat of prior year finding 07-05, 08-03, 09-01, 10-01)

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 adjustments were required to present financial statements in accordance with generally accepted accounting principles.

EFFECT:

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

CAUSE:

According to ROE officials, with the wide range of accounting issues the Office deals with, accounting personnel have not obtained necessary training to become proficient in the preparation and review of GAAP based financial statements and to ensure inclusion of all disclosures as required by the Governmental Accounting Standards Board (GASB).

**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, 2011**

FINDING 11-01 - Controls over financial statement preparation (Repeat of prior year finding 07-05, 08-03, 09-01, 10-01) - **Continued**

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 an individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office's activities and operations.

MANAGEMENT'S RESPONSE:

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

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS
For the Year Ended June 30, 2011**

INSTANCES OF NON COMPLIANCE:

None noted.

SIGNIFICANT DEFICIENCIES:

None noted.

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2011**

Corrective Action Plan

FINDING 11-01 – Controls over financial statement preparation (Repeat of prior year finding 07-05, 08-03, 09-01 and 10-01)

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 adjustments were required to present financial statements in accordance with generally accepted accounting principles.

PLAN:

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

ANTICIPATED DATE OF COMPLETION:

Implementation will be on-going throughout fiscal year 2012.

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>
10-01	Controls over financial statement preparation	Repeated

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Franklin/Williamson Counties Regional Office of Education No. 21 (Regional Office) 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, 2011. We encourage readers to consider this information in conjunction with the Regional Office's financial statements, which follow.

This report will include past year financial activity, along with fiscal year 2011 activity, making comparisons of the financial position and results of operations more meaningful.

2011 FINANCIAL HIGHLIGHTS

In 2011, funds received for Project ECHO and STAR Quest Academy were considered General Funds instead of Education Funds as they had been in the past. That is because the funds for these two programs are primarily General State Aid revenues which can be used to support the entire educational program. Therefore, this alteration created a large difference between revenues, expenditures, and fund balances in the General Fund for Fiscal Years 2010 and 2011.

The General Fund balance was \$1,017,438 in Fiscal Year 2011. General Fund revenues were \$1,418,957 (excluding on-behalf payments). There was a general decrease from our State, Local, and Federal sources from 2010. General Fund expenditures were \$1,322,363 (excluding on-behalf payments) which in general decreased from 2010, mainly in purchased services and salary expense.

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 Regional 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 Regional Office as a whole and present an overall view of the Regional 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 Regional 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.

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

- Supplemental Information further explains and supports the financial statements with a comparison of the Regional Office's detailed information for each category of funds and also provides detailed information about the non-major funds.

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 Regional Office as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the Regional Office 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 Regional Office's net assets and how they have changed. Net assets – the difference between the assets and liabilities – are one way to measure the Regional 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 Regional 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 established other funds to control and manage money for particular purposes.

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

The Office has three kinds of fund classifications:

- 1) Governmental funds account for a majority of the Regional 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 Regional Office's programs. The Regional 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 Revenues, Expenditures and Changes in Fund Balances.

- 2) Proprietary funds account for services for which the Regional Office 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 Regional Office 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. The Regional Office's net assets at the end of fiscal year 2010 totaled \$1,156,544. At the end of fiscal year 2011, the net assets were \$1,244,198. The analysis that follows provides a summary of the Regional Office's net assets at June 30, 2011 and 2010.

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

**CONDENSED STATEMENT OF NET ASSETS
June 30, 2011 and 2010**

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
ASSETS						
Current assets	\$1,240,270	\$1,250,958	\$ -	\$ -	\$1,240,270	\$1,250,958
Capital assets, net of depreciation	<u>163,586</u>	<u>147,702</u>	<u>-</u>	<u>-</u>	<u>163,586</u>	<u>147,702</u>
TOTAL ASSETS	<u>1,403,856</u>	<u>1,398,660</u>	<u>-</u>	<u>-</u>	<u>1,403,856</u>	<u>1,398,660</u>
LIABILITIES						
Current liabilities	152,190	234,459	-	-	152,190	234,459
Noncurrent liabilities	<u>7,468</u>	<u>7,657</u>	<u>-</u>	<u>-</u>	<u>7,468</u>	<u>7,657</u>
TOTAL LIABILITIES	<u>159,658</u>	<u>242,116</u>	<u>-</u>	<u>-</u>	<u>159,658</u>	<u>242,116</u>
NET ASSETS						
Invested in capital assets, net of related debt	155,929	134,598	-	-	155,959	134,598
Restricted for educational purposes	90,552	25,559	-	-	90,552	25,559
Unrestricted	<u>997,717</u>	<u>996,387</u>	<u>-</u>	<u>-</u>	<u>997,717</u>	<u>996,387</u>
TOTAL NET ASSETS	<u>\$1,244,198</u>	<u>\$1,156,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,244,198</u>	<u>\$1,156,544</u>

The Regional Office's net assets increased by \$87,654 from Fiscal Year 2010 to Fiscal Year 2011. This increase occurred as a result of a decrease in salaries and payments to other governmental units expenses and an increase in capital assets placed in service during Fiscal Year 2011.

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

The following analysis shows the changes in net assets for the years ended June 30, 2011 and 2010.

**CHANGES IN NET ASSETS
For the Years Ended June 30, 2011 and 2010**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 72,034	\$ 114,130	\$ 128,273	\$ 130,971	\$ 200,307	\$ 245,101
Operating grants & contributions	<u>2,428,238</u>	<u>2,421,921</u>	<u>-</u>	<u>-</u>	<u>2,428,238</u>	<u>2,421,921</u>
Total Program revenues	<u>2,500,272</u>	<u>2,536,051</u>	<u>128,273</u>	<u>130,971</u>	<u>2,628,545</u>	<u>2,667,022</u>
General revenues:						
Local sources	104,947	245,795	-	-	104,947	245,795
On-behalf payments	663,698	651,903	-	-	663,698	651,903
Investment income	7,115	10,354	-	-	7,115	10,354
Loss on disposal of capital assets	<u>(798)</u>	<u>(881)</u>	<u>-</u>	<u>-</u>	<u>(798)</u>	<u>(881)</u>
Total General revenues	<u>774,962</u>	<u>907,171</u>	<u>-</u>	<u>-</u>	<u>774,962</u>	<u>907,171</u>
Total Revenues	<u>3,275,234</u>	<u>3,443,222</u>	<u>128,273</u>	<u>130,971</u>	<u>3,403,507</u>	<u>3,574,193</u>
Expenses:						
Salaries	1,289,832	1,341,394	-	-	1,289,832	1,341,394
Benefits	260,956	211,394	-	-	260,956	211,394
Purchased services	549,378	577,770	-	-	549,378	577,770
Supplies and materials	132,097	110,131	128,273	130,971	260,370	241,102
Depreciation	46,190	51,158	-	-	46,190	51,158
Other	11,442	20,027	-	-	11,442	20,027
Transfers-payments to other governmental units	233,987	427,568	-	-	233,987	427,568
On-behalf payments	<u>663,698</u>	<u>651,903</u>	<u>-</u>	<u>-</u>	<u>663,698</u>	<u>651,903</u>
Total expenses	<u>3,187,580</u>	<u>3,391,345</u>	<u>128,273</u>	<u>130,971</u>	<u>3,315,853</u>	<u>3,522,316</u>
Excess before transfers	87,654	51,877	-	-	87,654	51,877
Transfers	<u>-</u>	<u>(1,145)</u>	<u>-</u>	<u>1,145</u>	<u>-</u>	<u>-</u>
Change in net assets	87,654	50,732	-	1,145	87,654	51,877
Net Assets - beginning	<u>1,156,544</u>	<u>1,105,812</u>	<u>-</u>	<u>(1,145)</u>	<u>1,156,544</u>	<u>1,104,667</u>
Net Assets – ending	<u>\$ 1,244,198</u>	<u>\$ 1,156,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,244,198</u>	<u>\$ 1,156,544</u>

**FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Governmental Activities

Revenues for governmental activities were \$3,275,234 and expenses were \$3,187,580. The Regional Office 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's business-type activities decreased from the prior fiscal year due to a decrease in quantity of paper requested and purchased in fiscal year 2011 for the local school districts.

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

As previously noted, the Regional Office uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office's governmental funds reported combined fund balances of \$1,056,524 which is above last year's ending fund balance of \$914,580. The primary reason for the increases in combined fund balances in fiscal year 2011 were due to increases in General State Aid received for Project ECHO and Star Quest Academy from the Illinois State Board of Education for the Fiscal Year 2011. The State Aid increased by \$214,494 from Fiscal Year 2010.

Governmental Fund Highlights

- The Regional Office had an increase in total grant funds received from the Illinois State Board of Education at the end of Fiscal Year 2011. This increase was mainly attributable to the ARRA – Title I School Improvement grant.
- In 2011 funds received for Project ECHO and Star Quest were considered General Funds instead of Education Funds as they had been in the past. This creates a different appearance of the financial statements.

Budgetary Highlights

The Regional Office 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, 2011**

Capital Assets

Capital Assets of the Regional Office include office equipment, computers, audio-visual equipment, office furniture, and a building. The Regional Office maintains an inventory of capital assets, which have been accumulated over time. The increase for fiscal year 2011 was a result of several E-Instruction CPS Pad Systems being purchased as well as a Closed Circuit Security Television System for ECHO and E-Printers that were placed in service during fiscal year 2011. The Regional Office's ending capital asset balance for fiscal year 2011 is \$163,586, which is the total original cost of the capital assets less accumulated depreciation. More detailed information about capital assets is available in Note 4 to the financial statements.

Economic Factors And Next Year's Budget

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

- The State of Illinois Foundation level remained constant at \$6,119 per student payable in 2011-2012.
- The interest rate on investments remains low and will impact interest earned.
- Several grants have had their funding levels reduced for the coming year.
- The number of students served by the Regional Office 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 Franklin/Williamson 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, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 816,436	\$ -	\$ 816,436
Accounts receivable	22,153	-	22,153
Due from Illinois State Board of Education	181,880	-	181,880
Due from other governments	138,020	39,504	177,524
Prepaid expense	42,277	-	42,277
Internal balances	39,504	(39,504)	-
Total current assets	<u>1,240,270</u>	<u>-</u>	<u>1,240,270</u>
NONCURRENT ASSETS			
Capital assets, net of depreciation	<u>163,586</u>	<u>-</u>	<u>163,586</u>
TOTAL ASSETS	<u>1,403,856</u>	<u>-</u>	<u>1,403,856</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	128,548	-	128,548
Due to other governments	11,507	-	11,507
Deferred revenue	10,945	-	10,945
Current portion of capital lease payable	1,190	-	1,190
Total current liabilities	<u>152,190</u>	<u>-</u>	<u>152,190</u>
NONCURRENT LIABILITIES			
Capital lease payable, noncurrent portion	6,467	-	6,467
Net OPEB obligation	1,001	-	1,001
Total noncurrent liabilities	<u>7,468</u>	<u>-</u>	<u>7,468</u>
TOTAL LIABILITIES	<u>159,658</u>	<u>-</u>	<u>159,658</u>
NET ASSETS			
Invested in capital assets, net of related debt	155,929	-	155,929
Restricted for educational purposes	90,552	-	90,552
Unrestricted	997,717	-	997,717
TOTAL NET ASSETS	<u>\$ 1,244,198</u>	<u>\$ -</u>	<u>\$ 1,244,198</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, 2011

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Primary Government		Primary Government		Total
		Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	
PRIMARY GOVERNMENT						
Governmental Activities:						
Instructional Services:						
Salaries	\$ 1,289,832	\$ 16,041	\$ 1,286,632	\$ 12,841	\$ -	\$ 12,841
Benefits	260,956	1,834	260,640	1,518	-	1,518
Purchased services	549,378	33,858	481,143	(34,377)	-	(34,377)
Supplies and materials	132,097	8,927	161,521	38,351	-	38,351
Depreciation	46,190	-	-	(46,190)	-	(46,190)
Other	11,442	11,374	-	(68)	-	(68)
Transfers - payments to other governmental units	233,987	-	238,302	4,315	-	4,315
Administrative:						
On-behalf payments	663,698	-	-	(663,698)	-	(663,698)
Total Governmental Activities	3,187,580	72,034	2,428,238	(687,308)	-	(687,308)
Business-type Activities:						
Paper bid	128,273	128,273	-	-	-	-
Total Business-type Activities	128,273	128,273	-	-	-	-
Total Primary Government	\$ 3,315,853	\$ 200,307	\$ 2,428,238	(687,308)	-	(687,308)
			General Revenues:			
			Local sources	104,947	-	104,947
			On-behalf payments	663,698	-	663,698
			Investment income	7,115	-	7,115
			Loss on disposal of capital assets	(798)	-	(798)
			Total General Revenues	774,962	-	774,962
			Change in net assets	87,654	-	87,654
			Net Assets - beginning	1,156,544	-	1,156,544
			Net Assets - ending	\$ 1,244,198	\$ -	\$ 1,244,198

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, 2011

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 719,465	\$ 63,835	\$ 33,136	\$ 816,436
Accounts receivable	12,353	5,500	4,300	22,153
Due from Illinois State Board of Education	50,646	131,234	-	181,880
Due from other governments	45,524	89,118	3,378	138,020
Due from other funds	338,488	-	-	338,488
Prepaid expense	40,803	-	1,474	42,277
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 1,207,279</u></u>	<u><u>\$ 289,687</u></u>	<u><u>\$ 42,288</u></u>	<u><u>\$ 1,539,254</u></u>
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 114,847	\$ 11,286	\$ 2,415	\$ 128,548
Due to other governments	24	11,483	-	11,507
Due to other funds	66,524	208,007	24,453	298,984
Deferred revenue	8,446	35,245	-	43,691
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>189,841</u>	<u>266,021</u>	<u>26,868</u>	<u>482,730</u>
 FUND BALANCE (DEFICIT)				
Nonspendable	40,803	-	1,474	42,277
Restricted	10,833	42,943	36,666	90,442
Assigned	783,602	5,912	-	789,514
Unassigned	182,200	(25,189)	(22,720)	134,291
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance (deficit)	<u>1,017,438</u>	<u>23,666</u>	<u>15,420</u>	<u>1,056,524</u>
 TOTAL LIABILITIES AND FUND BALANCE				
	<u><u>\$ 1,207,279</u></u>	<u><u>\$ 289,687</u></u>	<u><u>\$ 42,288</u></u>	<u><u>\$ 1,539,254</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, 2011**

Total fund balances - governmental funds		\$ 1,056,524
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		163,586
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		32,746
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Capital lease payable		(7,657)
Net OPEB obligation		(1,001)
		(8,658)
Net assets of governmental activities		\$ 1,244,198

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, 2011

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
REVENUES				
Local sources	\$ 95,198	\$ 9,749	\$ 72,034	\$ 176,981
State sources	1,205,594	405,695	779	1,612,068
Federal sources	111,050	779,740	-	890,790
Interest income	7,115	-	-	7,115
On-behalf payments	663,698	-	-	663,698
	<u>2,082,655</u>	<u>1,195,184</u>	<u>72,813</u>	<u>3,350,652</u>
Total revenues				
EXPENDITURES				
Instructional services:				
Salaries	761,585	509,340	17,906	1,288,831
Benefits	144,002	115,145	1,809	260,956
Purchased services	270,339	254,720	29,766	554,825
Supplies and materials	66,723	64,121	1,477	132,321
Other	3,208	-	8,234	11,442
Transfers - payments to other governmental units	66,000	167,987	-	233,987
On-behalf payments	663,698	-	-	663,698
Capital outlay	10,506	47,156	4,986	62,648
	<u>1,986,061</u>	<u>1,158,469</u>	<u>64,178</u>	<u>3,208,708</u>
Total expenditures				
Revenues over (under) expenditures	<u>96,594</u>	<u>36,715</u>	<u>8,635</u>	<u>141,944</u>
Other financing sources (uses)				
Transfers in	42,194	-	24,901	67,095
Transfers out	(67,095)	-	-	(67,095)
	<u>(24,901)</u>	<u>-</u>	<u>24,901</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balances	71,693	36,715	33,536	141,944
FUND BALANCE (DEFICIT),				
BEGINNING OF YEAR, AS RECLASSIFIED	<u>945,745</u>	<u>(13,049)</u>	<u>(18,116)</u>	<u>914,580</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,017,438</u>	<u>\$ 23,666</u>	<u>\$ 15,420</u>	<u>\$ 1,056,524</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, 2011

Net change in fund balances		\$ 141,944
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 62,872	
Depreciation expense	<u>(46,190)</u>	16,682
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to increase/decrease net assets:		
Disposals of capital assets		(798)
Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Reduction of fund deferred revenue		(74,620)
The issuance of long-term debt (e.g. leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:		
Repayment of capital lease payable		5,447
The increase in OPEB obligation resulting from annual required contributions in excess of the contributions do not require the use of current financial resources and, therefore, is not reported as expenditures in the funds.		
		<u>(1,001)</u>
Change in net assets of governmental activities		<u><u>\$ 87,654</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, 2011

	Business-type Activities Enterprise Fund
	Paper Bid
Assets	
Current assets	
Due from other governments	\$ 39,504
Total current assets	39,504
Total Assets	39,504
Liabilities	
Due to other funds	39,504
Total Liabilities	39,504
Net Assets	
Unrestricted	\$ -

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

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
For the Year Ended June 30, 2011

	Business-type Activities <u>Enterprise Fund</u>
	<u>Paper Bid</u>
Operating revenues	
Local sources	\$ 128,273
Operating expenses	
Supplies and materials	<u>128,273</u>
Change in net assets	<u>-</u>
Net Assets, Beginning of year	<u>-</u>
Net Assets, End of year	<u><u>\$ -</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 CASH FLOWS
For the Year Ended June 30, 2011

	Business-type Activities Enterprise Fund
	Paper Bid
Cash Flows from Operating Activities:	
Receipts from customers	\$ 133,148
Payments to suppliers and providers of goods and services	(133,148)
Net cash used for operating activities	-
Net change in cash and cash equivalents	-
Cash and cash equivalents - Beginning of year	-
Cash and cash equivalents - End of year	\$ -
Reconciliation of operating income (loss) to net cash used for operating activities:	
Operating income (loss)	\$ -
Adjustments to reconcile operating income (loss) to net cash used for operating activities:	
(Increase)/decrease in assets:	
Due from other governments	4,875
Increase/(decrease) in liabilities:	
Due to other funds	(4,875)
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, 2011

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 312
Due from Illinois State Board of Education	21,359
Due from other governments	1,090,741
TOTAL ASSETS	\$ 1,112,412
 LIABILITIES	
Due to primary government	\$ 21,359
Due to other governments	1,091,053
TOTAL LIABILITIES	\$ 1,112,412

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, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

A. Reporting Entity – Continued

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

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

For the period ended June 30, 2011, 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.

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 60 days of the end of the current fiscal period. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements, but are recognized as current revenues in the government-wide financial statements. 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.

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. For unrestricted fund balances, assigned funds are used first, then unassigned, if any.

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.
- Interest Allocation – Accumulated interest earned on ROE funds from the Illinois Funds and local banks. The interest accumulated is to be allocated on a monthly basis to funds having cash balances.
- General Operating – Used to accumulate miscellaneous receipts used to support the day to day expenses of the ROE.
- Enterprise/Workshop – Used to account for revenues received from workshops held by the ROE.
- Prevention Social Marketing – Monies received through donations for use in marketing campaigns focused on issues related to student social issues.
- Regional Gifted – Gifted services range from student oriented programs like the Gifted Olympiads to professional development services such as the Gifted Program Coordinators' meeting.
- 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
- Education Careers Heightened Opportunity (ECHO) – Used to account for General State Aid monies received for the general operations of the alternative school.
- Regional Safe Schools – Used to account for General State Aid monies received for programs for disruptive students who are eligible for suspension or expulsion.

Education Fund - The Education Fund is used to account for and report the proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for specified purposes supporting education enhancement programs. The ROE's Education Fund accounts include the following:

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

- Social/Emotional Standards – Funds received to provide services to schools who have received a Social/Emotional Learning Standards Grant. These services include training for teacher teams, trainer fees, and workshop materials.
- 21st Century Community Learning Centers – Local funds received to administer the 21st Century Learning Center after school program.
- Family Violence – Registration fees from violence prevention workshops.
- Illinois Violence Prevention – Provides training costs and salary for a representative of the Family Violence Coordinating Council to represent the council at meetings in the nine county area of the 1st Circuit.
- Substance Abuse Prevention and Treatment Block Grant – The ROE is the administrative agent for the Department of Human Services funded In Touch program which supports prevention professionals trained to assist communities and schools with the knowledge and skills for effective alcohol, tobacco, and other drug prevention.
- McKinney Education for Homeless Children – This grant provides funds for providing information to schools, community members and government entities about the educational rights of homeless students.
- 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.
- Math Professional Development – Provides training for local math teachers using the Materials for Teaching Teachers (M2T2) training program.
- System of Support – Grant monies in this fund are used to provide professional development activities to schools that are on Illinois' Academic Watch List. To be on the list, students in the buildings have not made Adequate Yearly Progress for at least two years. The funding sources for this grant are Title I, Title II, and State appropriated monies.

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

- Title I Reading First Part B SEA Funds (Reading First) – This program is designed to provide professional development for teachers in schools participating in the Reading First program.
- 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, worker's compensation, supplies and materials, software, and professional development.
- Gifted Education – This program provides workshops and other professional development opportunities for teachers working in the area of gifted education.
- Partnership for College and Career Success – Funds that provide professional development connecting secondary and postsecondary educational elements for high schools in Franklin, Williamson, Jefferson, and Hamilton counties, as well as Pickneyville and Wayne City high schools with Rend Lake College.
- Education Jobs – Federal funds used to provide assistance to save or create education jobs for the 2010-2011 school year. Jobs funded under this program include those that provide educational and related services for early childhood, elementary, and secondary education.
- Title I ARRA School Improvement and Accountability – Federal funds used to work with first and second year schools in improvement status, to assist in data analysis, and support the implementation interventions of effective practices to improve student achievement.
- ROE/ISC Operations – Monies received from State sources to help support the day to day operating expenses of the ROE.

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 and report the proceeds of specific revenue sources that are restricted to expenditure for specified purposes other than debt service or capital projects. The ROE's nonmajor Special Revenue Funds include the following:

- Bus Driver Permit – Experienced drivers must take a two-hour refresher course annually, while all new drivers must take an eight-hour course in bus driver safety and first aid, prescribed by the Illinois State Board of Education and administered by the ROE.
- General Education Development (GED) – Illinois law requires the Regional Superintendent of Schools of each county/counties to administer the GED test. The GED tests are given once a month in each county.
- Institute – Used to account for examination, registration and renewal fees, and to defray expenses incidental to teacher's institutes, workshops, and professional meetings.

Proprietary

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

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

Fiduciary

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

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 CTE grant, Agriculture Education and Perkins grants. The systems’ governing board consists of the six superintendents and the ROE Superintendent who hires a system director, special population’s coordinator, and technical preparation director who oversees the compliance with the grants and distribution of grant allocations.
- School Facility Occupation Tax – The Regional Office receives proceeds generated through the school facility occupation tax. Within thirty days, the Regional Superintendent must disburse those proceeds that it receives that are collected by the Illinois Department of Revenue to each school district that has territory located in the county in which the tax was collected. The proceeds must be disbursed on an enrollment basis and allocated based upon the number of each school district’s resident pupils that reside within the county collecting the tax divided by the total number of students for all school districts within the county.

D. Budgetary Data

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

Regional Safe Schools	TAOEP
ECHO	Reading First
Social/Emotional Standards	Title III Tech Prep
Illinois Violence Prevention	Vocational Ed Tech Prep
Substance Abuse Prevention and Treatment Block Grant	Gifted Education
McKinney Education for Homeless Children	Partnership for College and Career Success
	Title I ARRA School Improvement and Accountability
	ROE/ISC Operations

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Budgetary Data - Continued

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

E. Cash and Cash Equivalents

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

F. Investments

Investments are stated at fair value using quoted market prices at June 30, 2011.

G. Due From Other Governments

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

H. Capital Assets

Capital assets, which include buildings and furniture and equipment, are reported in the applicable governmental column in the government-wide financial statements.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

H. Capital Assets - Continued

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

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

I. Accrued Absences

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

J. Fund Equity

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

Invested in capital assets, 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) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. None of the restricted net assets result from enabling legislation adopted by the ROE.

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

Fund balance is the difference between assets and liabilities in a Governmental Fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

Nonspendable – the portion of a Governmental Fund’s fund balance that is not available to be spent, either short term or long term, in either form or through legal restrictions. The nonspendable fund balance reported is nonspendable in form for prepaid expenses.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

J. Fund Equity - Continued

Restricted – the portion of a Governmental Fund’s fund balance that is subject to external enforceable legal restrictions. The following accounts fund balances are restricted by grant agreements or contracts: ECHO, Social/Emotional Standards, System of Support, Bus Driver Permit, and Institute.

Committed – the portion of a Governmental Fund’s fund balance with self-imposed constraints or limitations that have been placed at the highest level of decision making. There are no accounts presenting a committed fund balance.

Assigned – the portion of a Governmental Fund’s fund balance to denote an intended use of resources. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following accounts comprise assigned fund balance:

- Prevention Social Marketing – assigned for marketing campaigns relating to student social issues
- ECHO – assigned to operate, maintain, and support the functions related to educational services for Project ECHO
- Regional Safe Schools – assigned to operate, maintain, and support the functions related to educational services for STAR Quest Academy Regional Safe School Program
- 21st Century Community Learning Centers – assigned to help administer the 21st Century Learning Center after school program
- Regional Gifted – assigned to provide student oriented programs and professional development services
- Williamson County Film Library – assigned to cover salary and travel expenses for the media assistant
- New Principal Mentoring Program – assigned to provide for the selection and training of experienced principals to serve as mentors for new principals

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

J. Fund Equity - Continued

Unassigned – available expendable financial resources in a Governmental Fund that are not designated for a specified purpose. The unassigned fund balance is made up of the following accounts: County Budget, Interest Allocation, General Operating, Enterprise/Workshop, Illinois Violence Prevention, Substance Abuse Prevention & Treatment Block Grant, McKinney Education for Homeless Children, Education Jobs, ROE/ISC Operations, General Education Development, Certification, and Network Internet.

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, 2011.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes a hierarchy of fund balance classifications based primarily on the extent to which a government is bound to observe spending constraints upon how resources reported in governmental funds may be used, thereby improving this information by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types.

GASB Statement No. 59, *Financial Instruments Omnibus*, which is intended to improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This statement provides more complete information, by improving consistency of measurements, and provides clarifications of existing standards. This standard had no effect on the ROE's financial 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. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is intended to improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. This Statement intends to provide more consistent application of applicable guidance in financial statements of state and local governments. This standard had no effect on the ROE's financial statements.

M. Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

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

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. 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.

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.

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

2. DEPOSITS AND INVESTMENTS - Continued

Investments – Continued

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The ROE invests solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2. The ROE limits its interest rate risk by investing solely in the Illinois Funds (the Fund). 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.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The ROE limits its credit risk by investing solely in the Illinois Funds.

3. COMMON BANK ACCOUNT

Separate bank accounts are not maintained for all ROE 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, 2011 is as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Furniture and equipment	\$ 523,629	\$ 62,872	\$ 10,025	\$ 576,476
Building	<u>47,000</u>	<u>-</u>	<u>-</u>	<u>47,000</u>
Total capital assets	<u>570,629</u>	<u>62,872</u>	<u>10,025</u>	<u>623,476</u>
Less accumulated depreciation for:				
Furniture and equipment	410,002	45,015	9,227	445,790
Building	<u>12,925</u>	<u>1,175</u>	<u>-</u>	<u>14,100</u>
Total accumulated depreciation	<u>422,927</u>	<u>46,190</u>	<u>9,227</u>	<u>459,890</u>
Total capital assets, net of accumulated depreciation	<u>\$ 147,702</u>	<u>\$ 16,682</u>	<u>\$ 798</u>	<u>\$ 163,586</u>

Depreciation was charged to the Instructional Services activity.

5. EMPLOYEE'S RETIREMENT PLANS

The ROE 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 nonannuitants 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.

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

5. EMPLOYEE'S RETIREMENT PLANS – Continued

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

TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains the primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration. TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2011 was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contribution service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2010 and 2009.

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, 2011, State of Illinois contributions were based on 23.10 percent of creditable earnings not paid from federal funds, and the ROE recognized revenue and expenditures of \$261,778 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2010 and June 30, 2009, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.38 percent (\$253,200) and 17.08 percent (\$190,439), respectively.

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

- 2.2 Formula Contributions
Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2011 were \$5,462. Contributions for the years ending June 30, 2010 and June 30, 2009 were \$5,171 and \$5,357, respectively.

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

5. EMPLOYEE'S RETIREMENT PLANS – Continued

A. Teachers' Retirement System of the State of Illinois (TRS) – 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 paid from federal and special trust funds will be the same as the State contribution rate to TRS.

For the year ended June 30, 2011, the employer pension contribution was 23.10 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2010 and 2009, the employer pension contribution was 23.38 and 17.08 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2011, salaries totaling \$145,046 were paid from federal and special trust funds that required employer contributions of \$33,506. For the years ended June 30, 2010 and June 30, 2009, required ROE contributions were \$19,163 and \$19,059, respectively.

• Early Retirement Option (ERO)

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

The maximum employer ERO contribution is 117.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2011, the ROE paid no amounts to TRS for employer contributions under the ERO program. For the years ended June 30, 2010 and June 30, 2009, the ROE paid \$0 and \$0 in employer ERO contributions, respectively.

New Employer Contributions –

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

• Salary increases over 6 percent

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

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

5. EMPLOYEE'S RETIREMENT PLANS – Continued

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

For the year ended June 30, 2011, the ROE paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2010 and June 30, 2009, the ROE paid \$0 and \$0 to TRS for employer contributions due on salary increases in excess of 6 percent, respectively.

- Sick leave in excess of normal allotment

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.03 percent of pay during the year ended June 30, 2011, as recertified pursuant to Public Act 96-1511).

For the year ended June 30, 2011, the ROE paid \$0 to TRS for sick leave days granted in excess of the normal annual allotment. For the years ended June 30, 2010 and June 30, 2009, 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, 2010. The report for the year ended June 30, 2011, is expected to be available in late 2011. 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 <http://trs.illinois.gov>.

B. Illinois Municipal Retirement Fund

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

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

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after 10 years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

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 2010 was 9.57 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 2010, the ROE’s annual pension cost of \$35,677 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
12/31/10	\$ 35,677	100%	\$0
12/31/09	3,434	100%	0
12/31/08	7,429	100%	0

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

5. EMPLOYEE’S RETIREMENT PLANS – Continued

B. Illinois Municipal Retirement Fund – Continued

The required contribution for 2010 was determined as part of the December 31, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, included (a) 7.50 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 to 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 regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial and market value of assets. The ROE’s regular plan’s unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 10 year basis.

Funding Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the plan was 91.80 percent funded. The actuarial accrued liability for benefits was \$917,426 and the actuarial value of assets was \$842,195, resulting in an underfunded actuarial accrued liability (UAAL) of \$75,231. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$372,796 and the ratio of the UAAL to the covered payroll was 20.18 percent.

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

6. INTERFUND RECEIVABLES/PAYABLES

Funds periodically borrow from other funds to cover temporary cash shortages. These loans are usually paid in full within a few months. No interest is charged on the loans outstanding. Following is a summary of the outstanding amounts due from (to) other funds as of June 30, 2011:

	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
General Fund	\$ 338,488	\$ 66,524
Education Fund	-	208,007
Non-major Special Revenue Funds	-	24,453
Paper Bid Fund	-	39,504
Total	<u>\$ 338,488</u>	<u>\$ 338,488</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, 2011 follows:

General Fund:	
Illinois State Board of Education	\$ 50,646
MAN-TRA-Con Corp. (DCEO)	<u>45,524</u>
Total General Fund	<u>96,170</u>
Education Fund:	
Illinois State Board of Education	131,234
Illinois Department of Human Services	36,834
ROE #2	11,286
ROE # 30	<u>40,998</u>
Total Education Fund	<u>220,352</u>
Nonmajor Special Revenue Fund:	
ROE # 2	192
ROE # 12	420
ROE # 20	2,420
ROE # 30	<u>346</u>
Total Nonmajor Special Revenue Fund	<u>3,378</u>
Enterprise Fund:	
School Districts	<u>\$ 39,504</u>
Agency Funds:	
Illinois State Board of Education	21,359
Illinois Department of Revenue	<u>1,090,741</u>
Total	<u>1,112,100</u>
Total	<u>\$ 1,471,504</u>

A summary of amounts due to other governments from general, special revenue, and agency funds at June 30, 2011 follows:

General Fund:	
Illinois State Board of Education	\$ 1
United States Department of Education	11
Illinois Violence Prevention Authority	<u>12</u>
Total General Fund	<u>24</u>

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

7. DUE TO/FROM OTHER GOVERNMENTS – Continued

Education Fund:	
Illinois Violence Prevention Authority	\$ 9,283
School Districts	<u>2,200</u>
Total Education Fund	<u>11,483</u>
Agency Fund:	
Primary government (ROE #21)	21,359
School Districts	<u>1,091,053</u>
Total Agency Fund	<u>1,112,412</u>
Total	<u>\$ 1,123,919</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, 2011:

Education Fund:	
Illinois Violence Prevention	\$ 998
Substance Abuse Prevention & Treatment Block Grant	1
McKinney Education for Homeless Children	2,090
Education Jobs	17,118
ROE/ISC Operations	4,982
Nonmajor Special Revenue Funds:	
General Education Development	19,634
Institute Fund:	
Certification	1,234
Network Internet	378

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

10. ON-BEHALF SALARIES AND BENEFITS

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

Regional Superintendent salary	\$ 100,762
Regional Superintendent benefits (Includes State paid insurance)	13,843
Assistant Regional Superintendent salary	90,686
Assistant Regional Superintendent benefits	<u>24,321</u>
 Total	 <u>\$ 229,612</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, 2011, were as follows:

Salaries	\$ 153,176
Benefits	<u>10,844</u>
Total	<u>\$ 164,020</u>

These awards are included in the financial statements of the General Fund as on-behalf payments. In addition to the \$229,612 and \$164,020 above, on-behalf payments include \$261,778 for TRS contributions for the Regional Superintendent, Assistant Regional Superintendent and other employees and \$8,288 for THIS Fund contributions, for a total of \$663,698 for the year ended June 30, 2011.

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 Project ECHO and S.T.A.R. Quest location, and office equipment during the fiscal year. Future minimum rental payments under noncancellable operating leases are as follows:

2012	\$ 40,961
2013	39,594
2014	37,680
2015	18,000
2016	18,000
2017 – 2019	<u>54,000</u>
Total	<u>\$ 208,235</u>

Rent expense for the year ended June 30, 2011 was \$49,246.

12. INTERFUND TRANSFERS

During the year ended June 30, 2011, the following interfund transfers occurred:

	<u>Transfer In</u>	<u>Transfers out</u>
General Fund:		
Computer Maintenance	\$ 42,194	\$ -
ECHO	<u>-</u>	<u>67,095</u>
Total General Fund	<u>42,194</u>	<u>67,095</u>
Non-major Special Revenue Fund:		
Network Internet	<u>24,901</u>	<u>-</u>
Total Non-major Special Revenue Fund	<u>24,901</u>	<u>-</u>
Total	<u>\$ 67,095</u>	<u>\$ 67,095</u>

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

13. OTHER POSTEMPLOYMENT BENEFITS

The Regional Office of Education No. 21 participates in two retirement systems that provide postemployment benefits to annuitants: The Illinois Municipal Retirement Fund (IMRF) and the Teachers’ Retirement System of the State of Illinois (TRS).

A. Illinois Municipal Retirement Fund

Plan Description

In addition to providing the pension benefits described, the ROE provides postemployment health care benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the ROE and can be amended by the ROE through its personnel manual, except for the implicit subsidy which is governed by the State Legislature and ILCS. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the ROE’s governmental funds.

Benefits Provided

The ROE provides continued health insurance coverage at the blended employer rate to all eligible retirees in accordance with ILCS, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under the ROE’s retirement plan. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan, but can purchase a Medicare supplement plan from the ROE’s insurance provider.

Membership

At June 30, 2011, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	-
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Active Employees	<u>10</u>
 TOTAL	 <u><u>10</u></u>
 Participating Employers	 <u><u>1</u></u>

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

13. OTHER POSTEMPLOYMENT BENEFITS – Continued

A. Illinois Municipal Retirement Fund – Continued

Funding Policy

The ROE is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

Annual OPEB Costs and Net OPEB Obligation

The ROE first had an actuarial valuation performed for the plan as of June 30, 2011 to determine the funded status of the plan as of that date as well as the employer’s annual required contribution (ARC) for the fiscal year ended June 30, 2011. The ROE’s annual OPEB cost (expense) of \$1,001 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of July 1, 2010. The ROE’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2011 was as follows (information for the two preceding years is not available as an actuarial valuation was performed for the first time as of June 30, 2011):

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 1,001	\$ -	0%	\$ 1,001

The net OPEB obligation as of June 30, 2011, was calculated as follows:

Annual Required Contribution	\$ 1,001
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB Cost	1,001
Contributions Made	-
Increase in Net OPEB Obligation	1,001
Net OPEB Obligation Beginning of Year	-
NET OPEB OBLIGATION END OF YEAR	\$ 1,001

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

13. OTHER POSTEMPLOYMENT BENEFITS – Continued

A. Illinois Municipal Retirement Fund – Continued

Annual OPEB Costs and Net OPEB Obligation – Continued

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2011, was as follows:

Actuarial Accrued Liability (AAL)	\$	7,612
Actuarial Value of Plan Assets		-
Unfunded Actuarial Accrued Liability (UAAL)		7,612
Funded Ratio (Actuarial Value of Plan Assets/AAL)		0.0%
Covered Payroll (Active Plan Members)	\$	347,674
UAAL as a Percentage of Covered Payroll		2.19%

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2011, actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a discount rate of 5.00% and an initial healthcare cost trend rate of 8.00% with an ultimate healthcare inflation rate of 6.00%. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the ROE has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2011 was 30 years.

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

13. OTHER POSTEMPLOYMENT BENEFITS – Continued

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

THIS Fund Employer Contributions

The ROE participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the State administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. The director of HFS determines the rates and premiums for annuitants and dependent beneficiaries and establishes the cost-sharing parameters. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the state to make contributions to THIS.

The percentage of employer required contributions in the future will be determined by the director of Healthcare and Family Services and will not exceed 105 percent of the percentage of salary actually required to be paid the previous fiscal year.

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

- On Behalf Contributions

The State of Illinois makes employer retiree health insurance contributions on behalf of the ROE. State contributions are intended to match contributions to THIS Fund from active members which were 0.88 percent of pay during the year ended June 30, 2011. State of Illinois contributions were \$8,288 and the ROE recognized revenue and expenditures of this amount during the year.

Had the ROE recognized revenue and expenditures for State contributions intended to match active member contributions during the years ended June 30, 2010 and June 30, 2009, under current standards, the contributions match would have been 0.84 percent of pay or \$9,097 and \$9,366, respectively.

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

13. OTHER POSTEMPLOYMENT BENEFITS – Continued

B. Teachers' Retirement System of the State of Illinois (TRS) – Continued

THIS Fund Employer Contributions - Continued

• Employer Contributions

The ROE also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the year ended June 30, 2011. The employer contribution was 0.63 percent during the years ended June 30, 2010, and June 30, 2009. For the year ended June 30, 2011, the ROE paid \$6,216 to THIS Fund. For the years ended June 30, 2010 and June 30, 2009, the ROE paid \$6,823 and \$7,024, respectively, which was 100 percent of the required contribution.

The publicly available financial report of the THIS Fund may be obtained by writing to the Department of Healthcare and Family Services, 201 S. Grand Ave., Springfield, IL 62763-3838.

14. LONG-TERM DEBT

Capital Leases

The ROE is obligated under an equipment lease accounted for as a capital lease. The leased asset (telephone system) and related obligation are accounted for as governmental activities. The asset under the capital lease net of depreciation totaled \$44,703 at June 30, 2011. Payments on the leased equipment were made from the Network Internet account within the Institute Fund used to record network administrator fees and E-rate telephone payments received and were not made from teacher registration or certification fees. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments at June 30, 2011:

Year ended June 30,	
2012	7,295
2013	1,216
Future minimum lease payments	<u>8,511</u>
Less: Amount representing interest	<u>854</u>
Present value of minimum lease payments	<u>\$ 7,657</u>

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

15. RECLASSIFICATION

As shown in the following table, the financial statements of the ROE have been reclassified as of June 30, 2010 for the implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Regional Gifted, Williamson County Film Library, ECHO, and Regional Safe Schools were presented as accounts of the Education Fund, a special revenue fund, in previous years but were reclassified to General Fund based upon criteria of GASB Statement No. 54. ROE/ISC operations was presented as an account of the General Fund in previous years but was reclassified to the Education Fund based upon criteria of GASB Statement No. 54.

	<u>General Fund</u>	<u>Education Fund</u>
Fund balance, June 30, 2010, as previously reported	\$ 133,039	\$ 799,657
Implementation of GASB Statement No. 54	<u>812,706</u>	<u>(812,706)</u>
Fund balance, June 30, 2010, as reclassified	<u>\$ 945,745</u>	<u>\$ (13,049)</u>

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

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
June 30, 2011

(Unaudited - See Accompanying Independent Auditors' Report)

ILLINOIS MUNICIPAL RETIREMENT FUND

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2010	\$ 842,195	\$ 917,426	\$ 75,231	91.80%	\$ 372,796	20.18 %
12/31/2009	849,230	916,687	67,457	92.64%	385,884	17.48 %
12/31/2008	810,531	817,331	6,800	99.17%	337,676	2.01 %
12/31/2007	860,985	744,713	(116,272)	115.61%	309,872	(37.52)%
12/31/2006	758,041	680,530	(77,511)	111.39%	392,728	(19.74)%
12/31/2005	675,969	737,133	61,164	91.70%	444,004	13.78 %

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$884,589. On a market basis, the funded ratio would be 96.42%.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

June 30, 2011

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
12/31/10	\$ 35,677	\$ 35,677	100.00%
12/31/09	3,434	3,434	100.00%
12/31/08	7,429	7,429	100.00%
12/31/07	32,908	32,908	100.00%
12/31/06	46,381	46,381	100.00%
12/31/05	54,968	54,968	100.00%

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

June 30, 2011

<u>Actuarial Valuation Date</u>	<u>(1) Actuarial Value of Assets</u>	<u>(2) Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>(3) Funded Ratio (1) / (2)</u>	<u>(4) Unfunded (Overfunded) AAL (UAAL) (2) - (1)</u>	<u>(5) Covered Payroll</u>	<u>UAAL (Overfunded) As a Percentage of Covered Payroll (4) / (5)</u>
6/30/11	\$ -	\$ 7,612	0.00%	\$ 7,612	\$ 347,674	2.19%

The ROE implemented GASB Statement No. 45 for the fiscal year ended June 30, 2011.

Information for prior years is not available.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN

June 30, 2011

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
6/30/11	\$ -	\$ 1,001	0.00%

The ROE implemented GASB Statement No. 45 for the fiscal year ended June 30, 2011.

Information for prior years is not available.

SUPPLEMENTAL INFORMATION

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

GENERAL FUND
COMBINING SCHEDULE OF ACCOUNTS
June 30, 2011

	Computer Maintenance	County Budget	Interest Allocation	General Operating	Enterprise/ Workshop	Prevention Social Marketing	Regional Gifted	Williamson County Film Library	ECHO	Regional Safe Schools	Total
ASSETS											
Cash and cash equivalents	\$ -	\$ 152	\$ 16,757	\$ 101,449	\$ 63,688	\$ 2,893	\$ 4,188	\$ 17,088	\$ 279,317	\$ 233,933	\$ 719,465
Accounts receivable	-	-	-	1,468	446	-	-	-	10,439	-	12,353
Due from Illinois State Board of Education	-	-	-	-	-	-	-	-	-	50,646	50,646
Due from other governments	-	-	-	-	-	-	-	-	45,524	-	45,524
Due from other funds	-	-	-	10	-	-	-	-	338,478	-	338,488
Prepaid expense	-	-	-	9,847	50	-	-	-	21,006	9,900	40,803
TOTAL ASSETS	\$ -	\$ 152	\$ 16,757	\$ 112,774	\$ 64,184	\$ 2,893	\$ 4,188	\$ 17,088	\$ 694,764	\$ 294,479	\$ 1,207,279
LIABILITIES AND FUND BALANCE											
Liabilities											
Accounts payable	\$ -	\$ -	\$ -	\$ 1,441	\$ 305	\$ -	\$ -	\$ -	\$ 101,957	\$ 11,144	\$ 114,847
Due to other governments	-	-	24	-	-	-	-	-	-	-	24
Due to other funds	-	-	-	-	-	-	-	-	15,522	51,002	66,524
Deferred revenue	-	-	-	-	-	-	-	-	-	8,446	8,446
Total Liabilities	-	-	24	1,441	305	-	-	-	117,479	70,592	189,841
Fund Balance											
Nonspendable	-	-	-	9,847	50	-	-	-	21,006	9,900	40,803
Restricted	-	-	-	-	-	-	-	-	10,833	-	10,833
Assigned	-	-	-	-	-	2,893	4,188	17,088	545,446	213,987	783,602
Unassigned	-	152	16,733	101,486	63,829	-	-	-	-	-	182,200
Total Fund Balance	-	152	16,733	111,333	63,879	2,893	4,188	17,088	577,285	223,887	1,017,438
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ 152	\$ 16,757	\$ 112,774	\$ 64,184	\$ 2,893	\$ 4,188	\$ 17,088	\$ 694,764	\$ 294,479	\$ 1,207,279

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, 2011

	Computer Maintenance	County Budget	Interest Allocation	General Operating	Enterprise/ Workshop	Prevention Social Marketing	Regional Gifted	Williamson County Film Library	ECHO	Regional Safe Schools	Total
REVENUES											
Local sources	\$ -	\$ -	\$ -	\$ 38,978	\$ 22,932	\$ 4,000	\$ -	\$ -	\$ 29,288	\$ -	\$ 95,198
State sources	-	-	-	-	-	-	-	-	975,510	230,084	1,205,594
Federal sources	-	-	-	-	-	-	-	-	111,050	-	111,050
Interest income	-	-	2,160	4,955	-	-	-	-	-	-	7,115
On-behalf payments	-	172,308	-	491,390	-	-	-	-	-	-	663,698
Total revenues	-	172,308	2,160	535,323	22,932	4,000	-	-	1,115,848	230,084	2,082,655
EXPENDITURES											
Salaries	9,167	-	-	-	-	-	-	-	657,964	94,454	761,585
Benefits	1,578	-	-	-	-	-	-	-	123,687	18,737	144,002
Purchased services	923	-	230	37,443	3,435	1,107	-	-	194,803	32,398	270,339
Supplies and materials	-	-	-	1,245	23,025	-	-	-	39,353	3,100	66,723
Other	-	-	-	-	-	-	3,208	-	-	-	3,208
Capital outlay	-	-	-	2,160	-	-	-	-	8,346	-	10,506
Transfers - payments to other governmental units	-	-	-	-	-	-	-	-	66,000	-	66,000
On-behalf payments	-	172,308	-	491,390	-	-	-	-	-	-	663,698
Total expenditures	11,668	172,308	230	532,238	26,460	1,107	3,208	-	1,090,153	148,689	1,986,061
Revenues over (under) expenditures	(11,668)	-	1,930	3,085	(3,528)	2,893	(3,208)	-	25,695	81,395	96,594
Other financing sources (uses)											
Transfers in	42,194	-	-	-	-	-	-	-	-	-	42,194
Transfers out	-	-	-	-	-	-	-	-	(67,095)	-	(67,095)
Total other financing sources (uses)	42,194	-	-	-	-	-	-	-	(67,095)	-	(24,901)
Net change in fund balances	30,526	-	1,930	3,085	(3,528)	2,893	(3,208)	-	(41,400)	81,395	71,693
FUND BALANCE (DEFICIT), BEGINNING OF YEAR, AS RECLASSIFIED	(30,526)	152	14,803	108,248	67,407	-	7,396	17,088	618,685	142,492	945,745
FUND BALANCE, END OF YEAR	\$ -	\$ 152	\$ 16,733	\$ 111,333	\$ 63,879	\$ 2,893	\$ 4,188	\$ 17,088	\$ 577,285	\$ 223,887	\$ 1,017,438

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
ECHO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Local sources	\$ -	\$ -	\$ 29,288	\$ 29,288
State sources	-	-	975,510	975,510
Federal sources	<u>80,089</u>	<u>80,089</u>	<u>111,050</u>	<u>30,961</u>
Total revenues	<u>80,089</u>	<u>80,089</u>	<u>1,115,848</u>	<u>1,035,759</u>
EXPENDITURES				
Salaries	61,119	61,119	657,964	(596,845)
Benefits	14,152	14,152	123,687	(109,535)
Purchased services	1,200	1,200	194,803	(193,603)
Supplies and materials	3,618	3,618	39,353	(35,735)
Capital outlay	-	-	8,346	(8,346)
Transfers - payments to other governmental units	<u>-</u>	<u>-</u>	<u>66,000</u>	<u>(66,000)</u>
Total expenditures	<u>80,089</u>	<u>80,089</u>	<u>1,090,153</u>	<u>(1,010,064)</u>
Other financing (uses)				
Transfers out	<u>-</u>	<u>-</u>	<u>(67,095)</u>	<u>(67,095)</u>
Total other financing (uses)	<u>-</u>	<u>-</u>	<u>(67,095)</u>	<u>(67,095)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(41,400)	<u>\$ (41,400)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>618,685</u>	
FUND BALANCE, END OF YEAR			<u>\$ 577,285</u>	

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
REGIONAL SAFE SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
State sources	<u>\$ 92,846</u>	<u>\$ 92,846</u>	<u>\$ 230,084</u>	<u>\$ 137,238</u>
Total revenues	<u>92,846</u>	<u>92,846</u>	<u>230,084</u>	<u>137,238</u>
EXPENDITURES				
Salaries	76,426	76,426	94,454	(18,028)
Benefits	12,828	12,828	18,737	(5,909)
Purchased services	2,637	2,637	32,398	(29,761)
Supplies and materials	<u>955</u>	<u>955</u>	<u>3,100</u>	<u>(2,145)</u>
Total expenditures	<u>92,846</u>	<u>92,846</u>	<u>148,689</u>	<u>(55,843)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	81,395	<u>\$ 81,395</u>
FUND BALANCE, BEGINNING OF YEAR			<u>142,492</u>	
FUND BALANCE, END OF YEAR			<u>\$ 223,887</u>	

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
June 30, 2011

	Social/ Emotional Standards	21st Century Community Learning Centers	Family Violence	Illinois Violence Prevention	Substance Abuse Prevention & Treatment Block Grant	McKinney Education for Homeless Children	TAOEP
ASSETS							
Cash and cash equivalents	\$ 10,372	\$ 544	\$ 10	\$ 7,273	\$ -	\$ 110	\$ -
Accounts receivable	-	-	-	-	-	-	-
Due from Illinois State Board of Education	-	-	-	-	-	6,340	-
Due from other governments	-	-	-	-	36,834	-	40,998
Total Assets	\$ 10,372	\$ 544	\$ 10	\$ 7,273	\$ 36,834	\$ 6,450	\$ 40,998
LIABILITIES AND FUND BALANCE							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	9,283	-	-	-	-	2,200	-
Due to other funds	-	-	10	998	36,835	4,140	40,998
Deferred revenue	-	-	-	7,273	-	2,200	-
Total Liabilities	9,283	-	10	8,271	36,835	8,540	40,998
Fund Balance							
Restricted	1,089	-	-	-	-	-	-
Assigned	-	544	-	-	-	-	-
Unassigned	-	-	-	(998)	(1)	(2,090)	-
Total Fund Balance	1,089	544	-	(998)	(1)	(2,090)	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 10,372	\$ 544	\$ 10	\$ 7,273	\$ 36,834	\$ 6,450	\$ 40,998

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
June 30, 2011

	<u>Math Professional Development</u>	<u>System of Support</u>	<u>Reading First</u>	<u>New Principal Mentoring Program</u>	<u>Title III Tech Prep</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ 43,639	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	5,500	-
Due from Illinois State Board of Education	-	-	-	-	-
Due from other governments	-	11,286	-	-	-
	<u>-</u>	<u>11,286</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ -</u>	<u>\$ 54,925</u>	<u>\$ -</u>	<u>\$ 5,500</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ -	\$ 11,286	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	132	-
Deferred revenue	-	1,785	-	-	-
	<u>-</u>	<u>1,785</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>13,071</u>	<u>-</u>	<u>132</u>	<u>-</u>
Fund Balance					
Restricted	-	41,854	-	-	-
Assigned	-	-	-	5,368	-
Unassigned	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>-</u>	<u>41,854</u>	<u>-</u>	<u>5,368</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ 54,925</u>	<u>\$ -</u>	<u>\$ 5,500</u>	<u>\$ -</u>

(Continued)

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
EDUCATION FUND
COMBINING SCHEDULE OF ACCOUNTS
June 30, 2011

	Vocational Ed Tech Prep	Gifted Education	Partnership for College and Career Success	Education Jobs	Title I ARRA School Improvement and Accountability	ROE/ISC Operations	Total
ASSETS							
Cash and cash equivalents	\$ 1,887	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,835
Accounts receivable	-	-	-	-	-	-	5,500
Due from Illinois State Board of Education	-	-	-	17,118	78,400	29,376	131,234
Due from other governments	-	-	-	-	-	-	89,118
Total Assets	\$ 1,887	\$ -	\$ -	\$ 17,118	\$ 78,400	\$ 29,376	\$ 289,687
LIABILITIES AND FUND BALANCE							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,286
Due to other governments	-	-	-	-	-	-	11,483
Due to other funds	-	-	-	17,118	78,400	29,376	208,007
Deferred revenue	1,887	-	-	17,118	-	4,982	35,245
Total Liabilities	1,887	-	-	34,236	78,400	34,358	266,021
Fund Balance							
Restricted	-	-	-	-	-	-	42,943
Assigned	-	-	-	-	-	-	5,912
Unassigned	-	-	-	(17,118)	-	(4,982)	(25,189)
Total Fund Balance	-	-	-	(17,118)	-	(4,982)	23,666
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,887	\$ -	\$ -	\$ 17,118	\$ 78,400	\$ 29,376	\$ 289,687

(Concluded)

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, 2011

	Social/ Emotional Standards	21st Century Community Learning Centers	Family Violence	Illinois Violence Prevention	Substance Abuse Prevention & Treatment Block Grant	McKinney Education for Homeless Children	TAOEP
REVENUES							
Local sources	\$ -	\$ 34	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	72,593	-	-	21,109	58,762	-	55,583
Federal sources	-	-	-	-	85,252	194,144	-
Total revenues	<u>72,593</u>	<u>34</u>	<u>-</u>	<u>21,109</u>	<u>144,014</u>	<u>194,144</u>	<u>55,583</u>
EXPENDITURES							
Salaries	34,136	-	-	12,595	110,085	39,500	30,900
Benefits	4,769	-	-	964	19,400	18,504	4,950
Purchased services	33,620	2,481	80	6,561	13,434	11,888	5,121
Supplies and materials	979	-	-	1,249	1,096	5,882	27
Capital outlay	-	-	-	1,127	-	804	-
Other	-	-	-	-	-	-	-
Transfers - payments to other governmental units	-	-	-	-	-	119,766	-
Total expenditures	<u>73,504</u>	<u>2,481</u>	<u>80</u>	<u>22,496</u>	<u>144,015</u>	<u>196,344</u>	<u>40,998</u>
Net change in fund balances	(911)	(2,447)	(80)	(1,387)	(1)	(2,200)	14,585
FUND BALANCE (DEFICIT), BEGINNING OF YEAR, AS RECLASSIFIED	<u>2,000</u>	<u>2,991</u>	<u>80</u>	<u>389</u>	<u>-</u>	<u>110</u>	<u>(14,585)</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 1,089</u>	<u>\$ 544</u>	<u>\$ -</u>	<u>\$ (998)</u>	<u>\$ (1)</u>	<u>\$ (2,090)</u>	<u>\$ -</u>

(Continued)

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, 2011

	Math Professional Development	System of Support	Reading First	New Principal Mentoring Program	Title III Tech Prep
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ 9,715	\$ -
State sources	-	-	-	-	-
Federal sources	-	91,572	36,941	-	66,540
Total revenues	-	91,572	36,941	9,715	66,540
EXPENDITURES					
Salaries	-	24,438	1,500	-	7,280
Benefits	-	9,289	198	-	1,288
Purchased services	3,685	17,624	3,509	8,732	17,126
Supplies and materials	-	604	12,051	-	8,956
Capital outlay	-	-	-	-	31,890
Other	-	-	-	-	-
Transfers - payments to other governmental units	-	28,538	19,683	-	-
Total expenditures	3,685	80,493	36,941	8,732	66,540
Net change in fund balances	(3,685)	11,079	-	983	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR, AS RECLASSIFIED	3,685	30,775	-	4,385	-
FUND BALANCE (DEFICIT), END OF YEAR	\$ -	\$ 41,854	\$ -	\$ 5,368	\$ -

(Continued)

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, 2011

	Vocational Ed Tech Prep	Gifted Education	Partnership for College and Career Success	Education Jobs	Title I ARRA School Improvement and Accountability	ROE/ISC Operations	Total
REVENUES							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,749
State sources	102,884	13,949	-	-	-	80,815	405,695
Federal sources	-	-	25,000	80,291	200,000	-	779,740
Total revenues	102,884	13,949	25,000	80,291	200,000	80,815	1,195,184
EXPENDITURES							
Salaries	61,188	7,242	-	79,604	83,140	17,732	509,340
Benefits	11,301	339	-	15,806	24,742	3,595	115,145
Purchased services	6,205	163	8,194	1,999	82,363	31,935	254,720
Supplies and materials	8,356	6,205	3,471	-	9,755	5,490	64,121
Capital outlay	-	-	13,335	-	-	-	47,156
Other	-	-	-	-	-	-	-
Transfers - payments to other governmental units	-	-	-	-	-	-	167,987
Total expenditures	87,050	13,949	25,000	97,409	200,000	58,752	1,158,469
Net change in fund balances	15,834	-	-	(17,118)	-	22,063	36,715
FUND BALANCE (DEFICIT), BEGINNING OF YEAR, AS RECLASSIFIED	(15,834)	-	-	-	-	(27,045)	(13,049)
FUND BALANCE (DEFICIT), END OF YEAR	\$ -	\$ -	\$ -	\$ (17,118)	\$ -	\$ (4,982)	\$ 23,666

(Concluded)

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
SOCIAL/EMOTIONAL STANDARDS
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
State sources	<u>\$ 118,010</u>	<u>\$ 72,593</u>	<u>\$ (45,417)</u>
Total revenues	<u>118,010</u>	<u>72,593</u>	<u>(45,417)</u>
 EXPENDITURES			
Salaries	61,626	34,136	27,490
Benefits	9,257	4,769	4,488
Purchased services	44,784	33,620	11,164
Supplies and materials	<u>2,343</u>	<u>979</u>	<u>1,364</u>
Total expenditures	<u>118,010</u>	<u>73,504</u>	<u>44,506</u>
Net change in fund balance	<u>\$ -</u>	<u>(911)</u>	<u>\$ (911)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>2,000</u>	
FUND BALANCE, END OF YEAR		<u>\$ 1,089</u>	

See accompanying Independent Auditors' Report.

**FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
ILLINOIS VIOLENCE PREVENTION
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
State sources	<u>\$ 19,500</u>	<u>\$ 21,109</u>	<u>\$ 1,609</u>
Total revenues	<u>19,500</u>	<u>21,109</u>	<u>1,609</u>
 EXPENDITURES			
Salaries	12,595	12,595	-
Benefits	1,306	964	342
Purchased services	5,300	6,561	(1,261)
Supplies and materials	299	1,249	(950)
Capital outlay	<u>-</u>	<u>1,127</u>	<u>(1,127)</u>
Total expenditures	<u>19,500</u>	<u>22,496</u>	<u>(2,996)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>(1,387)</u>	<u><u>\$ (1,387)</u></u>
 FUND BALANCE, BEGINNING OF YEAR		<u>389</u>	
FUND BALANCE (DEFICIT), END OF YEAR		<u><u>\$ (998)</u></u>	

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
State sources	\$ 58,762	\$ 58,762	\$ -
Federal sources	<u>85,252</u>	<u>85,252</u>	<u>-</u>
Total revenues	<u>144,014</u>	<u>144,014</u>	<u>-</u>
EXPENDITURES			
Salaries	110,085	110,085	-
Benefits	19,400	19,400	-
Purchased services	11,307	13,434	(2,127)
Supplies and materials	<u>3,222</u>	<u>1,096</u>	<u>2,126</u>
Total expenditures	<u>144,014</u>	<u>144,015</u>	<u>(1)</u>
Net change in fund balance	<u>\$ -</u>	(1)	<u>\$ (1)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>-</u>	
FUND BALANCE (DEFICIT), END OF YEAR		<u>\$ (1)</u>	

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
MCKINNEY EDUCATION FOR HOMELESS CHILDREN
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Federal sources	<u>\$ 348,609</u>	<u>\$ 194,144</u>	<u>\$ (154,465)</u>
Total revenues	<u>348,609</u>	<u>194,144</u>	<u>(154,465)</u>
 EXPENDITURES			
Salaries	49,500	39,500	10,000
Benefits	20,367	18,504	1,863
Purchased services	13,266	11,888	1,378
Supplies and materials	5,862	5,882	(20)
Capital outlay	700	804	(104)
Transfers - payments to other governmental units	<u>258,914</u>	<u>119,766</u>	<u>139,148</u>
Total expenditures	<u>348,609</u>	<u>196,344</u>	<u>152,265</u>
Net change in fund balance	<u>\$ -</u>	<u>(2,200)</u>	<u>\$ (2,200)</u>
 FUND BALANCE, BEGINNING OF YEAR		<u>110</u>	
 FUND BALANCE (DEFICIT), END OF YEAR		<u>\$ (2,090)</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, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
State sources	<u>\$ 40,998</u>	<u>\$ 55,583</u>	<u>\$ 14,585</u>
Total revenues	<u>40,998</u>	<u>55,583</u>	<u>14,585</u>
 EXPENDITURES			
Salaries	30,900	30,900	-
Benefits	4,301	4,950	(649)
Purchased services	4,797	5,121	(324)
Supplies and materials	<u>1,000</u>	<u>27</u>	<u>973</u>
Total expenditures	<u>40,998</u>	<u>40,998</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	14,585	<u>\$ 14,585</u>
 FUND BALANCE (DEFICIT), BEGINNING OF YEAR		<u>(14,585)</u>	
 FUND BALANCE , END OF YEAR		<u>\$ -</u>	

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
READING FIRST
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2011

	Budget	Actual	Variance
REVENUES			
Federal sources	\$ 46,765	\$ 36,941	\$ (9,824)
Total revenues	46,765	36,941	(9,824)
 EXPENDITURES			
Salaries	-	1,500	(1,500)
Benefits	-	198	(198)
Purchased services	42,386	3,509	38,877
Supplies and materials	4,379	12,051	(7,672)
Transfers - payments to other governmental units	-	19,683	(19,683)
Total expenditures	46,765	36,941	9,824
Net change in fund balance	\$ -	-	\$ -
FUND BALANCE, BEGINNING OF YEAR		-	
FUND BALANCE , END OF YEAR		\$ -	

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, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Federal sources	<u>\$ 66,540</u>	<u>\$ 66,540</u>	<u>\$ -</u>
Total revenues	<u>66,540</u>	<u>66,540</u>	<u>-</u>
 EXPENDITURES			
Salaries	7,280	7,280	-
Benefits	1,362	1,288	74
Purchased services	20,379	17,126	3,253
Supplies and materials	5,629	8,956	(3,327)
Capital outlay	<u>31,890</u>	<u>31,890</u>	<u>-</u>
Total expenditures	<u>66,540</u>	<u>66,540</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
 FUND BALANCE, BEGINNING OF YEAR		<u>-</u>	
 FUND BALANCE, END OF YEAR		<u>\$ -</u>	

See accompanying Independent Auditors' Report.

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, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
State sources	<u>\$ 85,738</u>	<u>\$ 102,884</u>	<u>\$ 17,146</u>
Total revenues	<u>85,738</u>	<u>102,884</u>	<u>17,146</u>
 EXPENDITURES			
Salaries	61,188	61,188	-
Benefits	11,300	11,301	(1)
Purchased services	4,801	6,205	(1,404)
Supplies and materials	<u>8,449</u>	<u>8,356</u>	<u>93</u>
Total expenditures	<u>85,738</u>	<u>87,050</u>	<u>(1,312)</u>
Net change in fund balance	<u>\$ -</u>	15,834	<u>\$ 15,834</u>
 FUND BALANCE (DEFICIT), BEGINNING OF YEAR		<u>(15,834)</u>	
 FUND BALANCE, END OF YEAR		<u>\$ -</u>	

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
GIFTED EDUCATION
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2011

	Budget	Actual	Variance
REVENUES			
State sources	\$ 69,667	\$ 13,949	\$ (55,718)
Total revenues	69,667	13,949	(55,718)
 EXPENDITURES			
Salaries	36,800	7,242	29,558
Benefits	4,383	339	4,044
Purchased services	15,460	163	15,297
Supplies and materials	13,024	6,205	6,819
Total expenditures	69,667	13,949	55,718
Net change in fund balance	\$ -	-	\$ -
FUND BALANCE, BEGINNING OF YEAR		-	
FUND BALANCE, END OF YEAR		\$ -	

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
PARTNERSHIP FOR COLLEGE AND CAREER SUCCESS
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Federal sources	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ -</u>
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>-</u>
 EXPENDITURES			
Salaries	2,736	-	2,736
Benefits	1,064	-	1,064
Purchased services	11,650	8,194	3,456
Supplies and materials	800	3,471	(2,671)
Capital outlay	<u>8,750</u>	<u>13,335</u>	<u>(4,585)</u>
Total expenditures	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>
 FUND BALANCE, BEGINNING OF YEAR		<u>-</u>	
 FUND BALANCE, END OF YEAR		<u><u>\$ -</u></u>	

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
TITLE I ARRA SCHOOL IMPROVEMENT AND ACCOUNTABILITY
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2011

	Budget	Actual	Variance
REVENUES			
Federal sources	\$ 200,000	\$ 200,000	\$ -
Total revenues	200,000	200,000	-
 EXPENDITURES			
Salaries	83,677	83,140	537
Benefits	24,101	24,742	(641)
Purchased services	84,403	82,363	2,040
Supplies and materials	7,819	9,755	(1,936)
Total expenditures	200,000	200,000	-
Net change in fund balance	\$ -	-	\$ -
 FUND BALANCE, BEGINNING OF YEAR		-	
 FUND BALANCE, END OF YEAR		\$ -	

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
ROE/ISC OPERATIONS
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
State sources	\$ 58,752	\$ 80,815	\$ 22,063
Total revenues	58,752	80,815	22,063
 EXPENDITURES			
Salaries	17,520	17,732	(212)
Benefits	3,603	3,595	8
Purchased services	32,227	31,935	292
Supplies and materials	5,402	5,490	(88)
Total expenditures	58,752	58,752	-
Net change in fund balance	\$ -	22,063	\$ 22,063
FUND BALANCE (DEFICIT), BEGINNING OF YEAR		(27,045)	
FUND BALANCE, END OF YEAR		\$ (4,982)	

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET**

June 30, 2011

	<u>Bus Driver Permit</u>	<u>General Education Development</u>	<u>Institute</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 4,216	\$ -	\$ 28,920	\$ 33,136
Accounts receivable	-	-	4,300	4,300
Due from other governments	-	3,378	-	3,378
Prepaid expense	-	189	1,285	1,474
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 4,216	\$ 3,567	\$ 34,505	\$ 42,288
	<hr/>	<hr/>	<hr/>	<hr/>
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 163	\$ 2,252	\$ -	\$ 2,415
Due to other funds	-	20,949	3,504	24,453
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	163	23,201	3,504	26,868
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance (Deficit)				
Nonspendable	-	189	1,285	1,474
Restricted	4,053	-	32,613	36,666
Unassigned	-	(19,823)	(2,897)	(22,720)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balance (Deficit)	4,053	(19,634)	31,001	15,420
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 4,216	\$ 3,567	\$ 34,505	\$ 42,288
	<hr/>	<hr/>	<hr/>	<hr/>

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, 2011**

	<u>Bus Driver Permit</u>	<u>General Education Development</u>	<u>Institute</u>	<u>Total</u>
REVENUES				
Local sources	\$ 1,620	\$ 19,020	\$ 51,394	\$ 72,034
State sources	779	-	-	779
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	2,399	19,020	51,394	72,813
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Salaries	-	13,520	4,386	17,906
Benefits	-	1,034	775	1,809
Purchased services	1,209	11,209	17,348	29,766
Supplies and materials	-	-	1,477	1,477
Capital outlay	-	-	4,986	4,986
Other	-	-	8,234	8,234
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	1,209	25,763	37,206	64,178
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures	1,190	(6,743)	14,188	8,635
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources				
Transfers in	-	-	24,901	24,901
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources	-	-	24,901	24,901
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	1,190	(6,743)	39,089	33,536
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	2,863	(12,891)	(8,088)	(18,116)
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE (DEFICIT), END OF YEAR	\$ 4,053	\$ (19,634)	\$ 31,001	\$ 15,420
	<hr/>	<hr/>	<hr/>	<hr/>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21

**INSTITUTE FUND
COMBINING SCHEDULE OF ACCOUNTS
June 30, 2011**

	<u>Certification</u>	<u>Institute</u>	<u>Network Internet</u>	<u>Local Workshop Prevention</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ 28,920	\$ -	\$ -	\$ 28,920
Accounts receivable	158	3,693	449	-	4,300
Prepaid expense	<u>-</u>	<u>-</u>	<u>1,285</u>	<u>-</u>	<u>1,285</u>
TOTAL ASSETS	<u>\$ 158</u>	<u>\$ 32,613</u>	<u>\$ 1,734</u>	<u>\$ -</u>	<u>\$ 34,505</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Due to other funds	<u>\$ 1,392</u>	<u>\$ -</u>	<u>\$ 2,112</u>	<u>\$ -</u>	<u>\$ 3,504</u>
Total Liabilities	<u>1,392</u>	<u>-</u>	<u>2,112</u>	<u>-</u>	<u>3,504</u>
Fund Balance (Deficit)					
Nonspendable	-	-	1,285	-	1,285
Restricted	-	32,613	-	-	32,613
Unassigned	<u>(1,234)</u>	<u>-</u>	<u>(1,663)</u>	<u>-</u>	<u>(2,897)</u>
Total Fund Balance (Deficit)	<u>(1,234)</u>	<u>32,613</u>	<u>(378)</u>	<u>-</u>	<u>31,001</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 158</u>	<u>\$ 32,613</u>	<u>\$ 1,734</u>	<u>\$ -</u>	<u>\$ 34,505</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, 2011**

	<u>Certification</u>	<u>Institute</u>	<u>Network Internet</u>	<u>Local Workshop Prevention</u>	<u>Total</u>
REVENUES					
Local sources	\$ 8,800	\$ 14,713	\$ 27,881	\$ -	\$ 51,394
Total revenues	<u>8,800</u>	<u>14,713</u>	<u>27,881</u>	<u>-</u>	<u>51,394</u>
EXPENDITURES					
Salaries	-	-	4,386	-	4,386
Benefits	-	-	775	-	775
Purchased services	-	5,552	11,460	336	17,348
Supplies and materials	-	1,477	-	-	1,477
Capital outlay	-	630	4,356	-	4,986
Other	8,234	-	-	-	8,234
Total expenditures	<u>8,234</u>	<u>7,659</u>	<u>20,977</u>	<u>336</u>	<u>37,206</u>
Revenues over (under) expenditures	<u>566</u>	<u>7,054</u>	<u>6,904</u>	<u>(336)</u>	<u>14,188</u>
Other financing sources					
Transfers in	-	-	24,901	-	24,901
Total other financing sources	<u>-</u>	<u>-</u>	<u>24,901</u>	<u>-</u>	<u>24,901</u>
Net change in fund balances	566	7,054	31,805	(336)	39,089
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(1,800)</u>	<u>25,559</u>	<u>(32,183)</u>	<u>336</u>	<u>(8,088)</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (1,234)</u>	<u>\$ 32,613</u>	<u>\$ (378)</u>	<u>\$ -</u>	<u>\$ 31,001</u>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
ALL AGENCY FUNDS
June 30, 2011

	<u>School Facility Occupation Tax</u>	<u>Franklin County Regional Delivery System</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 312	\$ -	\$ 312
Due from Illinois State Board of Education	-	21,359	21,359
Due from other governments	<u>1,090,741</u>	<u>-</u>	<u>1,090,741</u>
TOTAL ASSETS	<u><u>\$ 1,091,053</u></u>	<u><u>\$ 21,359</u></u>	<u><u>\$ 1,112,412</u></u>
LIABILITIES			
Due to primary government	\$ -	\$ 21,359	\$ 21,359
Due to other governments	<u>1,091,053</u>	<u>-</u>	<u>1,091,053</u>
TOTAL LIABILITIES	<u><u>\$ 1,091,053</u></u>	<u><u>\$ 21,359</u></u>	<u><u>\$ 1,112,412</u></u>

See accompanying Independent Auditors' Report.

FRANKLIN/WILLIAMSON COUNTIES REGIONAL OFFICE OF EDUCATION NO. 21
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended June 30, 2011

<u>SCHOOL FACILITY OCCUPATION TAX</u>	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
ASSETS				
Cash and cash equivalents	\$ -	\$ 312	\$ -	\$ 312
Due from other governments	1,071,977	1,090,741	1,071,977	1,090,741
TOTAL ASSETS	<u>\$ 1,071,977</u>	<u>\$ 1,091,053</u>	<u>\$ 1,071,977</u>	<u>\$ 1,091,053</u>
LIABILITIES				
Due to other governments	\$ 1,071,977	\$ 1,091,053	\$ 1,071,977	\$ 1,091,053
TOTAL LIABILITIES	<u>\$ 1,071,977</u>	<u>\$ 1,091,053</u>	<u>\$ 1,071,977</u>	<u>\$ 1,091,053</u>
 <u>FRANKLIN COUNTY REGIONAL DELIVERY SYSTEM</u>				
ASSETS				
Due from Illinois State Board of Education	\$ -	\$ 21,359	\$ -	\$ 21,359
Due from other governments	13,904	-	13,904	-
TOTAL ASSETS	<u>\$ 13,904</u>	<u>\$ 21,359</u>	<u>\$ 13,904</u>	<u>\$ 21,359</u>
LIABILITIES				
Due to primary government	\$ 13,904	\$ 21,359	\$ 13,904	\$ 21,359
TOTAL LIABILITIES	<u>\$ 13,904</u>	<u>\$ 21,359</u>	<u>\$ 13,904</u>	<u>\$ 21,359</u>
 <u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 312	\$ -	\$ 312
Due from Illinois State Board of Education	-	21,359	-	21,359
Due from other governments	1,085,881	1,090,741	1,085,881	1,090,741
TOTAL ASSETS	<u>\$ 1,085,881</u>	<u>\$ 1,112,412</u>	<u>\$ 1,085,881</u>	<u>\$ 1,112,412</u>
LIABILITIES				
Due to primary government	\$ 13,904	\$ 21,359	\$ 13,904	\$ 21,359
Due to other governments	1,071,977	1,091,053	1,071,977	1,091,053
TOTAL LIABILITIES	<u>\$ 1,085,881</u>	<u>\$ 1,112,412</u>	<u>\$ 1,085,881</u>	<u>\$ 1,112,412</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, 2011**

Federal Grantor/Pass-Through Grantor, Program or Cluster Title	CFDA Number	ISBE Project # (1st 8 digits) or Contract #	Federal Expenditures 7/1/10 - 6/30/11
U.S. DEPARTMENT OF AGRICULTURE:			
Passed through Illinois State Board of Education:			
School Breakfast Program	10.553	10-4220-00	\$ 1,519
School Breakfast Program	10.553	11-4220-00	8,651
National School Lunch Program	10.555	10-4210-00	3,897
National School Lunch Program	10.555	11-4210-00	<u>19,208</u>
Total Child Nutrition Cluster (ECHO)			<u>33,275</u>
U.S. DEPARTMENT OF LABOR:			
Passed through Man-Tra-Con Corp.:			
WIA Youth Activities	17.259	n/a	<u>77,775</u>
U.S. DEPARTMENT OF EDUCATION:			
Passed through Illinois State Board of Education:			
ARRA -Title 1 - Grants to Local Educational Agencies	84.389A	11-4854-00	200,000
Passed through Regional Office of Education No. 02:			
Title I - Grants to Local Educational Agencies (System of Support)	84.010A	10-4331-SS	16,503
Title I - Grants to Local Educational Agencies (System of Support)	84.010A	11-4331-SS	<u>75,069</u>
(M) Total Title I, Part A Cluster			<u>291,572</u>
Passed through Illinois Community College Board:			
Career and Technical Education - Basic Grants to States	84.048	CTEL11POS7540	<u>25,000</u>
Passed through Illinois State Board of Education:			
Education of Homeless Children and Youth	84.196A	11-4920-00	170,626
ARRA - Education of Homeless Children and Youth	84.387A	10-4862-00	<u>25,718</u>
(M) Total Education of Homeless Children and Youth Cluster			<u>196,344</u>
Passed through Illinois Department of Human Services:			
Safe and Drug-Free Schools and Communities State Grants	84.186	11GM038000	<u>4,959</u>
Passed through Illinois Community College Board:			
Tech-Prep Education	84.243	11PCCS7540	<u>66,540</u>
Passed through Illinois State Board of Education:			
ARRA - Education Jobs Fund		11-4880-93	8,713
ARRA - Education Jobs Fund		11-4880-92	<u>88,696</u>
Total Education Jobs Fund	84.410A		<u>97,409</u>
Passed through Illinois State Board of Education:			
Reading First State Grants	84.357	10-4337-00	<u>36,941</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed through Illinois Department of Human Services:			
Substance Abuse Prevention & Treatment Block Grant	93.959	11GM038000	<u>80,293</u>
Total Expenditures of Federal Awards			<u>\$ 910,108</u>

(M) Program was audited as a major program.

FRANKLIN/WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION NO. 21
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2011

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 Education for Homeless Children and Youth Cluster (CFDA # 84.196A and 84.387A) and the Title I - Grants to Local Educational Agencies (CFDA #84.010A and 84.389A). The Education for Homeless Children and Youth funds are used for providing information to schools, community members and government entities about the educational rights of homeless students. The Title I - Grants to Local Educational Agencies are used to help local educational agencies (LEAs) and schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic achievement standards.

3. SUBRECIPIENTS

Of the expenditures in this schedule, the Franklin/Williamson Counties Regional Office of Education No. 21 provided awards to subrecipients in the amount of \$97,000 under the Education for Homeless Children and Youth grant, CFDA # 84.196A and \$22,766 under the ARRA – Education for Homeless Children and Youth grant, CFDA # 84.387A.

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, 2011.

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, 2011.

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, 2011.