

**STATE OF ILLINOIS
REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
FINANCIAL AUDIT
For the Year Ended June 30, 2012**

**Performed as Special Assistant Auditors
for the Office of the Auditor General
State of Illinois**

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
For the Year Ended June 30, 2012**

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**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
For the Year Ended June 30, 2012**

OFFICIALS

Regional Superintendent
(Current and during the Audit Period)

R. Matthew Donkin

Assistant Regional Superintendent
(Current and during the Audit Period)

Kurt Endebrock

Offices are located at:

202 West Main Street
Benton, IL 62812

200 West Jefferson
Marion, IL 62959

Franklin-Williamson Project ECHO
P.O. Box 238, 17428 Route 37
Johnson City, IL 62951

S.T.A.R. Quest Academy
P.O. Box 303, 17428 Route 37
Johnson City, IL 62951

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
For the Year Ended June 30, 2012**

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

The auditors' reports do not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

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

An additional three matters which were less than a significant deficiency or material weakness but more than inconsequential, have been reported in a Management Letter of Comment to the Regional Superintendent.

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
12-01	10a-10b	Controls Over Financial Statement Preparation	Material Weakness

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

None

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
For the Year Ended June 30, 2012**

EXIT CONFERENCE

An informal exit conference was held with Agency personnel on September 14, 2012 to review the findings and recommendations. Attending were R. Matthew Donkin, Regional Superintendent; Kurt Endebrock, Assistant Regional Superintendent; Johna Schullian, Comptroller; Sarah Lipe, Accountant/Internal Control Officer; Kimberly Walker, CPA, Partner, Kemper CPA Group LLP; and Kara Bevis, CPA, Manager, Kemper CPA Group, LLP. Responses to the recommendations were provided by R. Matthew Donkin, Regional Superintendent, on December 3, 2012.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
For the Year Ended June 30, 2012**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Regional Office of Education #21 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unqualified opinion on the Regional Office of Education #21's basic financial statements.

INDEPENDENT AUDITOR'S 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 #21, as of and for the year ended June 30, 2012, which collectively comprise the Franklin-Williamson Counties Regional Office of Education #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 #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, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin-Williamson Counties Regional Office of Education #21, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 12, 2013, on our consideration of the Franklin-Williamson Counties Regional Office of Education #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 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund Schedule of Funding Progress, and Other Post Employment Benefit Plan Schedule of Funding Progress on pages 13a-13f, 50 and 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 #21's financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison schedules are fairly stated in all material respects in relation to the financial statements taken as a whole.

Kemper CPA Group LLP

KEMPER CPA GROUP LLP

Certified Public Accountants and Consultants

Marion, Illinois

March 12, 2013

**INDEPENDENT AUDITOR'S 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 #21, as of and for the year ended June 30, 2012, which collectively comprise the Franklin-Williamson Counties Regional Office of Education #21's basic financial statements and have issued our report thereon dated March 12, 2013. 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 #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 #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 #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 #21's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Responses 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in finding 12-01 in the accompanying Schedule of Findings and Responses 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 #21's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters which we have reported to management of the Franklin-Williamson Counties Regional Office of Education #21 in a separate letter dated March 12, 2013.

Franklin-Williamson Counties Regional Office of Education #21's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Franklin-Williamson Counties Regional Office of Education #21's responses and, accordingly, we express no opinion on them.

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

Kemper CPA Group LLP

KEMPER CPA GROUP LLP

Certified Public Accountants and Consultants

Marion, Illinois
March 12, 2013

SCHEDULE OF FINDINGS AND RESPONSES

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2012**

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
● Significant Deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2012**

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 12-01 – Controls over financial statement preparation (Repeat of prior year finding 07-05, 08-03, 09-01, 10-01, and 11-01)

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 Regional Office management, 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).

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.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2012**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONCLUDED)

Finding 12-01 – Controls over financial statement preparation (Repeat of prior year finding 07-05, 08-03, 09-01, 10-01, and 11-01) - Continued

Management's Response:

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2012**

CORRECTIVE ACTION PLAN

Finding 12-01 – Controls over financial statement preparation (Repeat of prior year finding 07-05, 08-03, 09-01, 10-01, and 11-01)

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 the 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 through fiscal year 2013.

Name of Contact Person:

R. Matthew Donkin, Regional Superintendent

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2012**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
11-01	Controls over financial statement preparation	Repeated

MANAGEMENT'S DISCUSSION AND ANALYSIS

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Franklin-Williamson Counties Regional Office of Education #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, 2012. 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 2012 activity, making comparisons of the financial position and results of operations more meaningful.

2012 Financial Highlights

In 2012, the Regional Safe Schools grant funding, Child Nutrition ECHO grant funding, and Man-tra-Con ECHO grant funding have been reclassified from the General Fund to the Education Fund. The General State Aid (GSA) funding portion of the General State Aid Safe Schools account has remained in the General Fund. Because the Regional Safe School, Child Nutrition ECHO, and Man-tra-con ECHO grant funding is all governed by grant agreements with the grantor, the funding is restricted and is required to be reported as a special revenue fund.

The General Fund balance was \$829,916 in fiscal year 2012. General Fund revenues were \$1,235,078 (excluding on-behalf payments). There was a general decrease from our State and Federal sources from 2011. General Fund expenditures were \$1,441,986 (excluding on-behalf payments) which in general increased from 2011, mainly in capital outlay 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 ROE as a whole and present an overall view of the Office's finances.
- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the 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.
- Supplementary 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.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

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

The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the ROE as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the ROE 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.

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 Revenue, 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.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Fund Financial Statements (Concluded)

- 3) Fiduciary funds account for services for which the ROE 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 2011 totaled \$1,244,198. At the end of fiscal year 2012, the net assets were \$1,012,414. The analysis that follows provides a summary of the Regional Office's net assets at June 30, 2012 and 2011.

**CONDENSED STATEMENT OF NET ASSETS
June 30, 2012 and 2011**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
ASSETS						
Current assets	\$ 1,039,077	\$ 1,240,270	\$ -	\$ -	\$1,039,077	\$ 1,240,270
Capital assets, net of depreciation	<u>154,202</u>	<u>163,586</u>	<u>-</u>	<u>-</u>	<u>154,202</u>	<u>163,586</u>
TOTAL ASSETS	<u>1,193,279</u>	<u>1,403,856</u>	<u>-</u>	<u>-</u>	<u>1,193,279</u>	<u>1,403,856</u>
LIABILITIES						
Current liabilities	157,484	152,190	-	-	157,484	152,190
Noncurrent liabilities	<u>23,381</u>	<u>7,468</u>	<u>-</u>	<u>-</u>	<u>23,381</u>	<u>7,468</u>
TOTAL LIABILITIES	<u>180,865</u>	<u>159,658</u>	<u>-</u>	<u>-</u>	<u>180,865</u>	<u>159,658</u>
NET ASSETS						
Investments in capital assets, net of related debt	120,220	155,929	-	-	120,220	155,959
Restricted for educational purposes	104,438	90,552	-	-	104,438	90,552
Unrestricted	<u>787,756</u>	<u>997,717</u>	<u>-</u>	<u>-</u>	<u>787,756</u>	<u>997,717</u>
TOTAL NET ASSETS	<u>\$ 1,012,414</u>	<u>\$ 1,244,198</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,012,414</u>	<u>\$ 1,244,198</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

The Regional Office's net assets decreased by \$231,784 from fiscal year 2011 to fiscal year 2012. This decrease occurred as a result of a combination of a significant decrease in total revenues and only a slight decrease in expenses during fiscal year 2012.

The following analysis shows the changes in net assets for the years ended June 30, 2012 and 2011.

**CHANGES IN NET ASSETS
For the Years Ended June 30, 2012 and 2011**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program revenues:						
Charges for services	\$ 87,513	\$ 72,034	\$ 141,132	\$ 128,273	\$ 228,645	\$ 200,307
Operating grants & contributions	<u>737,771</u>	<u>2,428,238</u>	<u>-</u>	<u>-</u>	<u>737,771</u>	<u>2,428,238</u>
Total Program revenues	<u>825,284</u>	<u>2,500,272</u>	<u>141,132</u>	<u>128,273</u>	<u>966,416</u>	<u>2,628,545</u>
General revenues:						
Local sources	262,093	104,947	-	-	262,093	104,947
State sources	974,946	-	-	-	974,946	-
On-behalf payments	678,915	663,698	-	-	678,915	663,698
Investment income	1,612	7,115	-	-	1,612	7,115
Loss on disposal of capital assets	<u>-</u>	<u>(798)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(798)</u>
Total General revenues	<u>1,917,566</u>	<u>774,962</u>	<u>-</u>	<u>-</u>	<u>1,917,566</u>	<u>774,962</u>
Total Revenues	<u>2,742,850</u>	<u>3,275,234</u>	<u>141,132</u>	<u>128,273</u>	<u>2,883,982</u>	<u>3,403,507</u>
Expenses:						
Salaries	1,337,750	1,289,832	-	-	1,337,750	1,289,832
Benefits	266,312	260,956	-	-	266,312	260,956
Purchased services	353,112	549,378	-	-	353,112	549,378
Supplies and materials	122,990	132,097	141,132	128,273	264,122	260,370
Depreciation	57,541	46,190	-	-	57,541	46,190
Other	17,899	11,442	-	-	17,899	11,442
Transfers-payments to other governmental units	140,115	233,987	-	-	140,115	233,987
On-behalf payments	<u>678,915</u>	<u>663,698</u>	<u>-</u>	<u>-</u>	<u>678,915</u>	<u>663,698</u>
Total expenses	<u>2,974,634</u>	<u>3,187,580</u>	<u>141,132</u>	<u>128,273</u>	<u>3,115,766</u>	<u>3,315,853</u>
Excess (Deficiency) before transfers	(231,784)	87,654	-	-	(231,784)	87,654
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(231,784)	87,654	-	-	(231,784)	87,654
Net Assets - beginning	<u>1,244,198</u>	<u>1,156,544</u>	<u>-</u>	<u>-</u>	<u>1,244,198</u>	<u>1,156,544</u>
Net Assets - ending	<u>\$ 1,012,414</u>	<u>\$ 1,244,198</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,012,414</u>	<u>\$ 1,244,198</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Governmental Activities

Revenues for governmental activities were \$2,742,850 and expenses were \$2,974,634. 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 increased from the prior fiscal year due to an increase in quantity of paper requested and purchased in fiscal year 2012 for the local school districts.

Financial Analysis of the Regional Office of Education #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 \$868,045 which is below last year's ending fund balance of \$1,056,524. The primary reasons for the decreases in combined fund balances in fiscal year 2012 were due to decreases in General State Aid received for Project ECHO and Star Quest Academy from the Illinois State Board of Education for the fiscal year 2012.

Governmental Fund Highlights

The Regional Office had a decrease in total grant funds received from the Illinois State Board of Education at the end of fiscal year 2012. This decrease was mainly attributable to the loss of the ARRA - Title I School Improvement grant and a significant decrease in the amount of funds received for the ARRA-Education Jobs Fund Program.

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.

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 decrease for fiscal year 2012 was generally a result of the disposal of various fully depreciated items by transferring them to local school districts, as well as the disposal of several other non-functional and obsolete items. The Regional Office's ending net asset balance for fiscal year 2012 is \$154,202, which is the total original cost of the capital assets less accumulated depreciation. More detailed information about capital assets is available in Note 8 to the financial statements.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

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 is expected to decrease to \$5,972 per student.
- Several grants have had their funding levels reduced or eliminated 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 #21 at 202 W. Main, Benton, IL 62812.

BASIC FINANCIAL STATEMENTS

REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
STATEMENT OF NET ASSETS
June 30, 2012

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 592,137	\$ -	\$ 592,137
Internal balances	74,137	(73,865)	272
Accounts receivable	13,068	-	13,068
Due from other governments	318,769	73,865	392,634
Prepaid expenses	40,966	-	40,966
Total Current Assets	1,039,077	-	1,039,077
Noncurrent Assets			
Capital assets, being depreciated, net	154,202	-	154,202
Total Noncurrent Assets	154,202	-	154,202
Total Assets	1,193,279	-	1,193,279
Liabilities			
Current Liabilities			
Accounts payable	10,146	-	10,146
Accrued wages and benefits	91,218	-	91,218
Due to other governments	21,854	-	21,854
Capital lease payable, current	12,628	-	12,628
Deferred revenue	21,638	-	21,638
Total current liabilities	157,484	-	157,484
Noncurrent Liabilities			
Capital lease payable, noncurrent	21,354	-	21,354
Other post-employment benefit obligation	2,027	-	2,027
Total noncurrent liabilities	23,381	-	23,381
Total Liabilities	180,865	-	180,865
NET ASSETS			
Invested in capital assets, net of related debt	120,220	-	120,220
Restricted for educational purposes	104,438	-	104,438
Unrestricted	787,756	-	787,756
TOTAL NET ASSETS	\$ 1,012,414	\$ -	\$ 1,012,414

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
Primary Government							
Governmental activities							
Instructional services							
Salaries	\$ 1,337,750	\$ -	\$ 428,253	\$ -	\$ (909,497)	\$ -	\$ (909,497)
Employee benefits	266,312	-	104,757	-	(161,555)	-	(161,555)
Purchased services	353,112	61,966	67,043	-	(224,103)	-	(224,103)
Supplies and materials	122,990	5,737	40,224	-	(77,029)	-	(77,029)
Other	17,899	19,810	477	-	2,388	-	2,388
Payments to other governments	140,115	-	77,115	-	(63,000)	-	(63,000)
Depreciation	57,541	-	19,902	-	(37,639)	-	(37,639)
Administrative							
On-behalf payments - State	678,915	-	-	-	(678,915)	-	(678,915)
Total Governmental Activities	<u>2,974,634</u>	<u>87,513</u>	<u>737,771</u>	<u>-</u>	<u>(2,149,350)</u>	<u>-</u>	<u>(2,149,350)</u>
Business-type activities							
Paper Bid	141,132	141,132	-	-	-	-	-
Total Business-Type Activities	<u>141,132</u>	<u>141,132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 3,115,766</u>	<u>\$ 228,645</u>	<u>\$ 737,771</u>	<u>\$ -</u>	<u>(2,149,350)</u>	<u>-</u>	<u>(2,149,350)</u>
General revenues							
Local sources					262,093	-	262,093
State sources					974,946	-	974,946
On-behalf payments - State					678,915	-	678,915
Interest					1,612	-	1,612
Total General Revenues					<u>1,917,566</u>	<u>-</u>	<u>1,917,566</u>
Change in Net Assets					(231,784)	-	(231,784)
Net Assets - Beginning					1,244,198	-	1,244,198
Net Assets - Ending					<u>\$ 1,012,414</u>	<u>\$ -</u>	<u>\$ 1,012,414</u>

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012**

	<u>General Fund</u>	<u>Education Fund</u>	<u>Other Non-Major Funds</u>	<u>Eliminations</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 520,744	\$ 14,042	\$ 57,351	\$ -	\$ 592,137
Due from other funds	233,180	-	-	(159,043)	74,137
Accounts receivable	1,276	-	11,792	-	13,068
Due from other governments	171,407	147,301	61	-	318,769
Prepaid expenses	40,133	221	612	-	40,966
	<u>40,133</u>	<u>221</u>	<u>612</u>	<u>-</u>	<u>40,966</u>
Total Assets	<u><u>\$ 966,740</u></u>	<u><u>\$ 161,564</u></u>	<u><u>\$ 69,816</u></u>	<u><u>\$ (159,043)</u></u>	<u><u>\$ 1,039,077</u></u>
Liabilities					
Accounts payable	\$ 8,812	\$ 241	\$ 1,093	\$ -	\$ 10,146
Accrued wages and benefits	91,218	-	-	-	91,218
Due to other funds	-	146,730	12,313	(159,043)	-
Due to other governments	19,701	946	1,207	-	21,854
Deferred revenue	17,093	30,721	-	-	47,814
	<u>17,093</u>	<u>30,721</u>	<u>-</u>	<u>-</u>	<u>47,814</u>
Total liabilities	<u><u>136,824</u></u>	<u><u>178,638</u></u>	<u><u>14,613</u></u>	<u><u>(159,043)</u></u>	<u><u>171,032</u></u>
Fund Balance (Deficit)					
Nonspendable	40,133	221	612	-	40,966
Restricted	-	8,881	69,020	-	77,901
Assigned	379,722	-	-	-	379,722
Unassigned	410,061	(26,176)	(14,429)	-	369,456
	<u>410,061</u>	<u>(26,176)</u>	<u>(14,429)</u>	<u>-</u>	<u>369,456</u>
Total Fund Balances (Deficits)	<u><u>829,916</u></u>	<u><u>(17,074)</u></u>	<u><u>55,203</u></u>	<u><u>-</u></u>	<u><u>868,045</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 966,740</u></u>	<u><u>\$ 161,564</u></u>	<u><u>\$ 69,816</u></u>	<u><u>\$ (159,043)</u></u>	<u><u>\$ 1,039,077</u></u>

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET ASSETS
June 30, 2012**

Total Fund Balances - Governmental Funds	\$ 868,045
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>	
Some revenues will not be collected for several months after the Regional Office's fiscal year ends. They are not considered "available" revenues and are deferred in the governmental funds.	26,176
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds, net of accumulated depreciation of \$438,092	154,202
Long-term liabilities are not due and payable in the current period and; therefore, are not reported in the funds.	
Capital lease payable	(33,982)
Other post-employment benefit obligation	<u>(2,027)</u>
Net Assets of Governmental Activities	<u><u>\$ 1,012,414</u></u>

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012**

	General Fund	Education Fund	Other Non-Major Funds	Eliminations	Total Governmental Funds
Revenues					
Local sources	\$ 260,912	\$ 1,959	\$ 86,735	\$ -	\$ 349,606
State sources	974,166	316,477	779	-	1,291,422
Federal sources	-	427,865	-	-	427,865
Payments made on behalf of region	678,915	-	-	-	678,915
Total Revenues	<u>1,913,993</u>	<u>746,301</u>	<u>87,514</u>	<u>-</u>	<u>2,747,808</u>
Expenditures					
Instructional Services					
Salaries	848,513	488,211	-	-	1,336,724
Employee benefits	146,888	119,424	-	-	266,312
Purchased services	243,266	76,430	33,416	-	353,112
Supplies and materials	74,040	45,856	3,094	-	122,990
Capital outlay	47,619	-	538	-	48,157
Other	18,660	544	10,683	-	29,887
Payments to other governments	63,000	77,115	-	-	140,115
Payments made on behalf of region	678,915	-	-	-	678,915
Total Expenditures	<u>2,120,901</u>	<u>807,580</u>	<u>47,731</u>	<u>-</u>	<u>2,976,212</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	<u>(206,908)</u>	<u>(61,279)</u>	<u>39,783</u>	<u>-</u>	<u>(228,404)</u>
Other Financing Sources (Uses)					
Transfers in	2,149	20,506	-	(22,655)	-
Transfers out	(20,658)	(1,997)	-	22,655	-
Interest	1,612	-	-	-	1,612
Proceeds from lease-purchase agreement	38,313	-	-	-	38,313
Total Other Financing Sources (Uses)	<u>21,416</u>	<u>18,509</u>	<u>-</u>	<u>-</u>	<u>39,925</u>
Net Change in Fund Balance	<u>(185,492)</u>	<u>(42,770)</u>	<u>39,783</u>	<u>-</u>	<u>(188,479)</u>
Fund Balances - Beginning, Restated (See Note 15)	<u>1,015,408</u>	<u>25,696</u>	<u>15,420</u>	<u>-</u>	<u>1,056,524</u>
Fund Balances (Deficits) - Ending	<u>\$ 829,916</u>	<u>\$ (17,074)</u>	<u>\$ 55,203</u>	<u>\$ -</u>	<u>\$ 868,045</u>

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012**

Net Change in Fund Balance - Total Governmental Funds \$ (188,479)

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

Some revenues will not be collected for several months after the Regional Office's fiscal year ends. They are not considered "available" revenues and are deferred in the governmental funds.

FY2011 deferred revenue recognized in FY2012 - State sources	(13,428)	
FY2011 deferred revenue recognized in FY2012 - Federal sources	(19,318)	
FY2012 revenue deferred - State sources	10,625	
FY2012 revenue deferred - Federal sources	15,551	

Governmental funds report capital outlays as expenditures and proceeds from disposals as revenue. However, in the Statement of Activities the cost of those assets, which meet capitalization requirements, is allocated over their estimated useful lives and reported as depreciation expense and gains and losses are reported on disposals.

Capital outlay	\$ 48,157	
Depreciation expense	<u>(57,541)</u>	(9,384)

The issuance of long-term debt (e.g. bonds, 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. However, neither transaction has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt.

Proceeds from lease-purchase agreements	(38,313)	
Repayment of principal of long-term debt	<u>11,988</u>	(26,325)

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 an expenditure in the funds.

(1,026)

Change in Net Assets of Governmental Activities \$ (231,784)

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2012**

	<u>Business-Type Activities Enterprise Fund</u>
	<u>Paper Bid</u>
Assets	
Due from other governments	\$ 73,865
Total Assets	<u>73,865</u>
Liabilities	
Due to other funds	<u>73,865</u>
Total Liabilities	<u>73,865</u>
Net Assets	
Unrestricted	<u><u>\$ -</u></u>

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
For the Year Ended June 30, 2012**

	Business-Type Activities Enterprise Fund
	Paper Bid
Operating Revenues	
Charge for Services	\$ 141,132
Total Operating Revenues	141,132
Operating Expenses	
Supplies and materials	141,132
Total Operating Expenses	141,132
Change in Net Assets	-
Net Assets - Beginning	-
Net Assets - Ending	\$ -

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2012**

	<u>Business-Type Activities Enterprise Fund</u>
	<u>Paper Bid</u>
Cash flows from operating activities:	
Receipts from customers	\$ 106,771
Payments to suppliers and providers for goods and services	(141,132)
Net cash provided by (used for) operating activities	<u>(34,361)</u>
Cash flows from noncapital financing activities:	
Interfund loans received (made)	73,865
Repayment of interfund loans	(39,504)
Net cash provided by (used for) noncapital financing activities	<u>34,361</u>
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents - beginning of year	<u>-</u>
Cash and cash equivalents - end of year	<u><u>\$ -</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Change in assets and liabilities:	
Increase in due from other governments	<u>(34,361)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (34,361)</u></u>

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2012**

	Agency Funds
Assets	
Cash and cash equivalents	\$ 272
Due from other governments	1,655,651
Total Assets	\$ 1,655,923
Liabilities	
Due to primary government	\$ 272
Due to other governments	1,655,651
Total Liabilities	\$ 1,655,923

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education #21 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2012, the Regional Office of Education #21 implemented Governmental Accounting Standards Board (GASB) Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. The Regional Office of Education #21 implemented these standards during the current year; however, GASB Statement No. 64 had no impact on the financial statements. The implementation of GASB Statement No. 57 amends GASB Statement No. 45, permitting an agent employer with an OPEB with fewer than 100 plan members to use the alternative measurement method to produce actuarially based information for purposes of financial reporting.

A. Date of Management's Review

Management has evaluated subsequent events through March 12, 2013, the date when the financial statements were available to be issued.

B. Financial Reporting Entity

The Regional Office operates under the School Code (Articles 5/3 and 5/3A of *Illinois Compiled Statutes*, Chapter 105). The Regional Office of Education #21 encompasses Franklin and Williamson Counties. The Regional Superintendent of Schools (Regional Superintendent) serves as chief administrative officer of the Regional Office of Education #21 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 the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #21's 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.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Financial Reporting Entity (Concluded)

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 the 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, 2012, the Regional Office of Education #21 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 #21. Such activities are reported as a single major fund (Education Fund).

The Regional Office of Education #21 also acts as the administrative agent for the Franklin County Regional Delivery System (a joint agreement). As administrative agent, the Regional Office of Education #21 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.

C. Scope of Reporting Entity

The Regional Office of Education #21's 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 Regional Office of Education #21, 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 Regional Office of Education #21 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #21 is not aware of any entity which would exercise such oversight as to result in the Regional Office of Education #21 being considered a component unit of the entity.

Based on this criteria, the expenditures paid through the funds of Franklin and Williamson Counties, for operation of the Regional Office of Education #21, are not included in the reporting entity because it is the county boards that authorize, oversee, and control these expenditures.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Government-Wide and Fund Financial Statements

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. These statements 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.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and proprietary fund Statement of Net Assets and as other sources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Assets. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements.

The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent shortfalls in cash flow within grant programs and funds.

E. Proprietary Fund Financial Statements

Proprietary fund 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 for each major proprietary fund and nonmajor funds aggregated.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Proprietary Fund Financial Statements (Concluded)

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues, if any, are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses, if any, are reported as non-operating expenses.

F. Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net assets and changes in net assets presented in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual i.e., both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Regional Office of Education #21 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 are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for other long-term obligations, which are recognized when paid.

G. Measurement Focus and Basis of Accounting

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Measurement Focus and Basis of Accounting (Concluded)

The governmental funds financial statements focus on the measurement of spending or "financial flow" and the determination of changes in financial position, rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Franklin-Williamson Counties Regional Office of Education #21; therefore, are considered to be earned to the extent of expenditures made under the provisions of the grant. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Under the terms of grant agreements, Regional Office of Education #21 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. It is Regional Office of Education #21's policy to first apply restricted funds, then unrestricted resources as they are needed. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned if any.

H. Fund Accounting

The Regional Office of Education #21 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #21 uses governmental, proprietary, and fiduciary funds.

Governmental Funds

Governmental funds are those through which most governmental functions of the Regional Office of Education #21 are typically reported. Reporting for governmental funds focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as a fund balance.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #21 has presented all major funds that met the above qualifications.

The Regional Office of Education #21 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Regional Office of Education #21. It is used to account for all financial resources, which benefit all school districts in the region except those required to be accounted and report for in another fund. General funds include the following:

County Budget – Accounts for monies received from the Franklin and Williamson County Boards to help support the day to day expenses of the Regional Office of Education #21.

Education Careers Heightened Opportunity (ECHO) – Used to account for General State Aid monies received for the general operations of the alternative school.

Enterprise/Workshop – Used to account for revenues received from workshops held by the Regional Office.

General Operating – Used to accumulate miscellaneous receipts to support the day to day expenses of the Regional Office.

Interest Allocation – Accounts for accumulated interest earned on Regional Office funds from the Illinois Funds and local banks and allocated on a monthly basis to funds having cash balances.

Prevention Social Marketing – Accounts for monies received through donations for use in marketing campaigns focused on issues related to student social issues.

Regional Gifted – Gifted services that range from student oriented programs like the Gifted Olympiads to professional development services such as the Gifted Program Coordinators' meeting.

General State Aid Safe Schools – Used to account for General State Aid monies received for programs for disruptive students who are eligible for suspension or expulsion

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.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

Major Special Revenue Funds – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are restricted to expenditures for specified purposes. Major special revenue funds include the following:

Education – This fund is used to account for and report the proceeds of specific revenue sources that are restricted by grant or contracts to expenditures for specific purposes supporting education enhancement programs as follows:

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 Prevention – Used to account for registration fees from violence prevention workshops.

Substance Abuse Prevention and Treatment Block Grant – The Regional Office 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.

ARRA McKinney Education for Homeless Children – This fund provides educational services and strives to heighten community awareness of the need to serve the homeless population and is funded by the American Reinvestment and Recovery Act.

Local LEA Homeless – This fund is used to supplement the McKinney Education for Homeless Children and ARRA McKinney Education for Homeless Children agendas.

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.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

New Principal Mentoring Program – This program provides for the selection and training of experienced principals to serve as mentors for new principals and for the new principals' participation in the mentoring program designed for them. Funds flow through the Illinois Principals Association from the Illinois State Board of Education.

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.

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.

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.

Education Jobs – Federal funds used to provide assistance to save or create education jobs for the 2011-2012 school year. Jobs funded under this program include those that provide educational and related services for early childhood, elementary, and secondary education.

Man-tra-con ECHO – Used to account for Man-tra-con grant monies received for the operations of the alternative school.

Child Nutrition ECHO – Used to account for federal National School Lunch and School Breakfast Program grant monies received for the child nutrition operations of the alternative school.

Regional Office/ISC Operations – Monies received from State sources to help support the day to day operating expenses of the Regional Office.

Regional Safe Schools – This fund provides alternative placement for those students in a safe school program.

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.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Concluded)

Nonmajor Special Revenue Funds – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are restricted to expenditures for specified purposes. Nonmajor special revenue funds include the following:

Bus Driver Permit Fund – Accounts for funds received from registrations and user fees which are used to test and train bus drivers.

General Education Development Fund – Accounts for the administration of the General Education Development (GED) Testing Program with revenues from testing and diploma fees used to pay administrative expenses incurred. 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 Fund – This fund is used to account for and report the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are restricted to expenditures for specified purposes supporting programs as follows:

Certification – Accounts for receipt of teacher certification fees and their remittance to the Illinois State Board of Education.

Institute – Used to account for examination, registration and renewal fees, and to defray expenses incidental to teacher's institutes, workshops, and professional meetings.

Technology – Accounts for E-Rate technology reimbursements, as well as the purchase of technology-related supplies and services.

Proprietary Funds

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the Regional Office of Education #21 on a cost reimbursement basis are reported.

Major Proprietary Funds – The Regional Office of Education #21 reports the following proprietary fund as a major fund:

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Concluded)

Fiduciary Funds

Agency Funds are used to account for assets held by the Regional Office of Education #21 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds include the following:

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 Regional Office 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.

I. Governmental Fund Balances

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 Fund Balance – The portion of a governmental fund’s net assets that are not available to be spent, either short term or long term, in either form or through legal restrictions. The following General Funds have nonspendable fund balances: ECHO, Enterprise/Workshop, General Operating, Prevention Social Marketing, and General State Aid Safe Schools. The following Education Fund has a nonspendable fund balance: Regional Office/ISC Operations. The following Nonmajor Special Revenue Funds have nonspendable fund balances: General Education Development and Technology in the Institute fund.

Restricted Fund Balance – The portion of a governmental fund’s net assets that are subject to external enforceable legal restrictions. The following account’s fund balance is restricted by grant agreements or contracts: New Principal Mentoring Program, Other System of Support, and Child Nutrition ECHO. The following funds are restricted by Illinois Statute: Bus Driver Permit and Institute and Technology in the Institute fund.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Governmental Fund Balances (Concluded)

Committed Fund Balance – The portion of a governmental fund’s net assets with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #21 has no committed fund balances.

Assigned Fund Balance – The portion of a governmental fund’s net assets for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following General Fund has an assigned fund balance: ECHO.

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following General Fund accounts have unassigned fund balances: Enterprise/Workshop, General Operating, Interest Allocation, Prevention Social Marketing, Regional Gifted, General State Aid Safe Schools, and Williamson County Film Library. The following Education Funds have unassigned fund balances: FY12 System of Support and Partnership for College and Career Success. The following Nonmajor Special Revenue Funds have unassigned fund deficits: General Education Development and Certification in the Institute fund.

J. Net Assets

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

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

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

Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or invested in capital assets."

K. Cash and Cash Equivalents

Cash and cash equivalents consists of cash on deposit. The Regional Office of Education #21 considers all liquid investments, including certificates of deposit, to be cash equivalents.

L. Investments

Investments are stated at fair value using quoted market prices at June 30, 2012.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

M. Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than 1 year are recorded at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Equipment and Furniture	3-10 years
Building Improvements	10-15 years
Building	40 years

N. Interfund Receivables and Payables

The recordings of due from and due to other funds are a result of various borrowings between funds during the year.

O. Estimates

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

P. Budget Information

The Regional Office of Education #21 acts as the administrative agent for certain grant programs that are accounted for within the General Fund and the Education Fund. These programs have separate budgets and are required to be reported to the Illinois State Board of Education and Illinois Department of Human Services; however, none of the annual budgets have been legally adopted, nor are they required to do so. Certain programs within the General Fund and the Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results for the following programs are presented as supplementary information: FY11 Illinois Family Violence Prevention, FY12 Illinois Family Violence Prevention, Substance Abuse Prevention and Treatment Block Grant, McKinney Education for Homeless Children, ARRA McKinney Education for Homeless Children, Partnership for College and Career Success, ROE/ISC Operations, Regional Safe Schools, and Truants Alternative/Optional Education.

Q. Compensated Absences

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 2: CASH AND CASH EQUIVALENTS

The *Illinois Compiled Statutes* authorize the Regional Office of Education #21 to make deposits and 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 Public Treasurer's Investment Pool.

At June 30, 2012, the carrying amount of the Regional Office of Education #21's government-wide and fiduciary fund deposits were \$592,137 and \$272, respectively, and the bank balances were \$669,921 and \$671, respectively.

At June 30, 2012, \$250,000 of the Regional Office of Education #21's cash deposits were insured by the Federal Deposit Insurance Corporation. The remaining \$420,592 was collateralized by securities pledged by the Regional Office of Education #21's financial institution in the name of the Regional Office.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Regional Office of Education's deposits may not be returned to it. The Regional Office of Education #21 does not have a formal deposit policy for custodial credit risk but follows the Public Funds Investment Act (30 ILCS 235/2 and 6), and Section 8-7 of the School Code.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Regional Office of Education #21 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Regional Office of Education #21 is allowed to invest in securities as authorized by Sections 2 and 6 of the Public Funds Investment Act (30 ILCS 235/2 and 6), and Section 8-7 of the School Code. The Regional Office of Education #21 has no investment policy that would further limit its investment choices. As of June 30, 2012 the Regional Office of Education #21 was in compliance with these guidelines.

NOTE 3: DEFINED BENEFIT PENSION PLAN

Plan Description. The Regional Office of Education #21'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 Regional Office of Education #21's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on line at www.imrf.org.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONCLUDED)

Funding Policy. As set by statute, the Regional Office of Education #21's Regular plan members are required to contribute 4.50% 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 Regional Office of Education #21's annual required contribution rate for calendar year 2011 was 10.50%. The Regional Office of Education #21 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. The required contribution for calendar year 2011 was \$36,731.

THREE YEAR TREND INFORMATION

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	\$ 36,731	100%	\$ 0
12/31/10	35,677	100%	0
12/31/09	3,434	100%	0

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included a) 7.5% investment rate of return (net of administrative and direct investment expenses), b) projected salary increases of 4.00% a year, attributable to inflation, c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and d) post retirement benefit increases of 3% annually. The actuarial value of the Regional Office of Education #21'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% corridor between the actuarial and market value of assets. The Regional Office of Education #21's Regular plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 10 year basis.

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 94.36% funded. The actuarial accrued liability for benefits was \$954,792 and the actuarial value of assets was \$900,962, resulting in an underfunded actuarial accrued liability (UAAL) of \$53,830. The covered payroll for 2011 (annual payroll of active employees covered by the plan) was \$349,817 and the ratio of the UAAL to the covered payroll was 15%.

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.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education #21 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains 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, 2012, was 9.4% of creditable earnings. The same contribution rate applies to members whose first contributing 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% for the years ended June 30, 2011 and 2010.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #21's TRS-covered employees.

- **On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #21. For the year ended June 30, 2012, the State of Illinois contributions were based on 24.91% of creditable earnings not paid from federal funds, and the Regional Office of Education #21 recognized revenue and expenditures of \$244,264 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2011 and June 30, 2010, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.10% (\$261,778) and 23.38% (\$253,200), respectively.

The Regional Office of Education #21 makes other types of employer contributions directly to TRS.

- **2.2 formula contributions.** Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ending June 30, 2012 were \$5,674. Contributions for the years ending June 30, 2011, and June 30, 2010, were \$5,462 and \$5,171, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #21, there is a statutory requirement for the Regional Office of Education #21 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.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONTINUED)

For the year ended June 30, 2012, the employer pension contribution was 24.91% of salaries paid from federal and special trust funds. For the years ended June 30, 2011 and 2010, the employer contribution was 23.10% and 23.38% of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2012, salaries totaling \$166,851 were paid from federal and special trust funds that required employer contributions of \$41,563. For the years ended June 30, 2011 and June 30, 2010, required Regional Office of Education #21 contributions were \$33,506 and \$19,163 respectively.

- **Early Retirement Option.** The Regional Office of Education #21 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% and applies when the member is age 55 at retirement.

For the year ended June 30, 2012, the Regional Office of Education #21 paid no employer contributions to TRS under the ERO program. For the years ended June 30, 2011 and June 30, 2010, the Regional Office of Education #21 paid no employer ERO contributions.

- **Salary increases over 6 percent and excess sick leave.** If the Regional Office of Education #21 grants salary increases over 6% and those salaries are used to calculate a retiree's final average salary, the Regional Office of Education #21 makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6%.

For the year ended June 30, 2012, the Regional Office of Education #21 paid \$0 to TRS for employer contributions due on salary increases in excess of 6%. For the years ended June 30, 2011 and June 30, 2010, the Regional Office of Education #21 paid no contributions to TRS for employer contributions due on salary increases in excess of 6%.

If the Regional Office of Education #21 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, Regional Office of Education #21 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.83% of salary during the year ended June 30, 2012).

For the year ended June 30, 2012, the Regional Office of Education #21 paid no TRS contributions for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2011 and 2010, the Regional Office of Education #21 paid no employer contributions granted for sick leave days.

Further information on TRS. 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, 2011. The report for the year ended June 30, 2012, is expected to be available in late 2012.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 4: TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (CONCLUDED)

The reports may be obtained by writing to the Teacher's 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>.

NOTE 5: OTHER POST EMPLOYMENT BENEFITS

A. Teacher Health Insurance Security Fund

The Regional Office of Education #21 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 retired 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. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by CMS with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the State to make a contribution to THIS Fund.

The percentage of employer required contributions in the future will not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year.

- **On-behalf contributions to THIS Fund.** The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #21. State contributions are intended to match contributions to the THIS Fund from active members which were 0.88% of pay during the year ended June 30, 2012. State of Illinois contributions were \$8,609 and the Regional Office of Education #21 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2011 and June 30, 2010 were 0.88% and 0.84% of pay, respectively. State contributions on behalf of the Regional Office of Education #21's employees were \$8,288 and \$9,097, respectively.

- **Employer contributions to THIS Fund.** The Regional Office of Education #21 also makes contributions to THIS Fund. The Regional Office of Education #21 THIS Fund contribution was 0.66% during the years ended June 30, 2012 and June 30, 2011, and 0.63% during the year ended June 30, 2010. For the year ended June 30, 2012, the Regional Office of Education #21 paid \$6,457 to the THIS Fund. For the years ended June 30, 2011 and 2010, the Regional Office of Education #21 paid \$6,216 and \$6,823 to the THIS Fund, respectively, which was 100% of the required contribution.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

A. Teacher Health Insurance Security Fund (Concluded)

Further information on THIS Fund. 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.

B. Illinois Municipal Retirement Fund

Plan Description. In addition to providing pension benefits, the Regional Office of Education #21 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 Regional Office of Education #21 and can be amended by the Regional Office 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 Regional Office of Education #21's governmental funds.

Benefits Provided. The Regional Office 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 Regional Office'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 Regional Office of Education #21's insurance provider

Membership. At June 30, 2011, the date of the actuarial valuation, membership consisted of:

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

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.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

B. Illinois Municipal Retirement Fund (Continued)

Annual OPEB Costs and OPEB Obligation. The ROE 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 and the employer's annual required contribution (ARC) for the fiscal year ended June 30, 2012. The ROE's annual OPEB cost (expense) for the year ended June 30, 2012 of \$1,026 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of July 1, 2011. The ROE's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2012 and 2011 was as follows (information for the fiscal year 2010 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, 2012	\$ 1,026	\$ -	0%	\$ 1,026
June 30, 2011	1,001	-	0%	1,001

The OPEB obligation as of June 30, 2012, was calculated as follows:

Annual Required Contribution	\$ 1,026
Interest on OPEB Obligation	-
Adjustment to Annual Required Contribution	-
	<hr/>
Annual OPEB Cost	1,026
Contributions Made	-
	<hr/>
Increase in OPEB Obligation	1,026
OPEB Obligation Beginning of Year	1,001
	<hr/>
OPEB OBLIGATION END OF YEAR	<u>\$ 2,027</u>

Funded Status and Funding Progress. 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.

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions and the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. 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. Actuarial calculations reflect a long-term perspective. 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.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (CONCLUDED)

B. Illinois Municipal Retirement Fund (Concluded)

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 Regional Office has not advanced 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.

NOTE 6: INTERFUND RECEIVABLES AND PAYABLES

Interfund due to / from other fund balances at June 30, 2012 consist of the following individual due to / from other funds in the governmental funds Balance Sheet and the proprietary funds Statement of Net Assets. Balances of the same fund type were eliminated in the government-wide Statement of Net Assets.

Fund	Due From Other Funds	Due to Other Funds
General Funds		
ECHO	\$ 232,908	\$ -
General Operating	272	-
Education Funds		
Substance Abuse Prevention & Treatment Block Grant	-	9,490
McKinney Education for Homeless Children	-	47,474
FY12 System of Support	-	27,809
Partnership for College and Career Success	-	26,017
Regional Safe Schools	-	24,551
Truants Alternative/Optional Education	-	11,389
Nonmajor Special Revenue Funds		
General Education Development	-	11,623
Institute Fund – Certification	-	690
Proprietary Funds		
Paper Bid	-	73,865
Agency Funds		
School Facility Occupation Tax	-	272
	\$ 233,180	\$ 233,180

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 7: DUE TO/DUE FROM OTHER GOVERNMENTAL UNITS

The Regional Office of Education #21's General Fund, Education Fund, Special Revenue Funds, Proprietary Fund, and Agency Fund, have funds due to and due from various other governmental units which consist of the following:

Due from Other Governments:

General Fund		
Local Governments	\$	171,407
Special Revenue Fund – Education Fund		
Illinois State Board of Education		83,414
Illinois Department of Human Services		9,565
Local Governments		54,322
Special Revenue Fund – Other Non-Major Funds		
Local Governments		61
Proprietary Fund		
Local Governments		73,865
Fiduciary Fund – Agency Fund		
Other Local Governments		<u>1,655,651</u>
Total	\$	<u>2,048,285</u>

Due to Other Governments:

General Fund		
Local Governments	\$	19,701
Special Revenue Fund – Education Fund		
Local Governments		946
Special Revenue Fund – Other Non-Major Funds		
Local Governments		1,207
Fiduciary Fund – Agency Fund		
Other Local Governments		<u>1,655,651</u>
Total	\$	<u>1,677,505</u>

NOTE 8: CAPITAL ASSETS

Governmental Activities

Capital asset activity for fiscal year 2012 was as follows:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Governmental Funds				
Total Capital Assets	\$ 623,476	\$ 48,157	\$ 79,339	\$ 592,294
Less: Accumulated Depreciation	<u>459,890</u>	<u>57,541</u>	<u>79,339</u>	<u>438,092</u>
Governmental Funds				
Investment in Capital Assets, Net	<u>\$ 163,586</u>	<u>\$ (9,384)</u>	<u>\$ -</u>	<u>\$ 154,202</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 8: CAPITAL ASSETS (CONCLUDED)

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$57,541 was charged to the governmental activities on the government-wide Statement of Activities for the year ended June 30, 2012. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

Included in the capital asset activity above are assets under lease-purchase agreements. The gross amount of equipment assets recorded under lease-purchase agreements totaled \$105,367. The accumulated depreciation for these leased equipment assets totaled \$71,204.

NOTE 9: LONG-TERM DEBT

A. Summary of Debt Transactions

The Regional Office of Education #21 has issued the following lease-purchase agreements:

	Telephone System	Toshiba Copy Machines	Total
Balance, July 1, 2011	\$ 7,657	\$ -	\$ 7,657
Additions	-	38,313	38,313
Debt retired	(6,467)	(5,521)	(11,988)
Balance, June 30, 2012	<u>\$ 1,190</u>	<u>\$ 32,792</u>	<u>\$ 33,982</u>

B. Future Debt Service Requirements

Capital Leases

Telephone System Lease-Purchase Agreement

Lessor: Bi-State Leasing, Inc.

Dated: August 1, 2009

Maturity Date: July 31, 2012

Interest Rate: 17.2951%

Original Amount: \$17,225

Monthly Payment: \$608

Secured By: Telephone System

Year Ending June 30,	Principal	Interest	Total
<u>2013</u>	\$ 1,190	\$ 26	\$ 1,216

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 9: LONG-TERM DEBT (CONCLUDED)

Toshiba Copy Machines Lease-Purchase Agreement
Lessor: USbancorp
Dated: December 15, 2011
Maturity Date: March 25, 2015
Interest Rate: 4.70%
Original Amount: \$38,313
Monthly Payment: \$1,061
Secured By: Telephone System

Year Ending June 30,	Principal	Interest	Total
2013	\$ 11,438	\$ 1,297	\$ 12,735
2014	11,988	747	12,735
2015	9,366	186	9,552

Total future debt service requirements:

Year Ending June 30,	Total Principal	Total Interest	Total Payments
2013	\$ 12,628	\$ 1,323	\$ 13,951
2014	11,988	747	12,735
2015	9,366	186	9,552
Total	<u>\$ 33,982</u>	<u>\$ 2,256</u>	<u>\$ 36,238</u>

NOTE 10: RISK MANAGEMENT

The Regional Office of Education #21 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. Regional Office of Education #21 has purchased commercial insurance to cover these risks. During the year ended June 30, 2012, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

NOTE 11: ON-BEHALF PAYMENTS

The State of Illinois pays the following salaries and benefits on behalf of Regional Office of Education #21:

Regional Superintendent Salary	\$ 104,616
Regional Superintendent Fringe Benefits (Includes State paid insurance)	14,974
Assistant Regional Superintendent Salaries	64,551
Assistant Regional Superintendent Fringe Benefits (Includes State paid insurance)	17,097
TRS Pension Contributions	244,264
THIS Fund Contributions	8,609
Total	<u>\$ 454,111</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 11: ON-BEHALF PAYMENTS (CONCLUDED)

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education. These amounts have been recorded in the accompanying governmental fund financial statements as State revenue and expenditures.

Franklin and Williamson Counties provide the Regional Office of Education #21 with staff on behalf of the Regional Office of Education #21. These amounts have been recorded in the accompanying governmental fund financial statements as local revenue and expenditures. The expenditures paid on Regional Office of Education #21's behalf for the year ended June 30, 2012 were as follows:

Salaries	\$	156,917
Benefits		67,887
Total		\$ 224,804

NOTE 12: INTERFUND TRANSFERS

Interfund transfer in/out to other funds at June 30, 2012 consisted of the following individual transfers in/out to other funds in the fund statements. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities; however, the transfers between the governmental funds and the business-type funds were not eliminated.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
County Budget	\$ -	\$ 152
ECHO	-	19,902
General Operating	2,149	604
Special Revenue Fund – Education Funds		
Substance Abuse Prevention & Treatment Block Grant	75	-
ARRA McKinney Education for Homeless Children	3	-
Local LEA Homeless	-	110
FY11 System of Support	305	-
Vocational Ed Tech Prep	-	1,887
Man-tra-con ECHO	19,546	-
ROE/ISC Operations	221	-
Regional Safe Schools	356	-
Total	\$ 22,655	\$ 22,655

NOTE 13: OPERATING LEASES

Lease 1: During the fiscal year ended June 30, 2010, the Regional Office of Education #21 entered into a lease agreement for office space for their Project ECHO and S.T.A.R. Quest location at 17466 Route 37 Marion, Illinois in Williamson County. This lease called for an advanced rent payment of \$50,000, upon execution of the lease, and monthly payments of \$3,140 beginning July 1, 2009 and extending through June 30, 2014. On July 1, 2014, the lease will automatically be renewed for a period of five years with monthly installments of \$1,500. Lease expense for fiscal year 2012 was \$37,680.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 13: OPERATING LEASES (CONCLUDED)

Lease 2: During the fiscal year ended June 30, 2010, the Regional Office of Education #21 entered into a lease agreement for a Toshiba copy machine. This lease called for monthly payments of \$273 beginning November 3, 2009 through January 3, 2013. Lease expense for fiscal year 2012 was \$3,281.

The Regional Office of Education #21's future minimum lease payments based on the leases detailed above are as follows:

Fiscal Year		
2013	\$	39,594
2014		37,680
2015		18,000
2016		18,000
2017		18,000
2018-2019		36,000
	\$	167,274

NOTE 14: 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 expend appropriations during the year are required to be disclosed.

The following funds had deficit fund balances at June 30, 2012:

Special Revenue Fund – Education Funds		
FY12 System of Support	\$	15,551
Partnership for College and Career Success	\$	10,625
Nonmajor Special Revenue Funds		
General Education Development	\$	12,764
Institute Fund		
Certification Fund	\$	1,465

NOTE 15: RECLASSIFICATION

As a result of implementing GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, at June 30, 2012, the Regional Safe Schools grant funding, Child Nutrition ECHO grant funding, and Man-tra-Con ECHO grant funding have been reclassified from the General Fund to the Education Fund. The General State Aid (GSA) funding portion of the General State Aid Safe Schools account has remained in the General Fund.

The Regional Office of Education #21 receives Regional Safe School and Child Nutrition ECHO grant funding from the Illinois State Board of Education and Man-tra-con ECHO grant funding from Management, Training, and Consulting Corp. The Regional Office has historically reported the Regional Safe School grant funding in the General Fund with the GSA funding, which is received from the Illinois State Board of Education based on attendance in the Regional Safe School and supports the general operations of the

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 15: RECLASSIFICATION (CONCLUDED)

Regional Safe School program. Child Nutrition ECHO and Man-tra-con ECHO have historically been reported with ECHO in the General Fund. Because the Regional Safe School, Child Nutrition ECHO, and Man-tra-con ECHO grant funding is all governed by grant agreements with the grantor, the funding is restricted and is required to be reported as a special revenue fund.

Following is the effect of this reclassification on the beginning fund balances for the General Fund and the Education Fund:

General Fund	
Fund Balance, July 1, 2011	\$ 1,017,438
Effect of reclassifying Regional Safe Schools	8,802
Effect of reclassifying Man-tra-con ECHO	(8,642)
Effect of reclassifying Child Nutrition ECHO	(2,190)
Fund Balance, July 1, 2012, Restated	<u>\$ 1,015,408</u>
Education Fund	
Fund Balance, July 1, 2011	\$ 23,666
Effect of reclassifying Regional Safe Schools	(8,802)
Effect of reclassifying Man-tra-con ECHO	8,642
Effect of reclassifying Child Nutrition ECHO	2,190
Fund Balance, July 1, 2012, Restated	<u>\$ 25,696</u>

NOTE 16: SUBSEQUENT EVENT

As a result of Public Act 97-703, the State of Illinois will reduce the number of regional offices of education through consolidation. The Regional Office of Education #21 has an agreement in place that combines Franklin, Williamson, and Johnson counties into a new region beginning July 1, 2015.

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
June 30, 2012**

UNAUDITED

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/11	\$900,962	\$954,792	\$53,830	94.36%	\$349,817	15.39%
12/31/10	842,195	917,426	75,231	91.80%	372,796	20.18%
12/31/09	849,230	916,687	67,457	92.64%	385,884	17.48%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$869,707. On a market basis, the funded ratio would be 91.09%.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
OTHER POST EMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS
June 30, 2012**

UNAUDITED

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/12	\$ -	\$ 8,638	\$ 8,638	0%	\$ 348,026	2.48%
6/30/11	-	7,612	7,612	0%	347,674	2.19%

The Regional Office implemented GASB Statement No. 45 during the fiscal year ended June 30, 2011. Information for years prior to June 30, 2011 is not available.

OTHER SUPPLEMENTAL INFORMATION

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2012**

	<u>County Budget</u>	<u>ECHO</u>	<u>Enterprise/ Workshop</u>	<u>General Operating</u>	<u>Interest Allocation</u>
Assets					
Cash and cash equivalents	\$ -	\$ 93,092	\$ 70,142	\$ 102,880	\$ 18,344
Due from other funds	-	232,908	-	272	-
Accounts receivable	-	-	345	930	1
Due from other governments	-	171,268	139	-	-
Prepaid expenses	-	17,630	142	15,011	-
Total Assets	<u>\$ -</u>	<u>\$ 514,898</u>	<u>\$ 70,768</u>	<u>\$ 119,093</u>	<u>\$ 18,345</u>
Liabilities					
Accounts payable	\$ -	\$ 5,818	\$ 257	\$ 2,737	\$ -
Accrued wages and benefits	-	74,999	-	-	-
Due to other governments	-	19,701	-	-	-
Deferred revenue	-	17,028	65	-	-
Total Liabilities	<u>-</u>	<u>117,546</u>	<u>322</u>	<u>2,737</u>	<u>-</u>
Fund Balance					
Nonspendable	-	17,630	142	15,011	-
Assigned	-	379,722	-	-	-
Unassigned	-	-	70,304	101,345	18,345
Total Fund Balances	<u>-</u>	<u>397,352</u>	<u>70,446</u>	<u>116,356</u>	<u>18,345</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 514,898</u>	<u>\$ 70,768</u>	<u>\$ 119,093</u>	<u>\$ 18,345</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2012**

	Prevention Social Marketing	Regional Gifted	General State Aid Safe Schools	Williamson County Film Library	Total
Assets					
Cash and cash equivalents	\$ 566	\$ 1,806	\$ 216,826	\$ 17,088	\$ 520,744
Due from other funds	-	-	-	-	233,180
Accounts receivable	-	-	-	-	1,276
Due from other governments	-	-	-	-	171,407
Prepaid expenses	98	-	7,252	-	40,133
Total Assets	<u>\$ 664</u>	<u>\$ 1,806</u>	<u>\$ 224,078</u>	<u>\$ 17,088</u>	<u>\$ 966,740</u>
Liabilities					
Accounts payable	-	-	-	-	\$ 8,812
Accrued wages and benefits	-	-	16,219	-	91,218
Due to other governments	-	-	-	-	19,701
Deferred revenue	-	-	-	-	17,093
Total Liabilities	<u>-</u>	<u>-</u>	<u>16,219</u>	<u>-</u>	<u>136,824</u>
Fund Balance					
Nonspendable	98	-	7,252	-	40,133
Assigned	-	-	-	-	379,722
Unassigned	566	1,806	200,607	17,088	410,061
Total Fund Balances	<u>664</u>	<u>1,806</u>	<u>207,859</u>	<u>17,088</u>	<u>829,916</u>
Total Liabilities and Fund Balances	<u>\$ 664</u>	<u>\$ 1,806</u>	<u>\$ 224,078</u>	<u>\$ 17,088</u>	<u>\$ 966,740</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2012**

	County Budget	ECHO	Enterprise/ Workshop	General Operating	Interest Allocation
Revenues					
Local sources	\$ -	\$ 173,971	\$ 46,179	\$ 36,762	\$ -
State sources	-	896,009	-	-	-
Federal sources	-	-	-	-	-
On Behalf Payments	224,804	-	-	454,111	-
Total Revenue	<u>224,804</u>	<u>1,069,980</u>	<u>46,179</u>	<u>490,873</u>	<u>-</u>
Expenditures					
Salaries	-	786,592	-	-	-
Employee benefits	-	136,552	-	-	-
Purchased services	-	180,316	11,444	27,932	-
Supplies and materials	-	39,884	26,783	1,425	-
Capital outlay	-	42,863	1,319	-	-
Other	-	8,285	66	3,927	-
Payments to other government units	-	63,000	-	-	-
Payments made on behalf of region	224,804	-	-	454,111	-
Total Expenditures	<u>224,804</u>	<u>1,257,492</u>	<u>39,612</u>	<u>487,395</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	<u>-</u>	<u>(187,512)</u>	<u>6,567</u>	<u>3,478</u>	<u>-</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	2,149	-
Transfers out	(152)	(19,902)	-	(604)	-
Interest	-	-	-	-	1,612
Proceeds from lease-purchase agreement	-	38,313	-	-	-
Total Other Financing Sources (Uses)	<u>(152)</u>	<u>18,411</u>	<u>-</u>	<u>1,545</u>	<u>1,612</u>
Net Change in Fund Balance					
	(152)	(169,101)	6,567	5,023	1,612
Fund Balances - Beginning, Restated (See Note 15)	<u>152</u>	<u>566,453</u>	<u>63,879</u>	<u>111,333</u>	<u>16,733</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 397,352</u>	<u>\$ 70,446</u>	<u>\$ 116,356</u>	<u>\$ 18,345</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2012**

	Prevention Social Marketing	Regional Gifted	General State Aid Safe Schools	Williamson County Film Library	Total
Revenues					
Local sources	\$ -	\$ 4,000	\$ -	\$ -	\$ 260,912
State sources	-	-	78,157	-	974,166
On Behalf Payments	-	-	-	-	678,915
Total Revenue	<u>-</u>	<u>4,000</u>	<u>78,157</u>	<u>-</u>	<u>1,913,993</u>
Expenditures					
Salaries	-	-	61,921	-	848,513
Employee benefits	-	-	10,336	-	146,888
Purchased services	2,162	-	21,412	-	243,266
Supplies and materials	67	-	5,881	-	74,040
Capital outlay	-	-	3,437	-	47,619
Other	-	6,382	-	-	18,660
Payments to other government units	-	-	-	-	63,000
Payments made on behalf of region	-	-	-	-	678,915
Total Expenditures	<u>2,229</u>	<u>6,382</u>	<u>102,987</u>	<u>-</u>	<u>2,120,901</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,229)</u>	<u>(2,382)</u>	<u>(24,830)</u>	<u>-</u>	<u>(206,908)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	2,149
Transfers out	-	-	-	-	(20,658)
Interest	-	-	-	-	1,612
Proceeds from lease-purchase agreement	-	-	-	-	38,313
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,416</u>
Net Change in Fund Balance	(2,229)	(2,382)	(24,830)	-	(185,492)
Fund Balance - Beginning, Restated (See Note 15)	<u>2,893</u>	<u>4,188</u>	<u>232,689</u>	<u>17,088</u>	<u>1,015,408</u>
Fund Balance - Ending	<u>\$ 664</u>	<u>\$ 1,806</u>	<u>\$ 207,859</u>	<u>\$ 17,088</u>	<u>\$ 829,916</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2012**

	Social/ Emotional Standards	21st Century Community Learning Centers	FY11 Illinois Family Violence Prevention	FY12 Illinois Family Violence Prevention	Substance Abuse Prevention & Treatment Block Grant
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 4,661	\$ -
Accounts receivable	-	-	-	-	-
Due from other governments	-	-	-	-	9,565
Prepaid expenses	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,661</u>	<u>\$ 9,565</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 116	\$ 75
Due to other funds	-	-	-	-	9,490
Due to other governments	-	-	-	-	-
Deferred revenue	-	-	-	4,545	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,661</u>	<u>9,565</u>
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balance (Deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,661</u>	<u>\$ 9,565</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2012**

	McKinney Education for Homeless Children	ARRA McKinney Education for Homeless Children	Local LEA Homeless	Illinois Violence Prevention	New Principal Mentoring Program
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 5,368
Accounts receivable	-	-	-	-	-
Due from other governments	47,474	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total Assets	<u>\$ 47,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,368</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	47,474	-	-	-	-
Due to other governments	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total Liabilities	<u>47,474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	5,368
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balance (Deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,368</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 47,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,368</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2012**

	Other System of Support	FY12 System of Support	FY11 System of Support	Partnership for College and Career Success	Vocational Ed Tech Prep
Assets					
Cash and cash equivalents	\$ 3,301	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-
Due from other governments	-	27,859	-	26,463	-
Prepaid expenses	-	-	-	-	-
Total Assets	<u>\$ 3,301</u>	<u>\$ 27,859</u>	<u>\$ -</u>	<u>\$ 26,463</u>	<u>\$ -</u>
Liabilities					
Accounts payable	\$ -	\$ 50	\$ -	\$ -	\$ -
Due to other funds	-	27,809	-	26,017	-
Due to other governments	500	-	-	446	-
Deferred revenue	-	15,551	-	10,625	-
Total Liabilities	<u>500</u>	<u>43,410</u>	<u>-</u>	<u>37,088</u>	<u>-</u>
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	2,801	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	(15,551)	-	(10,625)	-
Total Fund Balance (Deficit)	<u>2,801</u>	<u>(15,551)</u>	<u>-</u>	<u>(10,625)</u>	<u>-</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 3,301</u>	<u>\$ 27,859</u>	<u>\$ -</u>	<u>\$ 26,463</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2012**

	Education Jobs ECHO	Education Jobs StarQuest	Man-tra-Con ECHO	Child Nutrition ECHO
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 712
Accounts receivable	-	-	-	-
Due from other governments	-	-	-	-
Prepaid expenses	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 712</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance				
Nonspendable	-	-	-	-
Restricted	-	-	-	712
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance (Deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>712</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 712</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2012**

	ROE/ISC Operations	Regional Safe Schools	Truants Alternative/ Optional Education	Total
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 14,042
Accounts receivable	-	-	-	-
Due from other governments	-	24,551	11,389	147,301
Prepaid expenses	221	-	-	221
Total Assets	\$ 221	\$ 24,551	\$ 11,389	\$ 161,564
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 241
Due to other funds	-	24,551	11,389	146,730
Due to other governments	-	-	-	946
Deferred revenue	-	-	-	30,721
Total Liabilities	-	24,551	11,389	178,638
Fund Balance				
Nonspendable	221	-	-	221
Restricted	-	-	-	8,881
Assigned	-	-	-	-
Unassigned	-	-	-	(26,176)
Total Fund Balance (Deficit)	221	-	-	(17,074)
Total Liabilities and Fund Balances (Deficits)	\$ 221	\$ 24,551	\$ 11,389	\$ 161,564

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2012**

	Social/ Emotional Standards	21st Century Community Learning Centers	FY11 Illinois Family Violence Prevention	FY12 Illinois Family Violence Prevention	Substance Abuse Prevention & Treatment Block Grant
Revenues					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	11,903	9,014	36,247
Federal sources	-	-	-	-	91,925
Total Revenue	<u>-</u>	<u>-</u>	<u>11,903</u>	<u>9,014</u>	<u>128,172</u>
Expenditures					
Salaries	-	-	5,773	6,298	99,678
Employee benefits	-	-	442	481	18,281
Purchased services	-	-	4,639	2,235	9,738
Supplies and materials	1,089	-	1,049	-	549
Other	-	544	-	-	-
Payments to other government units	-	-	-	-	-
Total Expenditures	<u>1,089</u>	<u>544</u>	<u>11,903</u>	<u>9,014</u>	<u>128,246</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,089)</u>	<u>(544)</u>	<u>-</u>	<u>-</u>	<u>(74)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	75
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75</u>
Net Change in Fund Balance	(1,089)	(544)	-	-	1
Fund Balance (Deficit) - Beginning, Restated (See Note 15)	<u>1,089</u>	<u>544</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2012**

	McKinney Education for Homeless Children	ARRA McKinney Education for Homeless Children	Local LEA Homeless	Illinois Violence Prevention	New Principal Mentoring Program
Revenues					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	998	-
Federal sources	141,596	5,356	-	-	-
Total Revenue	<u>141,596</u>	<u>5,356</u>	<u>-</u>	<u>998</u>	<u>-</u>
Expenditures					
Salaries	39,500	1,600	-	-	-
Employee benefits	19,241	602	-	-	-
Purchased services	12,157	11	-	-	-
Supplies and materials	2,877	301	-	-	-
Other	-	-	-	-	-
Payments to other government units	67,821	645	-	-	-
Total Expenditures	<u>141,596</u>	<u>3,159</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>2,197</u>	<u>-</u>	<u>998</u>	<u>-</u>
Other Financing Sources (Uses)					
Transfers in	-	3	-	-	-
Transfers out	-	-	(110)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>3</u>	<u>(110)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	2,200	(110)	998	-
Fund Balance (Deficit) - Beginning, Restated (See Note 15)	<u>-</u>	<u>(2,200)</u>	<u>110</u>	<u>(998)</u>	<u>5,368</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,368</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2012**

	Other System of Support	FY12 System of Support	FY11 System of Support	Partnership for College and Career Success	Vocational Ed Tech Prep
Revenues					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	76,119	1,887
Federal sources	-	70,758	15,731	-	-
Total Revenue	<u>-</u>	<u>70,758</u>	<u>15,731</u>	<u>76,119</u>	<u>1,887</u>
Expenditures					
Salaries	22,887	53,497	9,313	61,663	-
Employee benefits	7,293	21,703	3,812	11,636	-
Purchased services	5,131	8,209	612	12,081	-
Supplies and materials	292	-	-	1,364	-
Other	-	-	-	-	-
Payments to other government units	3,450	2,900	2,299	-	-
Total Expenditures	<u>39,053</u>	<u>86,309</u>	<u>16,036</u>	<u>86,744</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(39,053)</u>	<u>(15,551)</u>	<u>(305)</u>	<u>(10,625)</u>	<u>1,887</u>
Other Financing Sources (Uses)					
Transfers in	-	-	305	-	-
Transfers out	-	-	-	-	(1,887)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>305</u>	<u>-</u>	<u>(1,887)</u>
Net Change in Fund Balance	(39,053)	(15,551)	-	(10,625)	-
Fund Balance (Deficit) - Beginning, Restated (See Note 15)	<u>41,854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u>\$ 2,801</u>	<u>\$ (15,551)</u>	<u>\$ -</u>	<u>\$ (10,625)</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2012**

	Education Jobs ECHO	Education Jobs StarQuest	Man-tra-Con ECHO	Child Nutrition ECHO
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ 1,959
State sources	-	-	-	1,309
Federal sources	18,451	131	51,500	32,417
Total Revenue	<u>18,451</u>	<u>131</u>	<u>51,500</u>	<u>35,685</u>
Expenditures				
Salaries	1,250	131	63,210	-
Employee benefits	75	-	13,326	-
Purchased services	8	-	2,558	-
Supplies and materials	-	-	594	37,163
Other	-	-	-	-
Payments to other government units	-	-	-	-
Total Expenditures	<u>1,333</u>	<u>131</u>	<u>79,688</u>	<u>37,163</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>17,118</u>	<u>-</u>	<u>(28,188)</u>	<u>(1,478)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	19,546	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>19,546</u>	<u>-</u>
Net Change in Fund Balance	17,118	-	(8,642)	(1,478)
Fund Balance (Deficit) - Beginning, Restated (See Note 15)	<u>(17,118)</u>	<u>-</u>	<u>8,642</u>	<u>2,190</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 712</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2012**

	ROE/ISC Operations	Regional Safe Schools	Truants Alternative/ Optional Education	Total
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ 1,959
State sources	34,583	100,517	43,900	316,477
Federal sources	-	-	-	427,865
Total Revenue	<u>34,583</u>	<u>100,517</u>	<u>43,900</u>	<u>746,301</u>
Expenditures				
Salaries	14,000	76,111	33,300	488,211
Employee benefits	3,431	13,733	5,368	119,424
Purchased services	11,652	2,227	5,172	76,430
Supplies and materials	518	-	60	45,856
Other	-	-	-	544
Payments to other government units	-	-	-	77,115
Total Expenditures	<u>29,601</u>	<u>92,071</u>	<u>43,900</u>	<u>807,580</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,982</u>	<u>8,446</u>	<u>-</u>	<u>(61,279)</u>
Other Financing Sources (Uses)				
Transfers in	221	356	-	20,506
Transfers out	-	-	-	(1,997)
Total Other Financing Sources (Uses)	<u>221</u>	<u>356</u>	<u>-</u>	<u>18,509</u>
Net Change in Fund Balance	5,203	8,802	-	(42,770)
Fund Balance (Deficit) - Beginning, Restated (See Note 15)	<u>(4,982)</u>	<u>(8,802)</u>	<u>-</u>	<u>25,696</u>
Fund Balance (Deficit) - Ending	<u>\$ 221</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,074)</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of December 15, 2010 to December 31, 2011)
EDUCATION FUND ACCOUNTS
FY11 ILLINOIS FAMILY VIOLENCE PREVENTION
For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 20,359	\$ 19,500	\$ 11,903
Total Revenues	<u>20,359</u>	<u>19,500</u>	<u>11,903</u>
Expenditures			
Salaries	12,595	12,071	5,773
Employee benefits	1,306	1,610	442
Purchased services	6,159	4,751	4,639
Supplies and materials	299	1,068	1,049
Total Expenditures	<u>20,359</u>	<u>19,500</u>	<u>11,903</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of January 1, 2011 to December 31, 2012)
EDUCATION FUND ACCOUNTS
FY12 ILLINOIS FAMILY VIOLENCE PREVENTION
For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 19,500	\$ 19,500	\$ 9,014
Total Revenues	<u>19,500</u>	<u>19,500</u>	<u>9,014</u>
Expenditures			
Salaries	12,595	12,595	6,298
Employee benefits	1,306	1,306	481
Purchased services	5,300	5,300	2,235
Supplies and materials	299	299	-
Total Expenditures	<u>19,500</u>	<u>19,500</u>	<u>9,014</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011 to June 30, 2012)
EDUCATION FUND ACCOUNTS
SUBSTANCE ABUSE PREVENTION & TREATMENT BLOCK GRANT
For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 144,021	\$ 128,172	\$ 36,247
Federal sources	-	-	91,925
Total Revenues	<u>144,021</u>	<u>128,172</u>	<u>128,172</u>
Expenditures			
Salaries	110,085	99,678	99,678
Employee benefits	21,596	18,969	18,281
Purchased services	9,690	9,003	9,738
Supplies and materials	2,650	522	549
Total Expenditures	<u>144,021</u>	<u>128,172</u>	<u>128,246</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(74)</u>
Other Financing Sources (Uses):			
Transfers in	<u>-</u>	<u>-</u>	<u>75</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>75</u>
Net Change in Fund Balance	-	-	1
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>(1)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011 to June 30, 2012)
EDUCATION FUND ACCOUNTS
MCKINNEY EDUCATION FOR HOMELESS CHILDREN
For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 170,626	\$ 197,626	\$ 141,596
Total Revenues	<u>170,626</u>	<u>197,626</u>	<u>141,596</u>
Expenditures			
Salaries	39,500	46,185	39,500
Employee benefits	18,733	22,067	19,241
Purchased services	9,974	12,270	12,157
Supplies and materials	5,419	6,419	2,877
Capital outlay	-	600	-
Payments to other government units	97,000	110,085	67,821
Total Expenditures	<u>170,626</u>	<u>197,626</u>	<u>141,596</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of August 3, 2009 to September 30, 2011)
EDUCATION FUND ACCOUNTS
ARRA MCKINNEY EDUCATION FOR HOMELESS CHILDREN
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 176,760	\$ 177,983	\$ 5,356
Total Revenues	<u>176,760</u>	<u>177,983</u>	<u>5,356</u>
Expenditures			
Salaries	10,000	10,000	1,600
Employee benefits	3,654	3,654	602
Purchased services	1,553	1,553	11
Supplies and materials	862	862	301
Payments to other governments	160,691	161,914	645
Total Expenditures	<u>176,760</u>	<u>177,983</u>	<u>3,159</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>2,197</u>
Other Financing Sources (Uses)			
Transfers in	<u>-</u>	<u>-</u>	<u>3</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>3</u>
Net Change in Fund Balance	-	-	2,200
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>(2,200)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011 to June 30, 2012)
EDUCATION FUND ACCOUNTS
PARTNERSHIP FOR COLLEGE AND CAREER SUCCESS
For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 85,417	\$ 86,976	\$ 76,119
Total Revenues	<u>85,417</u>	<u>86,976</u>	<u>76,119</u>
Expenditures			
Salaries	61,188	61,660	61,663
Employee benefits	11,546	11,633	11,636
Purchased services	9,018	12,266	12,081
Supplies and materials	3,665	1,417	1,364
Capital Outlay	-	-	-
Other	-	-	-
Payments to other governments	-	-	-
Total Expenditures	<u>85,417</u>	<u>86,976</u>	<u>86,744</u>
Net Change in Fund Balance	-	-	(10,625)
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,625)</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011 to June 30, 2012)
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS
For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 29,601	\$ 29,601	\$ 34,583
Total Revenues	<u>29,601</u>	<u>29,601</u>	<u>34,583</u>
Expenditures			
Salaries	14,000	14,000	14,000
Employee benefits	3,420	3,420	3,431
Purchased services	11,681	11,684	11,652
Supplies and materials	500	497	518
Total Expenditures	<u>29,601</u>	<u>29,601</u>	<u>29,601</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			<u>4,982</u>
Other Financing Sources (Uses)			
Transfers in			221
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>221</u>
Net Change in Fund Balance	-	-	5,203
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>(4,982)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 221</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011 to June 30, 2012)
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS
For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Local sources	-	-	-
State sources	\$ 92,071	\$ 92,071	\$ 100,517
Total Revenues	<u>92,071</u>	<u>92,071</u>	<u>100,517</u>
Expenditures			
Salaries	76,426	76,426	76,111
Employee benefits	12,828	12,828	13,733
Purchased services	2,760	2,760	2,227
Supplies and materials	57	57	-
Total Expenditures	<u>92,071</u>	<u>92,071</u>	<u>92,071</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			<u>8,446</u>
Other Financing Sources (Uses):			
Transfers in	-	-	356
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>356</u>
Net Change in Fund Balance	-	-	8,802
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>(8,802)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011 to June 30, 2012)
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION
For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 43,900	\$ 43,900	\$ 43,900
Total Revenues	<u>43,900</u>	<u>43,900</u>	<u>43,900</u>
Expenditures			
Salaries	33,300	33,300	33,300
Employee benefits	5,497	5,497	5,368
Purchased services	4,916	4,916	5,172
Supplies and materials	187	187	60
Total Expenditures	<u>43,900</u>	<u>43,900</u>	<u>43,900</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2012**

	<u>Bus Driver Permit</u>	<u>General Education Development</u>	<u>Institute Fund</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 4,617	\$ -	\$ 52,734	\$ 57,351
Accounts receivable	-	-	11,792	11,792
Due from other governments	-	61	-	61
Prepaid expenses	-	200	412	612
Total Assets	<u>\$ 4,617</u>	<u>\$ 261</u>	<u>\$ 64,938</u>	<u>\$ 69,816</u>
Liabilities				
Accounts payable	\$ 123	\$ 195	\$ 775	\$ 1,093
Due to other funds	-	11,623	690	12,313
Due to other governments	-	1,207	-	1,207
Total Liabilities	<u>123</u>	<u>13,025</u>	<u>1,465</u>	<u>14,613</u>
Fund Balance				
Nonspendable	-	200	412	612
Restricted	4,494	-	64,526	69,020
Unassigned	-	(12,964)	(1,465)	(14,429)
Total Fund Balance (Deficit)	<u>4,494</u>	<u>(12,764)</u>	<u>63,473</u>	<u>55,203</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 4,617</u>	<u>\$ 261</u>	<u>\$ 64,938</u>	<u>\$ 69,816</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2012**

	Bus Driver Permit	General Education Development	Institute Fund	Total
Revenues				
Local sources	\$ 1,692	\$ 16,351	\$ 68,692	\$ 86,735
State sources	779	-	-	779
Total Revenues	<u>2,471</u>	<u>16,351</u>	<u>68,692</u>	<u>87,514</u>
Expenditures				
Purchased services	1,492	7,452	24,472	33,416
Supplies and materials	-	2,029	1,065	3,094
Capital outlay	538	-	-	538
Other	-	-	10,683	10,683
Total Expenditures	<u>2,030</u>	<u>9,481</u>	<u>36,220</u>	<u>47,731</u>
Net Change in Fund Balance	441	6,870	32,472	39,783
Fund Balance (Deficit) - Beginning	<u>4,053</u>	<u>(19,634)</u>	<u>31,001</u>	<u>15,420</u>
Fund Balance (Deficit) - Ending	<u>\$ 4,494</u>	<u>\$ (12,764)</u>	<u>\$ 63,473</u>	<u>\$ 55,203</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
INSTITUTE FUND ACCOUNTS
June 30, 2012**

	<u>Certification</u>	<u>Institute</u>	<u>Technology</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ -	\$ 35,287	\$ 17,447	\$ 52,734
Accounts receivable	-	11,775	17	11,792
Prepaid expenses	-	-	412	412
Total Assets	<u>\$ -</u>	<u>\$ 47,062</u>	<u>\$ 17,876</u>	<u>\$ 64,938</u>
Liabilities				
Accounts payable	\$ 775	\$ -	\$ -	\$ 775
Due to other funds	690	-	-	690
Total Liabilities	<u>1,465</u>	<u>-</u>	<u>-</u>	<u>1,465</u>
Fund Balance				
Nonspendable	-	-	412	412
Restricted	-	47,062	17,464	64,526
Unassigned	(1,465)	-	-	(1,465)
Total Fund Balance (Deficit)	<u>(1,465)</u>	<u>47,062</u>	<u>17,876</u>	<u>63,473</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ -</u>	<u>\$ 47,062</u>	<u>\$ 17,876</u>	<u>\$ 64,938</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INSTITUTE FUND ACCOUNTS
For the Year Ended June 30, 2012**

	<u>Certification</u>	<u>Institute</u>	<u>Technology</u>	<u>Total</u>
Revenues				
Local sources	\$ 10,452	\$ 32,236	\$ 26,004	\$ 68,692
Total Revenues	<u>10,452</u>	<u>32,236</u>	<u>26,004</u>	<u>68,692</u>
Expenditures				
Purchased services	-	16,722	7,750	24,472
Supplies and materials	-	1,065	-	1,065
Other	10,683	-	-	10,683
Total Expenditures	<u>10,683</u>	<u>17,787</u>	<u>7,750</u>	<u>36,220</u>
Net Change in Fund Balance	(231)	14,449	18,254	32,472
Fund Balance (Deficit) - Beginning	<u>(1,234)</u>	<u>32,613</u>	<u>(378)</u>	<u>31,001</u>
Fund Balance (Deficit) - Ending	<u>\$ (1,465)</u>	<u>\$ 47,062</u>	<u>\$ 17,876</u>	<u>\$ 63,473</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2012**

	<u>School Facility Occupation Tax</u>	<u>Franklin County Regional Delivery System</u>	<u>Total Agency Funds</u>
Assets			
Cash and cash equivalents	\$ 272	\$ -	\$ 272
Due from other governments	<u>1,583,070</u>	<u>72,581</u>	<u>1,655,651</u>
Total Assets	<u>\$ 1,583,342</u>	<u>\$ 72,581</u>	<u>\$ 1,655,923</u>
Liabilities			
Due to primary government	\$ 272	\$ -	\$ 272
Due to other governments	<u>1,583,070</u>	<u>72,581</u>	<u>1,655,651</u>
Total Liabilities	<u>\$ 1,583,342</u>	<u>\$ 72,581</u>	<u>\$ 1,655,923</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2012**

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
<u>School Facility Occupation Tax</u>				
Assets				
Cash and cash equivalents	\$ 312	\$ 10,288,724	\$ 10,288,764	\$ 272
Due from other governments	<u>1,090,741</u>	<u>1,583,070</u>	<u>1,090,741</u>	<u>1,583,070</u>
Total Assets	<u>\$ 1,091,053</u>	<u>\$ 11,871,794</u>	<u>\$ 11,379,505</u>	<u>\$ 1,583,342</u>
Liabilities				
Due to primary government	\$ -	\$ 272	\$ -	\$ 272
Due to other governments	<u>1,091,053</u>	<u>1,583,070</u>	<u>1,091,053</u>	<u>1,583,070</u>
Total Liabilities	<u>\$ 1,091,053</u>	<u>\$ 1,583,342</u>	<u>\$ 1,091,053</u>	<u>\$ 1,583,342</u>
<u>Franklin County Regional Delivery System</u>				
Assets				
Due from other governments	<u>\$ 21,359</u>	<u>\$ 72,581</u>	<u>\$ 21,359</u>	<u>\$ 72,581</u>
Total Assets	<u>\$ 21,359</u>	<u>\$ 72,581</u>	<u>\$ 21,359</u>	<u>\$ 72,581</u>
Liabilities				
Due to primary government	\$ 21,359	\$ -	\$ 21,359	\$ -
Due to other governments	<u>-</u>	<u>72,581</u>	<u>-</u>	<u>72,581</u>
Total Liabilities	<u>\$ 21,359</u>	<u>\$ 72,581</u>	<u>\$ 21,359</u>	<u>\$ 72,581</u>
<u>Total</u>				
Assets				
Cash and cash equivalents	\$ 312	\$ 10,288,724	\$ 10,288,764	\$ 272
Due from other governments	<u>1,112,100</u>	<u>1,655,651</u>	<u>1,112,100</u>	<u>1,655,651</u>
Total Assets	<u>\$ 1,112,412</u>	<u>\$ 11,944,375</u>	<u>\$ 11,400,864</u>	<u>\$ 1,655,923</u>
Liabilities				
Due to primary government	\$ 21,359	\$ 272	\$ 21,359	\$ 272
Due to other governments	<u>1,091,053</u>	<u>1,655,651</u>	<u>1,091,053</u>	<u>1,655,651</u>
Total Liabilities	<u>\$ 1,112,412</u>	<u>\$ 1,655,923</u>	<u>\$ 1,112,412</u>	<u>\$ 1,655,923</u>