

**STATE OF ILLINOIS
REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
FINANCIAL AUDIT
(In Accordance with the Single Audit Act
& OMB Circular A-133)
For the Year Ended June 30, 2014**

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES**

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FRANKLIN-WILLIAMSON COUNTIES**

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**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES**

OFFICIALS

Regional Superintendent
(Current and During the Audit Period)

R. Matthew Donkin

Assistant Regional Superintendent
(During the Audit Period July 1, 2013 – August 30, 2013)

Kurt Endebrock

Assistant Regional Superintendent
(During the Audit Period October 1, 2013 – February 14, 2014)

Paul Oldani

Assistant Regional Superintendent
(During the Audit Period April 1, 2014 – July 14, 2014)

Timothy Bleyer

Assistant Regional Superintendent
(July 16, 2014 – Current)

Elaine Little

Offices are located at:

202 West Main Street
Benton, IL 62812

407 North Monroe Street, Suite 300
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**

COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2014-001	13	Internal Controls Over Financial Reporting	Material Weakness
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)			
2014-002	14	Internal Controls over Cash Management	Significant Deficiency
PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)			
2013-001	18	Internal Controls Over Capital Asset Maintenance	Material Weakness
PRIOR AUDIT FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)			

None

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES**

COMPLIANCE REPORT SUMMARY (CONTINUED)

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on August 29, 2014. Attending were R. Matthew Donkin, Regional Superintendent; Johna Schullian, Comptroller (via telephone); Sarah Lipe, Bookkeeper; and Kara Bevis, CPA, Manager, Kemper CPA Group, LLP. Formal responses to the recommendations were provided by R. Matthew Donkin, Regional Superintendent, on December 30, 2014.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES**

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Franklin-Williamson Counties 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 unmodified opinion on the Franklin-Williamson Counties Regional Office of Education #21's basic financial statements.

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the Franklin-Williamson Counties Regional Office of Education #21's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 19a through 19f, 55 and 56 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.

Other Information

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 basic financial statements. The combining schedules of accounts, budgetary comparison schedules, combining fund financial statements, and Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 schedules of accounts, the budgetary comparison schedules, the combining fund financial statements, and the Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated February 10, 2015, 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* in considering the Franklin-Williamson Counties Regional Office of Education #21's internal control over financial reporting and compliance.

Kemper CPA Group LLP

KEMPER CPA GROUP LLP

Certified Public Accountants and Consultants

Marion, Illinois
February 10, 2015

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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the 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, 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, 2014, and the related notes to the financial statements, which collectively comprise the Franklin-Williamson Counties Regional Office of Education #21's basic financial statements, and have issued our report thereon dated February 10, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Franklin-Williamson Counties Regional Office of Education #21's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Franklin-Williamson Counties Regional Office of Education #21's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control 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 a 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 the accompanying Schedule of Findings and Questioned Costs as item 2014-001 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*.

Regional Office of Education #21's Response to Finding

Franklin-Williamson Counties Regional Office of Education #21's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Franklin-Williamson Counties Regional Office of Education #21's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Franklin-Williamson Counties Regional Office of Education #21's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Franklin-Williamson Counties Regional Office of Education #21's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kemper CPA Group LLP

KEMPER CPA GROUP LLP

Certified Public Accountants and Consultants

Marion, Illinois
February 10, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Honorable William G. Holland
Auditor General
State of Illinois

Report on Compliance for Each Major Federal Program

We have audited the Franklin-Williamson Counties Regional Office of Education #21's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Franklin-Williamson Counties Regional Office of Education #21's major federal programs for the year ended June 30, 2014. The Franklin-Williamson Counties Regional Office of Education #21's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Franklin-Williamson Counties Regional Office of Education #21's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Franklin-Williamson Counties Regional Office of Education #21's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Franklin-Williamson Counties Regional Office of Education #21's compliance.

Opinion on Each Major Federal Program

In our opinion, the Franklin-Williamson Counties Regional Office of Education #21 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Franklin-Williamson Counties Regional Office of Education #21 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Franklin-Williamson Counties Regional Office of Education #21's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Franklin-Williamson Counties Regional Office of Education #21's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2014-002 that we consider to be a significant deficiency.

Franklin-Williamson Counties Regional Office of Education #21's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Franklin-Williamson Counties Regional Office of Education #21's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Kemper CPA Group LLP

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

Marion, Illinois
February 10, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION I – SUMMARY OF AUDITORS’ RESULTS
For the Year Ended June 30, 2014**

Financial Statements

Type of auditors’ report issued: *unmodified*

Internal control over financial reporting:

Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes

Type of auditors’ report issued on compliance for major federal programs: *unmodified*

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? Yes

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	System of Support Title I – School Improvement and Accountability

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

Auditee qualified as a low-risk auditee? No

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2014**

FINDING 2014-001 – Internal Controls Over Financial Reporting

CRITERIA/SPECIFIC REQUIREMENT:

The Regional Office of Education #21 is required to maintain a system of internal controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP) in order to detect, prevent, and/or correct misstatements in the financial statements.

CONDITION:

The Regional Office of Education #21 accounted for expenditure reimbursements as current period revenue within the GAAP based financial statements. When reimbursements of current period expenditures are received, these reimbursements should be recorded net against the related expenditures.

EFFECT:

Regional Office of Education #21's revenues and expenditures were overstated by \$26,845.

CAUSE:

According to the Regional Office officials, these misstatements were caused by the fiscal staff not being aware of how these reimbursements should be recognized.

RECOMMENDATION:

The Regional Office of Education #21 should take appropriate steps to ensure that all expenditure reimbursements are properly recorded in accordance with GAAP prior to the audit being performed.

MANAGEMENT'S RESPONSE:

The Regional Office of Education #21 will take appropriate steps to find the best guidance to ensure that all expenditure reimbursements are properly recorded in accordance with GAAP.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDING
For the Year Ended June 30, 2014**

FINDING 2014-002 – Internal Controls over Cash Management

Federal Program: System of Support Title I – School Improvement and Accountability

Project Number: 2014-4331-SS

CFDA Number: 84.010A

Passed Through: Illinois State Board of Education

Federal Agency: U.S. Department of Education

CRITERIA/SPECIFIC REQUIREMENT:

The Office of Management and Budget (OMB) Circular A-102 Common Rule and OMB Circular A-110 require non-federal entities receiving federal awards to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. The objectives of internal control pertaining to the compliance requirements for federal programs are found in OMB Circular A-133. Specifically, when awards are funded on a reimbursement basis, costs should be paid prior to requesting reimbursement from the pass-through or federal agency.

CONDITION:

Upon review of the reimbursement requests and general ledger detail relating to the System of Support Title I – School Improvement and Accountability grant program, it was noted that the Regional Office of Education #21 claimed expenditures in the amount of \$1,114 on the expenditure report submitted to the Illinois State Board of Education (ISBE) as of June 30, 2014 that were not paid until the following fiscal year.

QUESTIONED COSTS:

None

CONTEXT:

N/A

EFFECT:

Expenditures on the June 30, 2014 expenditure report were overstated by the following amounts: \$724 to Improvement of Instruction Services Purchased Service and \$390 to Improvement of Instruction Services Supplies and Material.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDING
For the Year Ended June 30, 2014**

FINDING 2014-002 – Internal Controls over Cash Management (Concluded)

CAUSE:

The June 30, 2014 expenditure report was prepared after several year-end adjusting journal entries had already been recorded, which increased accounts payable, due to other governmental units, and expenditures. These entries were recorded to adjust the account balances to the accrual basis of accounting. However, because this grant is funded on the reimbursement basis, the expenditure report should have been prepared on the cash basis of accounting. Proper controls were not in place to ensure the expenditure reports were prepared accurately and that all expenditures claimed were appropriate based on grant compliance requirements.

RECOMMENDATION:

The Regional Office of Education #21 should establish a set of internal controls over federal compliance to ensure that all grant expenditure reports are accurate prior to submission to the granting agency. These internal controls should be designed such that errors or omissions resulting from adjusting journal entries, clerical and posting errors, or other factors are detected and corrected prior to submission of the expenditure report.

MANAGEMENT'S RESPONSE:

The Regional Office of Education #21 will establish internal controls over federal compliance and look for the best direction from our funding agency (ISBE) to ensure that all grant expenditure reports are accurate prior to submission to the granting agency.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2014**

Corrective Action Plan

FINDING 2014-001 – Internal Controls Over Financial Reporting

CONDITION:

The Regional Office of Education #21 accounted for expenditure reimbursements as current period revenue within the GAAP based financial statements. When reimbursements of current period expenditures are received, these reimbursements should be recorded net against the related expenditures.

PLAN:

The Regional Office of Education #21 will more closely monitor the account balances and journal entries to detect, prevent, and/or correct misstatements related to expenditure reimbursements in the financial statements.

ANTICIPATED DATE OF COMPLETION:

Immediately

CONTACT PERSON:

R. Matthew Donkin, Regional Superintendent

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2014**

Corrective Action Plan

FINDING 2014-002 – Internal Controls over Cash Management

CONDITION:

Upon review of the reimbursement requests and general ledger detail relating to the System of Support Title I – School Improvement and Accountability grant program, it was noted that the Regional Office of Education #21 claimed expenditures in the amount of \$1,114 on the expenditure report submitted to the Illinois State Board of Education (ISBE) as of June 30, 2014 that were not paid until the following fiscal year.

PLAN:

The Comptroller along with the internal control officer/accountant and Regional Superintendent will review general ledger detail and expenditure claims prior to expenditure report submission.

ANTICIPATED DATE OF COMPLETION:

Immediately

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, 2014**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
2013-001	Internal controls over capital asset maintenance	Not Repeated

MANAGEMENT'S DISCUSSION AND ANALYSIS

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

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, 2014. 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 2014 activity, making comparisons of the financial position and results of operations more meaningful.

2014 Financial Highlights

In 2014, the Education Fund balance was \$12,794, an increase from the fiscal year 2013 fund balance of \$9,244. This increase was primarily due to an increase in Federal revenues within the Education Fund during fiscal year 2014.

The General Fund balance was \$277,005 and General Fund revenues were \$1,006,824 (excluding on-behalf payments) in fiscal year 2014. There was a general decrease in our revenue from State sources from 2013. General Fund expenditures were \$1,214,227 (excluding on-behalf payments), which decreased from 2013 mainly in salaries & benefits, purchased services, supplies and materials, and capital outlay.

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 Position and a Statement of Activities. These statements provide information about the activities of the Regional Office as a whole and present an overall view of the Regional Office's finances.
- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Regional Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- 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.

Reporting the Franklin-Williamson Counties Regional Office of Education #21 as a Whole

The Statement of Net Position 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 Position includes all of the Regional Office's 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.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

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

The Statement of Net Position and the Statement of Activities (Concluded)

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

- Over time, increases or decreases in the net position 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 funds' 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 Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

- 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 Position.

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. The Regional Office's net position at the end of fiscal year 2013 totaled \$671,608. At the end of fiscal year 2014, the net position was \$462,751. The analysis that follows provides a summary of the Regional Office's net position at June 30, 2014 and 2013.

**CONDENSED STATEMENT OF NET POSITION
June 30, 2014 and 2013**

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
ASSETS						
Current assets	\$ 559,177	\$ 771,577	\$ 77,962	\$ -	\$ 637,139	\$ 771,577
Capital assets, net of depreciation	<u>64,088</u>	<u>100,647</u>	<u>-</u>	<u>-</u>	<u>64,088</u>	<u>100,647</u>
TOTAL ASSETS	<u>623,265</u>	<u>872,224</u>	<u>77,962</u>	<u>-</u>	<u>701,227</u>	<u>872,224</u>
DEFERRED OUTFLOWS OF RESOURCES						
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES						
Current liabilities	177,143	188,196	57,234	-	234,377	188,196
Noncurrent liabilities	<u>4,099</u>	<u>12,420</u>	<u>-</u>	<u>-</u>	<u>4,099</u>	<u>12,420</u>
TOTAL LIABILITIES	<u>181,242</u>	<u>200,616</u>	<u>57,234</u>	<u>-</u>	<u>238,476</u>	<u>200,616</u>
DEFERRED INFLOWS OF RESOURCES						
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	54,721	79,293	-	-	54,721	79,293
Restricted for educational purposes	109,896	102,995	-	-	109,896	102,995
Unrestricted	<u>277,406</u>	<u>489,320</u>	<u>20,728</u>	<u>-</u>	<u>298,134</u>	<u>489,320</u>
TOTAL NET POSITION	<u>\$ 442,023</u>	<u>\$ 671,608</u>	<u>\$ 20,728</u>	<u>\$ -</u>	<u>\$ 462,751</u>	<u>\$ 671,608</u>

The Regional Office's net position decreased by \$208,857 (31%) from fiscal year 2013 to fiscal year 2014. This decrease was the result of a combination of a significant decrease in State-sourced revenues and a significant increase in total expenses due to some new grants and new funds during fiscal year 2014.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

The following analysis shows the changes in net position for the years ended June 30, 2014 and 2013.

**CHANGES IN NET POSITION
For the Years Ended June 30, 2014 and 2013**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 68,237	\$ 79,651	\$ 132,800	\$ 138,906	\$ 201,037	\$ 218,557
Operating grants & contributions	<u>1,220,643</u>	<u>831,026</u>	<u>-</u>	<u>-</u>	<u>1,220,643</u>	<u>831,026</u>
Total program revenues	<u>1,288,880</u>	<u>910,677</u>	<u>132,800</u>	<u>138,906</u>	<u>1,421,680</u>	<u>1,049,583</u>
General revenues:						
Local sources	255,017	257,378	-	-	255,017	257,378
State sources	756,318	835,593	-	-	756,318	835,593
On-behalf payments	781,636	777,846	-	-	781,636	777,846
Investment income	839	1,227	-	-	839	1,227
Loss on disposal of capital assets	<u>(1,376)</u>	<u>(376)</u>	<u>-</u>	<u>-</u>	<u>(1,376)</u>	<u>(376)</u>
Total general revenues	<u>1,792,434</u>	<u>1,871,668</u>	<u>-</u>	<u>-</u>	<u>1,792,434</u>	<u>1,871,668</u>
Total Revenues	<u>3,081,314</u>	<u>2,782,345</u>	<u>132,800</u>	<u>138,906</u>	<u>3,214,114</u>	<u>2,921,251</u>
Expenses:						
Salaries	1,290,707	1,264,652	-	-	1,290,707	1,264,652
Benefits	285,304	263,856	-	-	285,304	263,856
Purchased services	570,234	399,131	-	-	570,234	399,131
Supplies and materials	81,405	117,249	112,072	138,906	193,477	256,155
Capital Outlay	189	3,730	-	-	189	3,730
Depreciation	36,416	41,190	-	-	36,416	41,190
Other	7	654	-	-	7	654
Payments to other governmental units	265,001	223,118	-	-	265,001	223,118
On-behalf payments	<u>781,636</u>	<u>777,846</u>	<u>-</u>	<u>-</u>	<u>781,636</u>	<u>777,846</u>
Total expenses	<u>3,310,899</u>	<u>3,091,426</u>	<u>112,072</u>	<u>138,906</u>	<u>3,422,971</u>	<u>3,230,332</u>
Excess (Deficiency) before transfers	(229,585)	(309,081)	20,728	-	(208,857)	(309,081)
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(229,585)	(309,081)	20,728	-	(208,857)	(309,081)
Net Position – beginning	<u>671,608</u>	<u>980,689</u>	<u>-</u>	<u>-</u>	<u>671,608</u>	<u>980,689</u>
Net Position – ending	<u>\$ 442,023</u>	<u>\$ 671,608</u>	<u>\$ 20,728</u>	<u>\$ -</u>	<u>\$ 462,751</u>	<u>\$ 671,608</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

Governmental Activities

Revenues from governmental activities were \$3,081,314 and expenses were \$3,310,899. The overall increase in revenues and expenses over the prior year was primarily due to the Regional Office becoming an area-wide fiscal agent for a new Statewide System of Support grant in fiscal year 2014. The Regional Office plans to streamline activities and maximize efficiency to maintain services offered to and needed by local school districts in future fiscal years.

Business-Type Activities

Revenues and expenses for the Regional Office's business-type activities decreased slightly from the prior fiscal year due to a decrease in quantity of paper requested and purchased in fiscal year 2014 for the local school districts.

Financial Analysis of the Regional Office of Education #21 Funds

Governmental Fund Highlights

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 \$385,784, which is below last year's ending fund balance of \$595,368. The primary reasons for the decreases in combined fund balances in fiscal year 2014 were due to the continued pro-ration of General State Aid received for Project ECHO and Star Quest Academy from the Illinois State Board of Education, the reduction of funds in the WIA program, and the reduction of other State-sourced grants received for the fiscal year 2014.

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 many of the proposed grant 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 or other granting agency for final approval. The budgets may be amended during the year utilizing procedures prescribed by the Illinois State Board of Education or other applicable granting agency.

Capital Assets

Capital Assets of the Regional Office include office equipment, computers, audio-visual equipment, and office furniture. The Regional Office maintains an inventory of capital assets, which have been accumulated over time. The decrease for fiscal year 2014 was generally a result of the disposal of various fully depreciated items, the return of assets of an inactive grant, and the disposal of several other non-functional and obsolete items. The Regional Office's ending net capital asset balance for fiscal year 2014 is \$64,088, which is the total original cost of the capital assets less accumulated depreciation. More detailed information about capital assets is available in Note 9 to the financial statements.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

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 remain constant at \$6,119 per student; however, General State Aid is expected to continue to be prorated in fiscal year 2015.
- Because of the decrease in the Illinois Income Tax Rate on January 1, 2015, and the uncertainty of the Illinois Budget that was passed with insufficient revenues, there is a possibility that all General State Aid payments will not be received in FY2015.
- Several grants have had their funding levels increased for the coming year.
- The number of students served by the Regional Office is expected to remain constant.
- The Regional Office will continue to serve as area-wide fiscal agent for a new Statewide System of Support grant which will greatly affect its operations due to increased program activity.

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 Counties 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 POSITION
June 30, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 127,491	\$ -	\$ 127,491
Accounts receivable	22,520	-	22,520
Due from other governments	385,292	77,962	463,254
Prepaid expenses	23,874	-	23,874
Total Current Assets	<u>559,177</u>	<u>77,962</u>	<u>637,139</u>
Noncurrent Assets			
Capital assets, net of depreciation	64,088	-	64,088
Total Noncurrent Assets	<u>64,088</u>	<u>-</u>	<u>64,088</u>
Total Assets	<u>623,265</u>	<u>77,962</u>	<u>701,227</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities			
Current Liabilities			
Accounts payable	3,392	57,234	60,626
Accrued wages and benefits	91,462	-	91,462
Due to other governments	72,922	-	72,922
Capital lease payable, current	9,367	-	9,367
Total current liabilities	<u>177,143</u>	<u>57,234</u>	<u>234,377</u>
Noncurrent Liabilities			
Other post-employment benefit obligation	4,099	-	4,099
Total noncurrent liabilities	<u>4,099</u>	<u>-</u>	<u>4,099</u>
Total Liabilities	<u>181,242</u>	<u>57,234</u>	<u>238,476</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Invested in capital assets, net of related debt	54,721	-	54,721
Restricted for educational purposes	109,896	-	109,896
Unrestricted	277,406	20,728	298,134
TOTAL NET POSITION	<u>\$ 442,023</u>	<u>\$ 20,728</u>	<u>\$ 462,751</u>

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, 2014**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	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	\$ 1,290,707	\$ 3,317	\$ 496,218	\$ -	\$ (791,172)	\$ -	\$ (791,172)
Employee benefits	285,304	165	140,948	-	(144,191)	-	(144,191)
Purchased services	570,234	59,650	335,064	-	(175,520)	-	(175,520)
Supplies and materials	81,405	5,105	49,223	-	(27,077)	-	(27,077)
Other	7	-	-	-	(7)	-	(7)
Payments to other governmental units	265,001	-	199,001	-	(66,000)	-	(66,000)
Depreciation	36,416	-	-	-	(36,416)	-	(36,416)
Capital outlay	189	-	189	-	-	-	-
Administrative							
On-behalf payments	781,636	-	-	-	(781,636)	-	(781,636)
Total Governmental Activities	<u>3,310,899</u>	<u>68,237</u>	<u>1,220,643</u>	<u>-</u>	<u>(2,022,019)</u>	<u>-</u>	<u>(2,022,019)</u>
Business-type activities							
Paper Bid	112,072	132,800	-	-	-	20,728	20,728
Total Business-Type Activities	<u>112,072</u>	<u>132,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,728</u>	<u>20,728</u>
Total Primary Government	<u>\$ 3,422,971</u>	<u>\$ 201,037</u>	<u>\$ 1,220,643</u>	<u>\$ -</u>	<u>(2,022,019)</u>	<u>20,728</u>	<u>(2,001,291)</u>
General revenues							
Local sources					255,017	-	255,017
State sources					756,318	-	756,318
On-behalf payments					781,636	-	781,636
Loss on disposal of capital assets					(1,376)	-	(1,376)
Interest					839	-	839
Total General Revenues					<u>1,792,434</u>	<u>-</u>	<u>1,792,434</u>
Change in Net Position					(229,585)	20,728	(208,857)
Net Position - Beginning					671,608	-	671,608
Net Position - Ending					<u>\$ 442,023</u>	<u>\$ 20,728</u>	<u>\$ 462,751</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, 2014**

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 86,450	\$ 13,911	\$ 17,744	\$ 9,386	\$ -	\$ 127,491
Due from other funds	273,736	-	60,000	-	(333,736)	-
Accounts receivable	4,781	11,500	6,079	160	-	22,520
Due from other governments	91,083	294,209	-	-	-	385,292
Prepaid expenses	20,797	-	3,077	-	-	23,874
Total Assets	<u>476,847</u>	<u>319,620</u>	<u>86,900</u>	<u>9,546</u>	<u>(333,736)</u>	<u>559,177</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 476,847</u>	<u>\$ 319,620</u>	<u>\$ 86,900</u>	<u>\$ 9,546</u>	<u>\$ (333,736)</u>	<u>\$ 559,177</u>
Liabilities						
Accounts payable	\$ 2,361	\$ 615	\$ 303	\$ 113	\$ -	\$ 3,392
Accrued wages and benefits	91,462	-	-	-	-	91,462
Due to other funds	65,507	268,229	-	-	(333,736)	-
Due to other governments	36,012	36,865	45	-	-	72,922
Total liabilities	<u>195,342</u>	<u>305,709</u>	<u>348</u>	<u>113</u>	<u>(333,736)</u>	<u>167,776</u>
Deferred Inflows of Resources						
Unavailable revenue	<u>4,500</u>	<u>1,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,617</u>
Fund Balance (Deficit)						
Nonspendable	20,797	-	3,077	-	-	23,874
Restricted	-	13,911	83,475	9,433	-	106,819
Assigned	(28,073)	-	-	-	-	(28,073)
Unassigned	284,281	(1,117)	-	-	-	283,164
Total Fund Balances (Deficits)	<u>277,005</u>	<u>12,794</u>	<u>86,552</u>	<u>9,433</u>	<u>-</u>	<u>385,784</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 476,847</u>	<u>\$ 319,620</u>	<u>\$ 86,900</u>	<u>\$ 9,546</u>	<u>\$ (333,736)</u>	<u>\$ 559,177</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 POSITION
GOVERNMENTAL FUNDS
June 30, 2014**

Total Fund Balances - Governmental Funds	\$	385,784
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Some revenue will not be collected for several months after the Regional Office fiscal year ends; they are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds.

Current year unavailable revenue		5,617
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Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds, net of accumulated depreciation of \$443,234

		64,088
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Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.

Capital lease payable		(9,367)
Other post-employment benefit obligation		(4,099)

Net Position of Governmental Activities	\$	<u>442,023</u>
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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, 2014**

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
Revenues						
Local sources	\$ 250,506	\$ 11	\$ 50,570	\$ 16,888	\$ -	\$ 317,975
State sources	756,318	216,543	-	779	-	973,640
Federal sources	-	1,002,983	-	-	-	1,002,983
Payments made on behalf of region	781,636	-	-	-	-	781,636
Total Revenues	<u>1,788,460</u>	<u>1,219,537</u>	<u>50,570</u>	<u>17,667</u>	<u>-</u>	<u>3,076,234</u>
Expenditures						
Instructional Services						
Salaries	788,889	497,556	-	3,216	-	1,289,661
Employee benefits	143,816	141,328	-	160	-	285,304
Purchased services	188,416	335,967	49,620	8,218	-	582,221
Supplies and materials	27,099	49,356	4,334	616	-	81,405
Other	7	-	-	-	-	7
Payments to other governmental units	66,000	199,001	-	-	-	265,001
Payments made on behalf of region	781,636	-	-	-	-	781,636
Capital outlay	-	1,422	-	-	-	1,422
Total Expenditures	<u>1,995,863</u>	<u>1,224,630</u>	<u>53,954</u>	<u>12,210</u>	<u>-</u>	<u>3,286,657</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(207,403)</u>	<u>(5,093)</u>	<u>(3,384)</u>	<u>5,457</u>	<u>-</u>	<u>(210,423)</u>
Other Financing Sources (Uses)						
Transfers in	663	8,643	2,181	15	(11,502)	-
Transfers out	(9,467)	-	(2,035)	-	11,502	-
Interest	839	-	-	-	-	839
Total Other Financing Sources (Uses)	<u>(7,965)</u>	<u>8,643</u>	<u>146</u>	<u>15</u>	<u>-</u>	<u>839</u>
Net Change in Fund Balance	<u>(215,368)</u>	<u>3,550</u>	<u>(3,238)</u>	<u>5,472</u>	<u>-</u>	<u>(209,584)</u>
Fund Balances (Deficits) - Beginning	<u>492,373</u>	<u>9,244</u>	<u>89,790</u>	<u>3,961</u>	<u>-</u>	<u>595,368</u>
Fund Balances - Ending	<u>\$ 277,005</u>	<u>\$ 12,794</u>	<u>\$ 86,552</u>	<u>\$ 9,433</u>	<u>\$ -</u>	<u>\$ 385,784</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, 2014**

Net Change in Fund Balance - Total Governmental Funds \$ (209,584)

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 inflows of resources in the governmental funds.

FY2014 unavailable revenue - local sources	\$ 4,500	
FY2014 unavailable revenue - Federal sources	<u>1,117</u>	5,617

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	1,233	
Loss on disposal of capital assets	(1,376)	
Depreciation expense	<u>(36,416)</u>	(36,559)

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 position. This amount is the net effect of these differences in the treatment of long-term debt.

Proceeds from lease-purchase agreements	-	
Repayment of principal of capital lease payable	<u>11,987</u>	11,987

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 governmental funds.

(1,046)

Change in Net Position of Governmental Activities \$ (229,585)

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2014**

	<u>Business-Type Activities Enterprise Fund</u>
	<u>Paper Bid</u>
Assets	
Due from other governments	\$ <u>77,962</u>
Total Assets	<u>77,962</u>
Liabilities	
Accounts payable	<u>57,234</u>
Total Liabilities	<u>57,234</u>
Net Position	
Unrestricted	<u><u>\$ 20,728</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 POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2014**

	Business-Type Activities Enterprise Fund
	Paper Bid
Operating Revenues	
Charge for services	\$ 132,800
Total Operating Revenues	132,800
Operating Expenses	
Supplies and materials	112,072
Total Operating Expenses	112,072
Change in Net Position	20,728
Net Position - Beginning	-
Net Position - Ending	\$ 20,728

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, 2014**

	Business-Type Activities Enterprise Fund
	Paper Bid
Cash flows from operating activities:	
Receipts from customers	\$ 101,138
Payments to suppliers and providers for goods and services	(112,072)
Net cash provided by (used for) operating activities	(10,934)
Cash flows from noncapital financing activities:	
Interfund loans received (made)	57,234
Repayment of interfund loans	(46,300)
Net cash provided by (used for) noncapital financing activities	10,934
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents - beginning of year	-
Cash and cash equivalents - end of year	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 20,728
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Change in assets and liabilities:	
(Increase) decrease in due from other governments	(31,662)
Net cash provided by (used for) operating activities	\$ (10,934)

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 POSITION
FIDUCIARY FUNDS
June 30, 2014**

	Agency Funds
Assets	
Cash and cash equivalents	\$ 176
Due from other governments	1,620,993
Total Assets	\$ 1,621,169
Liabilities	
Due to other governments	\$ 1,621,169
Total Liabilities	\$ 1,621,169

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, 2014**

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 2014, the Regional Office of Education #21 implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*; GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*; GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*; and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The Regional Office of Education #21 implemented these standards during the current year; however, GASB Statement No. 66, GASB Statement No. 67, and GASB Statement No. 70 had no impact on the financial statements. The implementation of GASB Statement No. 65 provides financial reporting guidance for deferred outflows of resources and deferred inflow of resources.

A. Date of Management’s Review

Management has evaluated subsequent events through February 10, 2015, 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 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; to file and keep returns of elections required to be returned to the Regional Superintendent’s office; and to 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, 2014**

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 the Regional Superintendent's 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, 2014, 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 (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39 and GASB Statement No. 61. 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, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the non-fiduciary activities of the Regional Office of Education #21. 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 Net Position and the Statement of Activities are presented on an “economic resources” measurement focus prescribed by GASB Statement No. 34. All of the Regional Office of Education #21’s assets and deferred outflows of resources and liabilities and deferred inflows of resources, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. 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 Position 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 Position. 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 Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, 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, 2014**

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 Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. 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 position and changes in net position 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 inflows of resources 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, 2014**

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 position) 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 position. 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, revenues 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 deferred outflows of resources and liabilities and deferred inflows of resources 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, 2014**

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 (including deferred outflows), liabilities (including deferred inflows), 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 (including deferred outflows), liabilities (including deferred inflows), 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.

School Facility Occupation Tax Interest Allocation – Used to account for the interest earned on the Franklin and Williamson Counties School Facility Occupation Tax while it is held in the Regional Office's accounts before each month's distribution. If the ROE has agreements in place with the school districts, the ROE may keep the interest earned.

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 OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

Academic Achievement – Accounts for expenditures related to the annual Franklin and Williamson counties academic banquet and any reimbursements received for those events.

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.

Juvenile Detention Center – Used to account for Local monies received from school districts to operate at the detention center.

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 agreements or contracts to expenditures for specific purposes supporting education enhancement programs as follows:

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.

Substance Abuse Prevention and Treatment Block Grant – The Regional Office is the administrative agent for the Department of Human Services funded Community Prevention Resources program which supports prevention professionals trained to assist communities and schools with the knowledge and skills for effective alcohol, tobacco, and other drug prevention.

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

Title I 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.

Title II Teacher Quality - Leadership Grant – Grant monies received in this fund from the Illinois State Board of Education are used to facilitate teacher and principal evaluation trainings.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

FY14 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 Pinckneyville and Wayne City high schools with Rend Lake College.

Title II Teacher Quality ECHO – Monies received from the Illinois State Board of Education assist in recruiting, hiring, and retaining highly qualified teachers. These funds also provide for teacher and paraprofessional training.

WIA Youth Activities - 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 and State Free Lunch and Breakfast Program grant monies received for the child nutrition operations of the alternative school, as well as all fees collected for staff and student lunches served.

ROE/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.

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.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Concluded)

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

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.

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.

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:

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.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Concluded)

Fiduciary Funds (Concluded)

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 CTEI and Perkins grants. The Systems’ governing board, referred to as the Board of Control, consists of the six district superintendents of the county high schools and the Regional Office Superintendent. The Board hires a System director, special populations coordinator, and programs of study/Partnerships for College and Career Success coordinator who assist the System director in compliance with the goals of the grants with regards to improvement of instruction and maintenance of high quality programming. Some funds are earmarked for elementary schools in the county to advance their efforts in early career exploration.

I. Governmental Fund Balances

Fund balance is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources 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 position that is 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, and General State Aid Safe Schools. The following Major Special Revenue Fund had a nonspendable fund balance: Institute.

Restricted Fund Balance – The portion of a governmental fund’s net position that is subject to external enforceable legal restrictions. The following Education fund accounts’ fund balances are restricted by grant agreements or contracts: New Principal Mentoring Program and Child Nutrition ECHO. The following Major Special Revenue Fund is restricted by Illinois Statute: Institute. The following Nonmajor Special Revenue Funds are restricted by Illinois Statute: Bus Driver Permit and General Education Development.

Committed Fund Balance – The portion of a governmental fund’s net position with self-imposed constraints or limitations that has 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 position 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.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Governmental Fund Balances (Concluded)

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 (deficits): Enterprise/Workshop, General Operating, School Facility Occupation Tax Interest Allocation, Prevention Social Marketing, Academic Achievement, General State Aid Safe Schools, and Juvenile Detention Center. The following Education fund account has an unassigned fund deficit: Title I System of Support.

J. Net Position

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

Invested in capital assets - Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings, if any, that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted net position – The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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. Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than one 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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

M. 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.

N. Deferred Inflows and Outflows of Resources

GASB Statement No. 65 reclassified as deferred outflows of resources or deferred inflows of resources certain items that were previously reported as assets and liabilities. Decreases in net assets that relate to future periods are reported as deferred outflows of resources. Increases in net assets that relate to future periods are reported as deferred inflows of resources. When an asset is recorded in the governmental fund financial statements but the revenue is not available, the Regional Office reports a deferred inflow of resources until such time as the revenue becomes available. *Available* means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are not available if they are received more than 60 days after the end of the fiscal 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 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 Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results for the following programs are presented as supplementary information: McKinney Education for Homeless Children, Substance Abuse Prevention and Treatment Block Grant, Title I System of Support, Title II Teacher Quality - Leadership, FY14 Partnership for College and Career Success, Title II Teacher Quality ECHO, 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, 2014**

NOTE 2: CASH AND CASH EQUIVALENTS

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, 2014, the carrying amount of the Regional Office of Education #21's government-wide and fiduciary fund deposits were \$127,491 and \$176, respectively, and the bank balances were \$398,069 and \$331,620, respectively.

At June 30, 2014, \$250,000 of the Regional Office of Education #21's cash deposits were insured by the Federal Deposit Insurance Corporation. The remaining \$479,689 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, 2014 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, 2014**

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 2013 was 10.57%. 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 2013 was \$39,314.

THREE YEAR TREND INFORMATION

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/13	\$ 39,314	100%	\$ 0
12/31/12	38,845	100%	0
12/31/11	36,731	100%	0

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, 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, 2011 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, 2013, the most recent actuarial valuation date, the Regular plan was 98.74% funded. The actuarial accrued liability for benefits was \$1,161,395 and the actuarial value of assets was \$1,146,793, resulting in an underfunded actuarial accrued liability (UAAL) of \$14,602. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$371,938 and the ratio of the UAAL to the covered payroll was 4%.

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, 2014**

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 licensure is required. The active member contribution rate for the year ended June 30, 2014, 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, 2013 and 2012.

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, 2014, the State of Illinois contributions were based on 35.41% of creditable earnings not paid from federal funds, and the Regional Office of Education #21 recognized revenue and expenditures of \$339,589 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2013 and June 30, 2012, the contribution rates were 28.05% (\$280,407) and 24.91% (\$244,264), 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, 2014 were \$5,526. Contributions for the years ending June 30, 2013, and June 30, 2012, were \$5,267 and \$5,674, 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 has been in effect since 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. Public Act 98-0674 now requires the two rates to be the same.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

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

For the year ended June 30, 2014, the employer pension contribution was 35.41% of salaries paid from federal and special trust funds. For the years ended June 30, 2013 and 2012, the employer contribution was 28.05% and 24.91%, respectively. For the year ended June 30, 2014, salaries totaling \$181,195 were paid from federal and special trust funds that required employer contributions of \$64,161. For the years ended June 30, 2013 and June 30, 2012, required Regional Office of Education #21 contributions were \$31,689 and \$41,563, 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 under the current program is 146.5% and applies when the member is age 55 at retirement.

For the year ended June 30, 2014, the Regional Office of Education #21 paid no employer contributions to TRS under the ERO program. For the years ended June 30, 2013 and June 30, 2012, 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, 2014, 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, 2013 and June 30, 2012, the Regional Office of Education #21 paid \$4,794 and \$0, respectively.

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 (17.29% of salary during the year ended June 30, 2014).

For the year ended June 30, 2014, 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, 2013 and June 30, 2012, 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, 2013. The report for the year ended June 30, 2014, is expected to be available in late 2014.

The reports may be obtained by writing to the Teacher's Retirement System of the State of Illinois, 2815 West Washington Street, P.O. Box 19253, Springfield, Illinois 62794-9253. The most current report is also available on the TRS website at <http://trs.illinois.gov>.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

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 post-employment 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 it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Beginning February 1, 2014, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

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. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by Illinois Department of Central Management Services (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 0.97% of pay during the year ended June 30, 2014. State of Illinois contributions were \$9,242 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, 2013 and June 30, 2012 were 0.92% and 0.88% of pay, respectively. State contributions on behalf of the Regional Office of Education #21's employees were \$8,355 and \$8,609, 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 0.72% during the year ended June 30, 2014 and 0.69% and 0.66% during the years ended June 30, 2013 and June 30, 2012. For the year ended June 30, 2014, the Regional Office of Education #21 paid \$6,860 to the THIS Fund. For the years ended June 30, 2013 and 2012, the Regional Office of Education #21 paid \$6,266 and \$6,457 to the THIS Fund, respectively, which was 100% of the required contribution.

Further information on THIS Fund. The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor general: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The current reports are listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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, 2014, 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 vested plan members	6
Active nonvested plan members	4
Total	10
Number of 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.

Annual OPEB Costs and OPEB Obligation. The ROE had an actuarial valuation performed for the plan as of June 30, 2014 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, 2014. The ROE's annual OPEB cost (expense) for the year ended June 30, 2014 was \$1,046, which increased the net pension obligation to \$4,099 as of that date. The ROE's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2014, 2013, and 2012 was as follows:

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (CONCLUDED)

B. Illinois Municipal Retirement Fund (Concluded)

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 1,046	\$ -	0%	\$ 4,099
June 30, 2013	1,026	-	0%	3,053
June 30, 2012	1,026	-	0%	2,027

The OPEB obligation as of June 30, 2014, was calculated as follows:

Annual Required Contribution	\$ 1,026
Interest on OPEB Obligation	122
Adjustment to Annual Required Contribution	<u>(102)</u>
Annual OPEB Cost	1,046
Contributions Made	<u>-</u>
Increase in OPEB Obligation	1,046
OPEB Obligation Beginning of Year	<u>3,053</u>
OPEB Obligation End of Year	<u>\$ 4,099</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.

In the June 30, 2014 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a discount rate of 4.00% and an initial healthcare cost trend rate of 7.50% with an ultimate healthcare inflation rate of 5.50%. Both rates include a 4.00% 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, 2014 was 30 years.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

NOTE 6: INTERFUND RECEIVABLES AND PAYABLES

Interfund due to / from other fund balances at June 30, 2014 consist of the following individual due to / from other funds in the governmental funds Balance Sheet. Balances of the same fund type were eliminated in the government-wide Statement of Net Position. Interfund loans were made for the purpose of providing cash to funds that were awaiting reimbursements from grantors.

Fund	Due From Other Funds	Due to Other Funds
General Funds		
ECHO	\$ 53,481	\$ -
Enterprise/Workshop	21,037	-
General Operating	72,252	-
County Budget	-	1,037
Juvenile Detention Center	-	64,470
General State Aid Safe Schools	126,966	-
Education Funds		
McKinney Education for Homeless Children	-	65,839
Substance Abuse Prevention & Treatment Block Grant	-	35,417
Title I System of Support	-	127,782
WIA Youth Activities	-	11,500
FY14 Partnership for College and Career Success	-	21,981
Regional Safe Schools	-	5,710
Major Special Revenue Funds		
Institute Fund – Technology	60,000	-
	<u>\$ 333,736</u>	<u>\$ 333,736</u>

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	\$	91,083
Special Revenue Fund – Education Fund		
Illinois State Board of Education		236,811
Illinois Department of Human Services		35,417
Local Governments		21,981
Proprietary Fund		
Local Governments		77,962
Fiduciary Fund – Agency Fund		
Other Local Governments		1,620,993
Total	\$	<u>2,084,247</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

NOTE 7: DUE TO/DUE FROM OTHER GOVERNMENTAL UNITS (CONCLUDED)

Due to Other Governments:	
General Fund	
Local Governments	\$ 36,012
Special Revenue Fund – Education Fund	
Local Governments	36,865
Special Revenue Fund – Major Fund – Institute Fund	
Local Governments	45
Fiduciary Fund – Agency Fund	
Other Local Governments	1,621,169
Total	<u>\$ 1,694,091</u>

NOTE 8: DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

The governmental funds report a separate section for deferred inflows of resources. A deferred inflow of resources reflects an increase in net assets that applies to a future period. The Regional Office has only one type of item that is reported as a deferred inflow of resources. Grant revenues received more than 60 days after the end of the year, which are thus not available under the modified accrual basis of accounting, are reported as deferred inflows of resources in the governmental funds balance sheet.

NOTE 9: CAPITAL ASSETS

Governmental Activities

Capital asset activity for fiscal year 2014 was as follows:

	Balance <u>July 1, 2013</u>	Additions	Deletions	Balance <u>June 30, 2014</u>
Governmental Funds				
Total Capital Assets	\$ 556,775	\$ 1,233	\$ 49,831	\$ 508,177
Less: Accumulated Depreciation	<u>456,128</u>	<u>36,416</u>	<u>48,455</u>	<u>444,089</u>
Governmental Funds				
Investment in Capital Assets, Net	<u>\$ 100,647</u>	<u>\$ (35,183)</u>	<u>\$ 1,376</u>	<u>\$ 64,088</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$36,416 was charged to the governmental activities instructional services function on the government-wide Statement of Activities for the year ended June 30, 2014. Investment in capital assets is the component of net position 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 \$83,784.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

NOTE 10: LONG-TERM DEBT

A. Summary of Debt Transactions

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

	Toshiba Copy Machines
Balance, July 1, 2013	\$ 21,354
Additions	-
Debt retired	(11,987)
Balance, June 30, 2014	<u>\$ 9,367</u>

B. Future Debt Service Requirements

Capital Lease

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

<u>Year</u> <u>Ending June 30,</u>	<u>Total</u> <u>Principal</u>	<u>Total</u> <u>Interest</u>	<u>Total</u> <u>Payments</u>
2015	<u>\$ 9,367</u>	<u>\$ 186</u>	<u>\$ 9,553</u>

NOTE 11: 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, 2014, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

NOTE 12: ON-BEHALF PAYMENTS

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

Regional Superintendent Salary	\$	109,464
Regional Superintendent Fringe Benefits (Includes State paid insurance)		22,571
Assistant Regional Superintendent Salaries		78,014
Assistant Regional Superintendent Fringe Benefits (Includes State paid insurance)		6,248
TRS Pension Contributions		339,589
THIS Fund Contributions		9,242
Total	<u>\$</u>	<u>565,128</u>

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education. 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, 2014 were as follows:

Salaries	\$	152,075
Benefits		64,433
Total	<u>\$</u>	<u>216,508</u>

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. Lease expense for fiscal year 2014 was \$37,680. This lease was renewed on July 23, 2014 for one year, with an automatic renewal for an additional 4 years unless terminated prior to February 1, 2015. Monthly payments will be \$3,500 per month through June 30, 2015, and \$4,000 per month during the period July 1, 2015 through June 30, 2019.

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. During the year ended June 30, 2013, the lease was extended through October 2013. Lease expense for fiscal year 2014 was \$820.

The Regional Office of Education #21's future minimum lease payments based on the leases detailed above are \$42,000 for the fiscal year ended June 30, 2015 and \$48,000 for each of the fiscal years ended June 30, 2016, 2017, 2018, and 2019.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

NOTE 14: INTERFUND TRANSFERS

Interfund transfers in/out to other funds at June 30, 2014 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. Interfund transfers between the funds were made for the purposes of meeting operating costs.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
ECHO	\$ 148	\$ 8,635
Enterprise/Workshop	80	-
General Operating	181	-
School Facility Occupation Tax Interest Allocation	16	-
Interest Allocation	-	832
Academic Achievement	2	-
General State Aid Safe Schools	236	-
Special Revenue Fund – Education Funds		
New Principal Mentoring Program	8	-
WIA Youth Activities	8,635	-
Nonmajor Special Revenue Funds		
Bus Driver Permit	13	-
General Education Development	2	-
Major Special Revenue Fund		
Institute - Certification	2,035	-
Institute - Institute	55	2,035
Institute - Technology	91	-
Total	<u>\$ 11,502</u>	<u>\$ 11,502</u>

NOTE 15: 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 position and funds which over expend appropriations during the year are required to be disclosed.

The following funds had deficit fund balances at June 30, 2014:

General Funds		
ECHO	\$	26,254
Juvenile Detention Center	\$	11
Education Funds		
Title I System of Support	\$	1,117

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

NOTE 16: REGIONAL OFFICE OF EDUCATION CONSOLIDATION

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 had an agreement in place that would have combined Franklin, Williamson, and Johnson Counties into a new region beginning July 1, 2015. After a decree by the Illinois State Board of Education at their meeting on Friday, November 22, 2013, Franklin, Williamson, Johnson, and Massac Counties will be combined into a new region beginning July 1, 2015.

NOTE 17: PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

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, 2014**

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)
12/31/13	\$1,146,793	\$1,161,395	\$14,602	98.74%	\$371,938	3.93%
12/31/12	1,012,873	1,050,257	37,384	96.44%	352,812	10.60%
12/31/11	900,962	954,792	53,830	94.36%	349,817	15.39%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$1,288,945. On a market basis, the funded ratio would be 110.98%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Franklin County Regional Delivery System Vocational Education. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS
SCHEDULE OF FUNDING PROGRESS
June 30, 2014**

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)
6/30/14	\$ -	\$ 12,789	\$ 12,789	0%	\$ 380,680	3.36%
6/30/13	-	9,664	9,664	0%	361,909	2.67%
6/30/12	-	8,638	8,638	0%	348,026	2.48%

SUPPLEMENTAL INFORMATION

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2014**

	County Budget	ECHO	Enterprise/ Workshop	General Operating	School Facility Occupation Tax Interest Allocation	Interest Allocation
Assets						
Cash and cash equivalents	\$ -	\$ 7,324	\$ 24,363	\$ 33,851	\$ 9,741	\$ 5
Due from other funds	-	53,481	21,037	72,252	-	-
Accounts receivable	-	-	200	4,581	-	-
Due from other governments	1,037	6,768	500	1,075	175	-
Prepaid expenses	-	1,819	50	18,424	-	-
Total Assets	<u>1,037</u>	<u>69,392</u>	<u>46,150</u>	<u>130,183</u>	<u>9,916</u>	<u>5</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 1,037</u></u>	<u><u>\$ 69,392</u></u>	<u><u>\$ 46,150</u></u>	<u><u>\$ 130,183</u></u>	<u><u>\$ 9,916</u></u>	<u><u>\$ 5</u></u>
Liabilities						
Accounts payable	\$ -	\$ 566	\$ -	\$ 1,160	\$ -	\$ -
Accrued wages and benefits	-	59,135	-	-	-	-
Due to other funds	1,037	-	-	-	-	-
Due to other governments	-	35,945	-	-	-	5
Total Liabilities	<u>1,037</u>	<u>95,646</u>	<u>-</u>	<u>1,160</u>	<u>-</u>	<u>5</u>
Deferred Inflows of Resources						
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,500</u>	<u>-</u>	<u>-</u>
Fund Balance						
Nonspendable	-	1,819	50	18,424	-	-
Assigned	-	(28,073)	-	-	-	-
Unassigned	-	-	46,100	106,099	9,916	-
Total Fund Balances (Deficits)	<u>-</u>	<u>(26,254)</u>	<u>46,150</u>	<u>124,523</u>	<u>9,916</u>	<u>-</u>
Total Liabilities, Deferred Inflows & Fund Balance	<u><u>\$ 1,037</u></u>	<u><u>\$ 69,392</u></u>	<u><u>\$ 46,150</u></u>	<u><u>\$ 130,183</u></u>	<u><u>\$ 9,916</u></u>	<u><u>\$ 5</u></u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2014**

	Prevention Social Marketing	Academic Achievement	General State Aid Safe Schools	Juvenile Detention Center	Total
Assets					
Cash and cash equivalents	\$ 42	\$ 444	\$ 10,680	\$ -	\$ 86,450
Due from other funds	-	-	126,966	-	273,736
Accounts receivable	-	-	-	-	4,781
Due from other governments	-	-	-	81,528	91,083
Prepaid expenses	-	-	504	-	20,797
Total Assets	<u>42</u>	<u>444</u>	<u>138,150</u>	<u>81,528</u>	<u>476,847</u>
Deferred Outflows of Resources					
	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 42</u>	<u>\$ 444</u>	<u>\$ 138,150</u>	<u>\$ 81,528</u>	<u>\$ 476,847</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 635	\$ 2,361
Accrued wages and benefits	-	-	15,893	16,434	91,462
Due to other funds	-	-	-	64,470	65,507
Due to other governments	-	-	62	-	36,012
Total Liabilities	<u>-</u>	<u>-</u>	<u>15,955</u>	<u>81,539</u>	<u>195,342</u>
Deferred Inflows of Resources					
Unavailable revenue	-	-	-	-	4,500
Fund Balance					
Nonspendable	-	-	504	-	20,797
Assigned	-	-	-	-	(28,073)
Unassigned	42	444	121,691	(11)	284,281
Total Fund Balances (Deficits)	<u>42</u>	<u>444</u>	<u>122,195</u>	<u>(11)</u>	<u>277,005</u>
Total Liabilities, Deferred Inflows & Fund Balance	<u>\$ 42</u>	<u>\$ 444</u>	<u>\$ 138,150</u>	<u>\$ 81,528</u>	<u>\$ 476,847</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, 2014**

	County Budget	ECHO	Enterprise/ Workshop	General Operating	School Facility Occupation Tax Interest Allocation	Interest Allocation
Revenues						
Local sources	\$ 15,198	\$ 1,981	\$ 22,569	\$ 46,036	\$ 2,353	\$ -
State sources	-	670,504	-	-	-	-
On behalf payments	216,508	-	-	565,128	-	-
Total Revenue	<u>231,706</u>	<u>672,485</u>	<u>22,569</u>	<u>611,164</u>	<u>2,353</u>	<u>-</u>
Expenditures						
Salaries	12,730	552,463	21,685	-	-	-
Employee benefits	2,183	98,012	4,403	-	-	-
Purchased services	285	101,634	15,189	38,704	4,548	-
Supplies and materials	-	13,592	3,566	1,245	113	-
Other	-	-	-	-	-	7
Payments to other governmental units	-	66,000	-	-	-	-
Payments made on behalf of region	216,508	-	-	565,128	-	-
Total Expenditures	<u>231,706</u>	<u>831,701</u>	<u>44,843</u>	<u>605,077</u>	<u>4,661</u>	<u>7</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(159,216)</u>	<u>(22,274)</u>	<u>6,087</u>	<u>(2,308)</u>	<u>(7)</u>
Other Financing Sources (Uses)						
Transfers in	-	148	80	181	16	-
Transfers out	-	(8,635)	-	-	-	(832)
Interest	-	-	-	-	-	839
Total Other Financing Sources (Uses)	<u>-</u>	<u>(8,487)</u>	<u>80</u>	<u>181</u>	<u>16</u>	<u>7</u>
Net Change in Fund Balance	-	(167,703)	(22,194)	6,268	(2,292)	-
Fund Balances (Deficits) - Beginning	<u>-</u>	<u>141,449</u>	<u>68,344</u>	<u>118,255</u>	<u>12,208</u>	<u>-</u>
Fund Balance (Deficits) - Ending	<u>\$ -</u>	<u>\$ (26,254)</u>	<u>\$ 46,150</u>	<u>\$ 124,523</u>	<u>\$ 9,916</u>	<u>\$ -</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, 2014**

	Prevention Social Marketing	Academic Achievement	General State Aid Safe Schools	Juvenile Detention Center	Total
Revenues					
Local sources	\$ -	\$ 4,171	\$ 493	\$ 157,705	\$ 250,506
State sources	-	-	85,814	-	756,318
On Behalf Payments	-	-	-	-	781,636
Total Revenue	<u>-</u>	<u>4,171</u>	<u>86,307</u>	<u>157,705</u>	<u>1,788,460</u>
Expenditures					
Salaries	-	-	79,661	122,350	788,889
Employee benefits	-	-	13,702	25,516	143,816
Purchased services	-	2,419	19,860	5,777	188,416
Supplies and materials	2	-	4,508	4,073	27,099
Other	-	-	-	-	7
Payments to other governmental units	-	-	-	-	66,000
Payments made on behalf of region	-	-	-	-	781,636
Total Expenditures	<u>2</u>	<u>2,419</u>	<u>117,731</u>	<u>157,716</u>	<u>1,995,863</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2)</u>	<u>1,752</u>	<u>(31,424)</u>	<u>(11)</u>	<u>(207,403)</u>
Other Financing Sources (Uses)					
Transfers in	-	2	236	-	663
Transfers out	-	-	-	-	(9,467)
Interest	-	-	-	-	839
Total Other Financing Sources (Uses)	<u>-</u>	<u>2</u>	<u>236</u>	<u>-</u>	<u>(7,965)</u>
Net Change in Fund Balance	(2)	1,754	(31,188)	(11)	(215,368)
Fund Balances (Deficits) - Beginning	<u>44</u>	<u>(1,310)</u>	<u>153,383</u>	<u>-</u>	<u>492,373</u>
Fund Balance (Deficits) - Ending	<u>\$ 42</u>	<u>\$ 444</u>	<u>\$ 122,195</u>	<u>\$ (11)</u>	<u>\$ 277,005</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2014**

	McKinney Education for Homeless Children	Substance Abuse Prevention & Treatment Block Grant	New Principal Mentoring Program	Title I System of Support	Title II Teacher Quality Leadership
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 4,810	\$ -	\$ -
Accounts receivable	-	-	-	-	-
Due from other governments	<u>77,644</u>	<u>35,417</u>	<u>-</u>	<u>153,457</u>	<u>-</u>
Total Assets	<u>77,644</u>	<u>35,417</u>	<u>4,810</u>	<u>153,457</u>	<u>-</u>
Deferred Outflow of Resources					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 77,644</u>	<u>\$ 35,417</u>	<u>\$ 4,810</u>	<u>\$ 153,457</u>	<u>\$ -</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 615	\$ -
Due to other funds	65,839	35,417	-	127,782	-
Due to other governments	<u>11,805</u>	<u>-</u>	<u>-</u>	<u>25,060</u>	<u>-</u>
Total Liabilities	<u>77,644</u>	<u>35,417</u>	<u>-</u>	<u>153,457</u>	<u>-</u>
Deferred Inflows of Resources					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,117</u>	<u>-</u>
Fund Balance					
Restricted	-	-	4,810	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,117)</u>	<u>-</u>
Total Fund Balance (Deficit)	<u>-</u>	<u>-</u>	<u>4,810</u>	<u>(1,117)</u>	<u>-</u>
Total Liabilities, Deferred Inflows, and Fund Balances (Deficits)	<u>\$ 77,644</u>	<u>\$ 35,417</u>	<u>\$ 4,810</u>	<u>\$ 153,457</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2014**

	FY14 Partnership for College and Career Success	Title II Teacher Quality ECHO	WIA Youth Activities	Child Nutrition ECHO
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 9,101
Accounts receivable	-	-	11,500	-
Due from other governments	21,981	-	-	-
Total Assets	<u>21,981</u>	<u>-</u>	<u>11,500</u>	<u>9,101</u>
Deferred Outflows of Resources				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 21,981</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,500</u></u>	<u><u>\$ 9,101</u></u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	21,981	-	11,500	-
Due to other governments	-	-	-	-
Total Liabilities	<u>21,981</u>	<u>-</u>	<u>11,500</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance				
Restricted	-	-	-	9,101
Unassigned	-	-	-	-
Total Fund Balance (Deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,101</u>
Total Liabilities, Deferred Inflows, and Fund Balances (Deficits)	<u><u>\$ 21,981</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,500</u></u>	<u><u>\$ 9,101</u></u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2014**

	ROE/ISC Operations	Regional Safe Schools	Truants Alternative/ Optional Education	Total
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 13,911
Accounts receivable	-	-	-	11,500
Due from other governments	-	5,710	-	294,209
Total Assets	<u>-</u>	<u>5,710</u>	<u>-</u>	<u>319,620</u>
Deferred Outflows of Resources				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ -</u></u>	<u><u>\$ 5,710</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 319,620</u></u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 615
Due to other funds	-	5,710	-	268,229
Due to other governments	-	-	-	36,865
Total Liabilities	<u>-</u>	<u>5,710</u>	<u>-</u>	<u>305,709</u>
Deferred Inflows of Resources				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,117</u>
Fund Balance				
Restricted	-	-	-	13,911
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,117)</u>
Total Fund Balance (Deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,794</u>
Total Liabilities, Deferred Inflows, and Fund Balances (Deficits)	<u><u>\$ -</u></u>	<u><u>\$ 5,710</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 319,620</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, 2014**

	McKinney Education for Homeless Children	Substance Abuse Prevention & Treatment Block Grant	New Principal Mentoring Program	Title I System of Support	Title II Teacher Quality Leadership
Revenues					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	201,705	218,000	-	513,800	3,200
Total Revenue	<u>201,705</u>	<u>218,000</u>	<u>-</u>	<u>513,800</u>	<u>3,200</u>
Expenditures					
Salaries	58,685	151,989	-	126,866	-
Employee benefits	22,355	27,366	-	67,696	-
Purchased services	10,931	30,049	597	224,899	3,200
Supplies and materials	1,648	8,407	-	4,541	-
Capital outlay	-	189	-	-	-
Payments to other governmental units	108,086	-	-	90,915	-
Total Expenditures	<u>201,705</u>	<u>218,000</u>	<u>597</u>	<u>514,917</u>	<u>3,200</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(597)</u>	<u>(1,117)</u>	<u>-</u>
Other Financing Sources (Uses)					
Transfers in	-	-	8	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	(589)	(1,117)	-
Fund Balance (Deficits) - Beginning	<u>-</u>	<u>-</u>	<u>5,399</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficits) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,810</u>	<u>\$ (1,117)</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, 2014**

	FY14 Partnership for College and Career Success	Title II Teacher Quality ECHO	WIA Youth Activities	Child Nutrition ECHO
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ 11
State sources	79,748	-	-	793
Federal sources	-	75	28,500	37,703
Total Revenue	<u>79,748</u>	<u>75</u>	<u>28,500</u>	<u>38,507</u>
Expenditures				
Salaries	28,000	-	31,958	-
Employee benefits	2,142	-	3,268	-
Purchased services	48,244	75	1,176	-
Supplies and materials	1,362	-	733	31,692
Capital outlay	-	-	-	1,233
Payments to other governmental units	-	-	-	-
Total Expenditures	<u>79,748</u>	<u>75</u>	<u>37,135</u>	<u>32,925</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(8,635)</u>	<u>5,582</u>
Other Financing Sources (Uses)				
Transfers in	-	-	8,635	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>8,635</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	5,582
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,519</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,101</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, 2014**

	ROE/ISC Operations	Regional Safe Schools	Truants Alternative/ Optional Education	Total
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ 11
State sources	29,672	68,410	37,920	216,543
Federal sources	-	-	-	1,002,983
Total Revenue	<u>29,672</u>	<u>68,410</u>	<u>37,920</u>	<u>1,219,537</u>
Expenditures				
Salaries	14,000	56,658	29,400	497,556
Employee benefits	3,426	10,383	4,692	141,328
Purchased services	11,630	1,369	3,797	335,967
Supplies and materials	942	-	31	49,356
Capital outlay	-	-	-	1,422
Payments to other governmental units	-	-	-	199,001
Total Expenditures	<u>29,998</u>	<u>68,410</u>	<u>37,920</u>	<u>1,224,630</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(326)</u>	<u>-</u>	<u>-</u>	<u>(5,093)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	8,643
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,643</u>
Net Change in Fund Balance	(326)	-	-	3,550
Fund Balance (Deficit) - Beginning	<u>326</u>	<u>-</u>	<u>-</u>	<u>9,244</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,794</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2013 to August 31, 2014)
EDUCATION FUND ACCOUNTS
MCKINNEY EDUCATION FOR HOMELESS CHILDREN
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 216,430	\$ 226,430	\$ 201,705
Total Revenues	<u>216,430</u>	<u>226,430</u>	<u>201,705</u>
Expenditures			
Salaries	58,685	58,685	58,685
Employee benefits	22,212	22,212	22,355
Purchased services	15,405	15,405	10,931
Supplies and materials	2,666	2,666	1,648
Payments to other government units	117,462	127,462	108,086
Total Expenditures	<u>216,430</u>	<u>226,430</u>	<u>201,705</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 July 1, 2013 to June 30, 2014)
EDUCATION FUND ACCOUNTS
SUBSTANCE ABUSE PREVENTION & TREATMENT BLOCK GRANT
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 218,000	\$ 218,000	\$ 218,000
Total Revenues	<u>218,000</u>	<u>218,000</u>	<u>218,000</u>
Expenditures			
Salaries	151,989	151,989	151,989
Employee benefits	27,692	27,366	27,366
Purchased services	29,475	29,475	30,049
Supplies and materials	8,844	8,844	8,407
Capital outlay	-	326	189
Total Expenditures	<u>218,000</u>	<u>218,000</u>	<u>218,000</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 July 1, 2013 to June 30, 2014)
EDUCATION FUND ACCOUNTS
TITLE I SYSTEM OF SUPPORT
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 232,587	\$ 662,729	\$ 513,800
Total Revenues	<u>232,587</u>	<u>662,729</u>	<u>513,800</u>
Expenditures			
Salaries	141,346	126,346	126,866
Employee benefits	70,965	67,496	67,696
Purchased services	17,406	257,123	224,899
Supplies and materials	1,870	3,150	4,541
Capital Outlay	1,000	-	-
Payments to other governments	-	208,614	90,915
Total Expenditures	<u>232,587</u>	<u>662,729</u>	<u>514,917</u>
Net Change in Fund Balance	-	-	(1,117)
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,117)</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of February 25, 2014 to August 31, 2014)
EDUCATION FUND ACCOUNTS
TITLE II TEACHER QUALITY - LEADERSHIP
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 3,200	\$ 3,200	\$ 3,200
Total Revenues	<u>3,200</u>	<u>3,200</u>	<u>3,200</u>
Expenditures			
Purchased services	3,200	3,200	3,200
Total Expenditures	<u>3,200</u>	<u>3,200</u>	<u>3,200</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, 2013 to June 30, 2014)
EDUCATION FUND ACCOUNTS
FY14 PARTNERSHIP FOR COLLEGE AND CAREER SUCCESS
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 66,737	\$ 79,748	\$ 79,748
Total Revenues	<u>66,737</u>	<u>79,748</u>	<u>79,748</u>
Expenditures			
Salaries	28,000	28,000	28,000
Employee benefits	2,142	2,142	2,142
Purchased services	35,801	48,147	48,244
Supplies and materials	794	1,459	1,362
Total Expenditures	<u>66,737</u>	<u>79,748</u>	<u>79,748</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 October 15, 2013 to December 5, 2013)
EDUCATION FUND ACCOUNTS
TITLE II TEACHER QUALITY - ECHO
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 1,635	\$ 1,635	\$ 75
Total Revenues	<u>1,635</u>	<u>1,635</u>	<u>75</u>
Expenditures			
Purchased services	1,335	1,335	75
Supplies and materials	300	300	-
Total Expenditures	<u>1,635</u>	<u>1,635</u>	<u>75</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 July 25, 2013 to June 30, 2014)
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 29,607	\$ 29,672	\$ 29,672
Total Revenues	<u>29,607</u>	<u>29,672</u>	<u>29,672</u>
Expenditures			
Salaries	14,000	14,000	14,000
Employee benefits	3,430	3,370	3,426
Purchased services	11,677	11,902	11,630
Supplies and materials	500	400	942
Total Expenditures	<u>29,607</u>	<u>29,672</u>	<u>29,998</u>
Net Change in Fund Balance	-	-	(326)
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>326</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, 2013 to June 30, 2014)
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 68,410	\$ 68,410	\$ 68,410
Total Revenues	<u>68,410</u>	<u>68,410</u>	<u>68,410</u>
Expenditures			
Salaries	57,108	57,108	56,658
Employee benefits	8,994	8,994	10,383
Purchased services	2,121	2,121	1,369
Supplies and materials	187	187	-
Total Expenditures	<u>68,410</u>	<u>68,410</u>	<u>68,410</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, 2013 to June 30, 2014)
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 37,920	\$ 37,920	\$ 37,920
Total Revenues	<u>37,920</u>	<u>37,920</u>	<u>37,920</u>
Expenditures			
Salaries	29,400	29,400	29,400
Employee benefits	4,652	4,652	4,692
Purchased services	3,818	3,818	3,797
Supplies and materials	50	50	31
Total Expenditures	<u>37,920</u>	<u>37,920</u>	<u>37,920</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, 2014**

	Bus Driver Permit	General Education Development	Total
Assets			
Cash and cash equivalents	\$ 8,878	\$ 508	\$ 9,386
Accounts receivable	-	160	160
Total Assets	8,878	668	9,546
Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 8,878	\$ 668	\$ 9,546
Liabilities			
Accounts payable	\$ 113	\$ -	\$ 113
Total Liabilities	113	-	113
Deferred Inflows of Resources	-	-	-
Fund Balance			
Restricted	8,765	668	9,433
Total Fund Balance (Deficit)	8,765	668	9,433
Total Liabilities, Deferred Inflows and Fund Balance	\$ 8,878	\$ 668	\$ 9,546

**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, 2014**

	Bus Driver Permit	General Education Development	Total
Revenues			
Local sources	\$ 1,808	\$ 15,080	\$ 16,888
State sources	779	-	779
Total Revenues	<u>2,587</u>	<u>15,080</u>	<u>17,667</u>
Expenditures			
Salaries	-	3,216	3,216
Employee benefits	-	160	160
Purchased services	956	7,262	8,218
Supplies and materials	-	616	616
Capital outlay	-	-	-
Other	-	-	-
Total Expenditures	<u>956</u>	<u>11,254</u>	<u>12,210</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>1,631</u>	<u>3,826</u>	<u>5,457</u>
Other Financing Sources (Uses)			
Transfers in	13	2	15
Total Other Financing Sources (Uses)	<u>13</u>	<u>2</u>	<u>15</u>
Net Change in Fund Balance	1,644	3,828	5,472
Fund Balance (Deficit) - Beginning	<u>7,121</u>	<u>(3,160)</u>	<u>3,961</u>
Fund Balance (Deficit) - Ending	<u>\$ 8,765</u>	<u>\$ 668</u>	<u>\$ 9,433</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
INSTITUTE FUND ACCOUNTS
June 30, 2014**

	<u>Certification</u>	<u>Institute</u>	<u>Technology</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ -	\$ 17,660	\$ 84	\$ 17,744
Due from other funds	-	-	60,000	60,000
Accounts receivable	-	6,075	4	6,079
Prepaid expenses	-	3,000	77	3,077
Total Assets	<u>-</u>	<u>26,735</u>	<u>60,165</u>	<u>86,900</u>
Deferred Outflows of Resources				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ 26,735</u>	<u>\$ 60,165</u>	<u>\$ 86,900</u>
Liabilities				
Accounts payable	\$ -	\$ 303	\$ -	\$ 303
Due to other governments	-	-	45	45
Total Liabilities	<u>-</u>	<u>303</u>	<u>45</u>	<u>348</u>
Deferred Inflows of Resources				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance				
Nonspendable	-	3,000	77	3,077
Restricted	-	23,432	60,043	83,475
Total Fund Balance (Deficit)	<u>-</u>	<u>26,432</u>	<u>60,120</u>	<u>86,552</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ -</u>	<u>\$ 26,735</u>	<u>\$ 60,165</u>	<u>\$ 86,900</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, 2014**

	<u>Certification</u>	<u>Institute</u>	<u>Technology</u>	<u>Total</u>
Revenues				
Local sources	\$ 2,725	\$ 15,215	\$ 32,630	\$ 50,570
Total Revenues	<u>2,725</u>	<u>15,215</u>	<u>32,630</u>	<u>50,570</u>
Expenditures				
Purchased services	2,775	23,263	23,582	49,620
Supplies and materials	-	3,536	798	4,334
Total Expenditures	<u>2,775</u>	<u>26,799</u>	<u>24,380</u>	<u>53,954</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(50)</u>	<u>(11,584)</u>	<u>8,250</u>	<u>(3,384)</u>
Other Financing Sources (Uses)				
Transfers in	2,035	55	91	2,181
Transfers out	-	(2,035)	-	(2,035)
Total Other Financing Sources (Uses)	<u>2,035</u>	<u>(1,980)</u>	<u>91</u>	<u>146</u>
Net Change in Fund Balance	1,985	(13,564)	8,341	(3,238)
Fund Balance (Deficit) - Beginning	<u>(1,985)</u>	<u>39,996</u>	<u>51,779</u>	<u>89,790</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ 26,432</u>	<u>\$ 60,120</u>	<u>\$ 86,552</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2014**

	School Facility Occupation Tax	Franklin County Regional Delivery System	Total Agency Funds
Assets			
Cash and cash equivalents	\$ 176	\$ -	\$ 176
Due from other governments	1,575,763	45,230	1,620,993
Total Assets	\$ 1,575,939	\$ 45,230	\$ 1,621,169
Liabilities			
Due to other governments	\$ 1,575,939	\$ 45,230	\$ 1,621,169
Total Liabilities	\$ 1,575,939	\$ 45,230	\$ 1,621,169

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2014**

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
<u>School Facility Occupation Tax</u>				
Assets				
Cash and cash equivalents	\$ 201	\$ 10,634,850	\$ 10,634,875	\$ 176
Due from other governments	1,575,594	1,575,763	1,575,594	1,575,763
Total Assets	\$ 1,575,795	\$ 12,210,613	\$ 12,210,469	\$ 1,575,939
Liabilities				
Due to other governments	\$ 1,575,795	\$ 1,575,939	\$ 1,575,795	\$ 1,575,939
Total Liabilities	\$ 1,575,795	\$ 1,575,939	\$ 1,575,795	\$ 1,575,939
<u>Franklin County Regional Delivery System</u>				
Assets				
Due from other governments	\$ 34,003	\$ 45,230	\$ 34,003	\$ 45,230
Total Assets	\$ 34,003	\$ 45,230	\$ 34,003	\$ 45,230
Liabilities				
Due to other governments	\$ 34,003	\$ 45,230	\$ 34,003	\$ 45,230
Total Liabilities	\$ 34,003	\$ 45,230	\$ 34,003	\$ 45,230
<u>Total</u>				
Assets				
Cash and cash equivalents	\$ 201	\$ 10,634,850	\$ 10,634,875	\$ 176
Due from other governments	1,609,597	1,620,993	1,609,597	1,620,993
Total Assets	\$ 1,609,798	\$ 12,255,843	\$ 12,244,472	\$ 1,621,169
Liabilities				
Due to other governments	\$ 1,609,798	\$ 1,621,169	\$ 1,609,798	\$ 1,621,169
Total Liabilities	\$ 1,609,798	\$ 1,621,169	\$ 1,609,798	\$ 1,621,169

FEDERAL COMPLIANCE SECTION

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2014**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>ISBE Project # (1st 8 digits) or Contract #</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF EDUCATION			
passed through Illinois State Board of Education			
Improving Teacher Quality State Grants			
Title II - Teacher Quality	84.367A	14-4932-00	\$ 75
Title II - Teacher Quality - Leadership	84.367A	14-4935-02	3,200
			<u>3,275</u>
Education for Homeless Children and Youth			
McKinney Education for Homeless Children	84.196A	14-4920-00	201,705
			<u>201,705</u>
Title I Grants to Local Educational Agencies			
System of Support - Title I - Grants to Local Educational Agencies	84.010A	14-4331-SS	514,917 (M)
			<u>514,917</u>
TOTAL US DEPARTMENT OF EDUCATION			<u>719,897</u>
U.S. DEPARTMENT OF AGRICULTURE			
passed through Illinois State Board of Education			
Child School Nutrition Cluster			
School Breakfast Program	10.553	13-4220-00	2,446
School Breakfast Program	10.553	14-4220-00	9,880
			<u>12,326</u>
National School Lunch Program	10.555	13-4210-00	4,649
National School Lunch Program	10.555	14-4210-00	20,728
			<u>25,377</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>37,703</u>
U.S. DEPARTMENT OF LABOR			
passed through Man-Tra-Con Corp.			
WIA Youth Activities	17.259	N/A	<u>28,500</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
passed through Illinois Department of Human Services			
Substance Abuse Prevention and Treatment Block Grant	93.959	FCSSP01399 FCSSWP01399 FCXXP01399	<u>218,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,004,100</u>

(M) Program was audited as a major program

The accompanying notes are an integral part of these financial statements.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2014**

NOTE 1: REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Regional Office of Education #21 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2: SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Regional Office of Education #21 provided federal awards to subrecipients as follows:

Program Title: McKinney Education for Homeless Children and Youth
Federal CFDA #: 84.196A
Amount provided to subrecipients: \$108,086

Program Title: System of Support - Title I - Grants to Local Educational Agencies
Federal CFDA #: 84.010A
Amount provided to subrecipients: \$86,635

NOTE 3: DESCRIPTION OF MAJOR FEDERAL PROGRAMS

System of Support - Title I - Grants to Local Educational Agencies

The program provides 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.

NOTE 4: NON-CASH ASSISTANCE

None

NOTE 5: AMOUNT OF INSURANCE

None

NOTE 6: LOANS OR LOAN GUARANTEES OUTSTANDING

None