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**STATE OF ILLINOIS  
REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
FINANCIAL AUDIT  
(In Accordance with the Uniform Guidance)  
For the Year Ended June 30, 2017**

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

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

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

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

**OFFICIALS**

Regional Superintendent (July 1, 2017 – Current)	Lorie LeQuatte
Regional Superintendent (July 1, 2016 – June 30, 2017)	R. Matthew Donkin
Assistant Regional Superintendent (July 1, 2017 – Current)	Mandy Horn
Assistant Regional Superintendent (During the Audit Period July 1, 2016 – October 31, 2016)	Elaine Little
Assistant Regional Superintendent (During the Audit Period November 1, 2016 – February 28, 2017)	Paul Oldani
Assistant Regional Superintendent (During the Audit Period March 1, 2017 – June 30, 2017)	Timothy Bleyer

Offices are located at:

Franklin County Office  
901 Public Square  
Benton, IL 62812

407 North Monroe Street, Suite 300  
Marion, IL 62959

P.O. Box 96, 111 S. 5<sup>th</sup> Street  
Vienna, IL 62995

Project ECHO Alternative Program  
P.O. Box 238, 17428 Route 37  
Johnston City, IL 62951

S.T.A.R. Quest Academy Regional Safe School Program (RSSP) – North  
P.O. Box 303, 17428 Route 37  
Johnston City, IL 62951

S.T.A.R. Quest Academy RSSP – South  
1102 West 10<sup>th</sup> Street  
Metropolis, IL 62960

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-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)			
2017-001	13a	Controls over Financial Statement Preparation	Material Weakness
2017-002	13d	Internal Controls Over Restricted Cash	Material Weakness
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)			
None			
PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)			
None			
PRIOR AUDIT FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)			
2016-001	16	Subrecipient Monitoring Documentation	Significant Deficiency and Noncompliance

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

**COMPLIANCE REPORT SUMMARY (CONCLUDED)**

**EXIT CONFERENCE**

An informal exit conference was held on September 15, 2017 with the management of the Franklin-Johnson-Massac-Williamson Counties Regional Office of Education #21. The findings and recommendations in this report were discussed with management of the Franklin-Johnson-Massac-Williamson Counties Regional Office of Education #21 at various informal meetings. Franklin-Johnson-Massac-Williamson Counties Regional Office of Education #21's responses to the recommendations and corrective action plans were provided by Lorie LeQuatte, Regional Superintendent, in an email dated November 16, 2017.

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

**FINANCIAL STATEMENT REPORT SUMMARY**

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

## **INDEPENDENT AUDITORS' REPORT**

Honorable Frank J. Mautino  
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-Johnson-Massac-Williamson Counties Regional Office of Education #21, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Franklin-Johnson-Massac-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-Johnson-Massac-Williamson Counties Regional Office of Education #21 as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year 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 Changes in the Net Pension Liability & Related Ratios, Illinois Municipal Retirement Fund Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois Schedule of the Employer's Proportionate Share of the Net Pension Liability, Teachers' Retirement System of the State of Illinois Schedule of Employer Contributions, and Post Employment Benefits Other Than Pensions Schedule of Funding Progress on pages 17a through 17f and pages 61 through 64, respectively, 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-Johnson-Massac-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 Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 the Uniform Guidance, are the responsibility of management and were derived from and relate 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

the Uniform Guidance, 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 March 2, 2018 on our consideration of the Franklin-Johnson-Massac-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-Johnson-Massac-Williamson Counties Regional Office of Education #21's internal control over financial reporting and compliance.

**SIGNED ORIGINAL ON FILE**

KEMPER CPA GROUP LLP  
*Certified Public Accountants and Consultants*

Marion, Illinois  
March 2, 2018

**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 Frank J. Mautino  
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-Johnson-Massac-Williamson Counties Regional Office of Education #21, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Franklin-Johnson-Massac-Williamson Counties Regional Office of Education #21's basic financial statements, and have issued our report thereon dated March 2, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Franklin-Johnson-Massac-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-Johnson-Massac-Williamson Counties Regional Office of Education #21's internal control. Accordingly, we do not express an opinion on the effectiveness of the Franklin-Johnson-Massac-Williamson Counties Regional Office of Education #21's internal control.

*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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002 that we consider to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Franklin-Johnson-Massac-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 Responses to Findings

Regional Office of Education #21's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Regional Office of Education #21's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **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-Johnson-Massac-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-Johnson-Massac-Williamson Counties Regional Office of Education #21's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

KEMPER CPA GROUP LLP  
*Certified Public Accountants and Consultants*

Marion, Illinois  
March 2, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

**Report on Compliance for Each Major Federal Program**

We have audited the Franklin-Johnson-Massac-Williamson Counties Regional Office of Education #21's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Franklin-Johnson-Massac-Williamson Counties Regional Office of Education #21's major federal programs for the year ended June 30, 2017. The Franklin-Johnson-Massac-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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Franklin-Johnson-Massac-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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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-Johnson-Massac-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-Johnson-Massac-Williamson Counties Regional Office of Education #21's compliance.

## Opinion on Each Major Federal Program

In our opinion, the Franklin-Johnson-Massac-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, 2017.

## Report on Internal Control Over Compliance

Management of the Franklin-Johnson-Massac-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-Johnson-Massac-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 the Uniform Guidance, 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-Johnson-Massac-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. However, material weaknesses may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

KEMPER CPA GROUP LLP  
*Certified Public Accountants and Consultants*

Marion, Illinois  
March 2, 2018

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION I – SUMMARY OF AUDITORS’ RESULTS  
For the Year Ended June 30, 2017**

**Financial Statements in accordance with GAAP**

Type of auditors’ report issued:	<i>Unmodified</i>
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?	None reported
Type of auditors’ report issued on compliance for major federal programs:	<i>Unmodified</i>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	No

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:	\$750,000
Auditee qualified as a low-risk auditee?	No



**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2017**

**FINDING NO. 2017-001 – Controls Over Financial Statement Preparation**

**CRITERIA/SPECIFIC REQUIREMENT:**

The Franklin-Johnson-Massac-Williamson Counties Regional Office of Education #21 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office of Education #21's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments* (Statement), requires governments to present government-wide and fund financial statements as well as a summary reconciliation of the (a) total governmental funds balances to the net position of governmental activities in the Statement of Net Position, and (b) total change in governmental fund balances to the change in the net position of governmental activities in the Statement of Activities. In addition, the Statement requires information about the government's major and nonmajor funds in the aggregate, to be provided in the fund financial statements.

GASB Statements No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, require governments to record and present net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses. These standards further prescribe the methods and assumptions that are to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of service.

**CONDITION:**

The Regional Office does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #21 maintains its accounting records on cash basis accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office of Education #21 maintains controls over the processing of most accounting transactions, including providing information for several reconciling items between the governmental fund financial statements and the statement of net position and statement of activities, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2017**

**FINDING NO. 2017-001 – Controls Over Financial Statement Preparation (Continued)**

**CONDITION (CONCLUDED):**

During review of the financial information prepared by the Regional Office, the following were noted:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable/ due from others, accounts payable/ due to others, unavailable revenue, and fund balance. While the Regional Office did maintain records to indicate the balances of accounts receivable/ due from others, accounts payable/ due to others, unavailable revenue and fund balance, not all entries were provided to reconcile the Regional Office of Education #21's grant and general activity, such as posting receivables and unavailable revenue or posting all prior period audit entries.
- The Regional Office did not have adequate controls over the recognition of capital assets and capital leases. While the Regional Office did maintain a list of capital assets and capital leases, the Regional Office did not provide all entries to accurately recognize these items within the financial statements.
- The Regional Office did not have adequate controls over the recognition of cash. The Regional Office did not provide entries to recognize undeposited funds held on-hand at June 30, 2017 in the June 30, 2017 cash balance. In addition, correcting audit entries were necessary to eliminate negative cash balances within certain funds.

Through inquiries and discussions with the Regional Office's accounting personnel and Regional Superintendent, auditors noted that the Regional Office did not have adequate controls to record and report the Regional Office's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP.

**EFFECT:**

The Regional Office management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**CAUSE:**

According to the Regional Office management, there was turnover in the accounting department mid-year, and the new accounting staff is still in the processes of obtaining training over applicable GAAP and GASB pronouncements. In addition, the complex requirements of GASB Statements No. 68 and No. 71 will require additional time and training before the new accounting staff can fully implement the requirements on their own.

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2017**

**FINDING NO. 2017-001 – Controls Over Financial Statement Preparation (Concluded)**

**AUDITOR’S RECOMMENDATION:**

As part of internal control over the preparation of financial statements, the Regional Office should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education #21’s activities and operations.

**MANAGEMENT’S RESPONSE:**

As governmental accounting and reporting standards continue to shift rapidly, the Regional Office will monitor and identify trainings in order for our current staff to have the most up-to-date training and be able to accurately prepare the financial information.

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2017**

**FINDING NO. 2017-002 – Internal Controls Over Restricted Cash**

**CRITERIA/SPECIFIC REQUIREMENT:**

Illinois statute (105 ILCS 5/3-12) restricts the use of Institute Fund monies to defray expenses associated with the work of the regional professional development review committees; to defray expenses connected with improving the technology necessary for the efficient processing of licenses; to defray all costs associated with the administration of teaching licenses; to defray expenses incidental to teachers' institutes, workshops or meetings of a professional nature that are designed to promote the professional growth of teachers; or to defray the expense of any general or special meeting of teachers or school personnel of the region, which has been approved by the regional superintendent.

Illinois statute (105 ILCS 5/3-15.12) restricts the use of General Education Development Fund moneys to be paid into a special fund under the control and supervision of the regional superintendent. Such moneys received by the regional superintendent shall be used, first, for the expenses incurred in administering and scoring the examination. Next, the funds should be used for other educational programs that are developed and designed by the regional superintendent of schools to assist those who successfully complete high school equivalency testing in furthering their academic development or their ability to secure and retain gainful employment, including programs for the competitive award based on test scores of college or adult education scholarship grants or similar educational incentives. Any excess monies should be paid into the Institute Fund.

Pursuant to Section 3-14.23 of the School Code (105 ILCS 5/3-14.23), regional superintendents of schools are responsible for conducting trainings programs for school bus drivers and to charge a fee based upon the cost of providing such courses. Bus driver permit fees are restricted for the purpose of testing and training bus drivers and to cover the costs of other responsibilities of the regional superintendent associated with school bus driver permits.

In addition, State and federal grant monies should be spent on allowable costs pursuant to the applicable grant agreement requirements and, for federal grants, Uniform Guidance.

**CONDITION:**

The Regional Office pools most of its cash into one operating bank account. With such an account, funds with deficit cash balances are considered to have borrowed cash from other funds to cover their expenditures. At June 30, 2017, the Regional Office reported a deficit cash balance in several of its funds. Cash from the following restricted funds was reduced to cover these deficit balances. Loans to other funds are an unauthorized use of restricted fund monies.

Major special revenue funds	
Education Fund	
McKinney Education for Homeless Children	\$ 100
New Principal Mentoring Program	201
State Free Lunch and Breakfast	635
Federal Free Lunch and Breakfast	3,831

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION II – FINANCIAL STATEMENT FINDINGS  
For the Year Ended June 30, 2017**

**FINDING NO. 2017-002 – Internal Controls Over Restricted Cash (Concluded)**

**CONDITION (CONCLUDED):**

Major special revenue funds (continued)	
Institute Fund	
Institute	62,864
Technology	58,735
Nonmajor special revenue funds	
Bus Driver Permit	6,703
General Education Development	14,650
	<u>\$ 147,719</u>

**EFFECT:**

The Regional Office was not in compliance with 105 ILCS 5/3-12, 105 ILCS 5/3-15.12, 105 ILCS 5/3-14.23, and grant requirements.

**CAUSE:**

Several of the Regional Office’s programs operate on a reimbursement basis, creating a period during which the program has paid expenditures for which it has not received funding. The unrestricted funds available to cover these expenditures were not sufficient to cover the deficit cash balances.

**AUDITORS’ RECOMMENDATION:**

The Regional Office should initiate procedures to monitor cash and ensure that restricted funds are only expended for their restricted purposes. In addition, the Regional Office should make transfers from funds with unrestricted cash and/or seek lines of credit to pay expenditures for reimbursable programs that have insufficient cash.

**MANAGEMENT’S RESPONSE:**

The Regional Office understands the finding. With limited financial resources, the Regional Superintendent will work with the accounting department to closely monitor available funds in each account and ensure that only unrestricted funds are used to cover programs that have insufficient cash when payments are delayed by the State or other funding source.

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SECTION III – FEDERAL AWARD FINDINGS  
For the Year Ended June 30, 2017**

**INSTANCES OF NONCOMPLIANCE:**

None

**SIGNIFICANT DEFICIENCIES:**

None

**MATERIAL WEAKNESSES:**

None

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2017**

**FINDING NO. 2017-001 – Controls Over Financial Statement Preparation**

**CONDITION:**

The Regional Office does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #21 maintains its accounting records on cash basis accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office of Education #21 maintains controls over the processing of most accounting transactions, including providing information for several reconciling items between the governmental fund financial statements and the statement of net position and statement of activities, there are not sufficient controls over the preparation of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During review of the financial information prepared by the Regional Office, the following were noted:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable/ due from others, accounts payable/ due to others, unavailable revenue, and fund balance. While the Regional Office did maintain records to indicate the balances of accounts receivable/ due from others, accounts payable/ due to others, unavailable revenue and fund balance, not all entries were provided to reconcile the Regional Office of Education #21's grant and general activity, such as posting receivables and unavailable revenue or posting all prior period audit entries.
- The Regional Office did not have adequate controls over the recognition of capital assets and capital leases. While the Regional Office did maintain a list of capital assets and capital leases, the Regional Office did not provide all entries to accurately recognize these items within the financial statements.
- The Regional Office did not have adequate controls over the recognition of cash. The Regional Office did not provide entries to recognize undeposited funds held on-hand at June 30, 2017 in the June 30, 2017 cash balance. In addition, correcting audit entries were necessary to eliminate negative cash balances within certain funds.

Through inquiries and discussions with the Regional Office's accounting personnel and Regional Superintendent, auditors noted that the Regional Office did not have adequate controls to record and report the Regional Office's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP.

**PLAN:**

The Regional Office will monitor and identify trainings in order for our current staff to have the most up-to-date training and be able to accurately prepare the financial information.

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2017**

**FINDING NO. 2017-001 – Controls Over Financial Statement Preparation (Concluded)**

**ANTICIPATED DATE OF COMPLETION:**

June 30, 2018

**CONTACT PERSON:**

Lori LeQuatte, Regional Superintendent



**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2017**

**FINDING NO. 2017-002 – Internal Controls Over Restricted Cash**

**CONDITION:**

The Regional Office pools most of its cash into one operating bank account. With such an account, funds with deficit cash balances are considered to have borrowed cash from other funds to cover their expenditures. At June 30, 2017, the Regional Office reported a deficit cash balance in several of its funds. Cash from the following restricted funds was reduced to cover these deficit balances. Loans to other funds are an unauthorized use of restricted fund monies.

Major special revenue funds		
Education Fund		
McKinney Education for Homeless Children	\$	100
New Principal Mentoring Program		201
State Free Lunch and Breakfast		635
Federal Free Lunch and Breakfast		3,831
Major special revenue funds		
Institute Fund		
Institute		62,864
Technology		58,735
Nonmajor special revenue funds		
Bus Driver Permit		6,703
General Education Development		14,650
	<u>\$</u>	<u>147,719</u>

**PLAN:**

The Regional Superintendent will work with the accounting department to closely monitor available funds in each account and ensure that only unrestricted funds are used to cover programs that have insufficient cash when payments are delayed by the State or other funding source.

**ANTICIPATED DATE OF COMPLETION:**

June 30, 2018

**CONTACT PERSON:**

Lori LeQuatte, Regional Superintendent

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS NOT REPEATED  
For the Year Ended June 30, 2017**

2016-001	Subrecipient Monitoring Documentation	Not Repeated
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During the current audit, audit testing results indicated the Regional Office implemented corrective action and no documentation issues were noted related to subrecipient monitoring.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

The Franklin-Johnson-Massac-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, 2017. 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 2017 activity, making comparisons of the financial position and results of operations more meaningful.

**2017 Financial Highlights**

At June 30, 2017, the Education Fund deficit was (\$169,395), an increase of \$64,863 from the June 30, 2016 fund deficit of (\$234,258). This increase was primarily due to a decrease in unavailable revenue; that is, revenues that were due to the Regional Office from its funding sources at year-end but were not received within 60 days of year-end.

The General Fund balance was \$212,652 at June 30, 2017, a decrease of \$18,261 from the June 30, 2016 fund balance of \$230,913. General Fund revenues for fiscal year 2017 were \$1,072,996 (excluding on-behalf payments) in fiscal year 2017. There was a general increase of \$39,007 in our revenue from State sources from fiscal year 2016. General Fund expenditures were \$1,109,584 (excluding on-behalf payments), which increased by \$43,533 from fiscal year 2016 mainly in salaries and benefits 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 and Required Supplementary Information provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Supplementary Information further explains and supports the financial statements with a comparison of the Regional Office's detailed information for each category of funds and also provides detailed information about the non-major funds.

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**Reporting Franklin-Johnson-Massac-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 Regional Office 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 plus deferred outflows of resources and liabilities plus deferred inflows of resources. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the Regional Office's net position and how it has changed. Net position – the difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources – 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 Regional 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 Regional Office acts as fiscal agent for individuals and private or governmental organizations.

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

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**Fund Financial Statements (Concluded)**

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

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of financial position. The Regional Office's total net position at the end of fiscal year 2016 totaled \$419,572. At the end of fiscal year 2017, the net position was \$(2,400,715). The analysis that follows provides a summary of the Regional Office's net position at June 30, 2017 and 2016.

**CONDENSED STATEMENT OF NET POSITION  
June 30, 2017 and 2016**

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>						
Current assets	\$ 601,434	\$ 672,642	\$ 31,308	\$ 33,067	\$ 632,742	\$ 705,709
Capital assets	<u>34,451</u>	<u>16,073</u>	-	-	<u>34,451</u>	<u>16,073</u>
<b>TOTAL ASSETS</b>	<u>635,885</u>	<u>688,715</u>	<u>31,308</u>	<u>33,067</u>	<u>667,193</u>	<u>721,782</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	<u>2,164,576</u>	-	-	-	<u>2,164,576</u>	-
<b>LIABILITIES</b>						
Current liabilities	212,128	294,933	-	-	212,128	294,933
Noncurrent liabilities	<u>1,644,713</u>	<u>7,277</u>	-	-	<u>1,644,713</u>	<u>7,277</u>
<b>TOTAL LIABILITIES</b>	<u>1,856,841</u>	<u>302,210</u>	-	-	<u>1,856,841</u>	<u>302,210</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	<u>3,375,643</u>	-	-	-	<u>3,375,643</u>	-
<b>NET POSITION</b>						
Net investment in capital assets	17,358	16,073	-	-	17,358	16,073
Restricted for educational purposes	172,713	139,493	-	-	172,713	139,493
Unrestricted	<u>(2,622,094)</u>	<u>230,939</u>	<u>31,308</u>	<u>33,067</u>	<u>(2,590,786)</u>	<u>264,006</u>
<b>TOTAL NET POSITION</b>	<u>\$ (2,432,023)</u>	<u>\$ 386,505</u>	<u>\$ 31,308</u>	<u>\$ 33,067</u>	<u>\$ (2,400,715)</u>	<u>\$ 419,572</u>

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**Government-Wide Financial Analysis (Concluded)**

The Regional Office's net position decreased by \$2,820,287 from June 30, 2016 to June 30, 2017. The decrease was primarily due to the increase in total liabilities and deferred inflows of resources from June 30, 2016 to June 30, 2017 caused by the implementation of GASB 68 in fiscal year 2017.

The following analysis shows the changes in net position for the years ended June 30, 2017 and 2016.

**CHANGES IN NET POSITION  
For the Years Ended June 30, 2017 and 2016**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program revenues:						
Charges for services	\$ 74,343	\$ 66,757	\$ 122,647	\$ 123,678	\$ 196,990	\$ 190,435
Operating grants & contributions	<u>1,695,605</u>	<u>1,625,190</u>	-	-	<u>1,695,605</u>	<u>1,625,190</u>
Total program revenues	<u>1,769,948</u>	<u>1,691,947</u>	<u>122,647</u>	<u>123,678</u>	<u>1,892,595</u>	<u>1,815,625</u>
General revenues:						
Local sources	395,118	441,987	-	-	395,118	441,987
State sources	680,023	641,016	-	-	680,023	641,016
On-behalf payments	1,003,594	647,304	-	-	1,003,594	647,304
Interest	<u>401</u>	<u>456</u>	-	-	<u>401</u>	<u>456</u>
Total general revenues	<u>2,079,136</u>	<u>1,730,763</u>	-	-	<u>2,079,136</u>	<u>1,730,763</u>
Total Revenues	<u>3,849,084</u>	<u>3,422,710</u>	<u>122,647</u>	<u>123,678</u>	<u>3,971,731</u>	<u>3,546,388</u>
Expenses:						
Salaries	1,454,183	1,366,529	2,447	2,216	1,456,630	1,368,745
Benefits	189,531	182,479	1,053	1,146	190,584	183,625
Pension Expense	1,081,816	123,292	-	-	1,081,816	123,292
Purchased services	494,478	577,692	1,829	2,155	496,307	579,847
Supplies and materials	85,816	90,356	118,977	119,459	204,793	209,815
Other	-	-	-	-	-	-
Payments to other governmental units	482,986	396,863	-	-	482,986	396,863
Depreciation	12,949	24,480	-	-	12,949	24,480
Capital Outlay	1,421	482	-	-	1,421	482
On-behalf payments	<u>1,003,594</u>	<u>647,304</u>	-	-	<u>1,003,594</u>	<u>647,304</u>
Total expenses	<u>4,806,774</u>	<u>3,409,477</u>	<u>124,306</u>	<u>124,976</u>	<u>4,931,080</u>	<u>3,534,453</u>
Excess (Deficiency) before transfers	(957,690)	13,233	(1,659)	(1,298)	(959,349)	11,935
Transfers	<u>100</u>	<u>(35)</u>	<u>(100)</u>	<u>35</u>	-	-
Change in net position	(957,590)	13,198	(1,759)	(1,263)	(959,349)	11,935
Net Position – beginning (Restated, See Note 16)	<u>(1,474,433)</u>	<u>373,307</u>	<u>33,067</u>	<u>34,330</u>	<u>(1,441,366)</u>	<u>407,637</u>
Net Position – ending	<u>\$ (2,432,023)</u>	<u>\$ 386,505</u>	<u>\$ 31,308</u>	<u>\$ 33,067</u>	<u>\$ (2,400,715)</u>	<u>\$ 419,572</u>

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**Governmental Activities**

Excluding on-behalf payments, revenues from governmental activities were \$2,845,490 and expenses were \$3,803,180 for fiscal year 2017 and \$2,775,406 and \$2,762,173 for fiscal year 2016, respectively. The overall increase in governmental activities expenses over the prior year was primarily due to the increases in salaries, pension expense, and payments to other governmental units. 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 remained relatively consistent with the prior fiscal year.

**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. At June 30, 2017, the Regional Office's governmental funds reported combined fund balances of \$210,983, an increase from last year's ending fund balance of \$130,209. The primary reason for the increase in combined fund balances in fiscal year 2017 was due to the increase of State and Federal sourced revenues received for fiscal year 2017.

**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 buildings and building improvements, 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 increase in capital assets, net of depreciation, during fiscal year 2017 was a result of current year additions, offset by current year depreciation. The Regional Office's ending net capital asset balance at June 30, 2017 is \$34,451, 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-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**Factors or Conditions Impacting Future Periods**

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, there is a concern that the State will not be able to make all of their General State Aid payments for fiscal year 2018 in fiscal year 2018.
- The number of students served by the Regional Office is expected to remain constant.
- Several grants have had their funding levels decreased for the coming year.
- The Regional Office will continue to serve as area-wide fiscal agent for the McKinney-Vento Homeless program and the Statewide System of Support program 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-Johnson-Massac-Williamson Counties Regional Office of Education #21 at 901 Public Square, Benton, IL 62812.

## **BASIC FINANCIAL STATEMENTS**

**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**STATEMENT OF NET POSITION**  
**June 30, 2017**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current Assets			
Internal balances	\$ (31,245)	\$ 31,245	\$ -
Accounts receivable	26,911	-	26,911
Due from other governments	595,823	-	595,823
Prepaid expenses	9,945	63	10,008
Total Current Assets	<u>601,434</u>	<u>31,308</u>	<u>632,742</u>
Noncurrent Assets			
Capital assets, net of depreciation	34,451	-	34,451
Total Noncurrent Assets	<u>34,451</u>	<u>-</u>	<u>34,451</u>
<b>Total Assets</b>	<u>635,885</u>	<u>31,308</u>	<u>667,193</u>
Deferred Outflows of Resources			
Deferred Outflows Related to Pensions	<u>2,164,576</u>	<u>-</u>	<u>2,164,576</u>
<b>Liabilities</b>			
Current Liabilities			
Cash overdraft	37,708	-	37,708
Accounts payable	3,180	-	3,180
Accrued wages and benefits	81,180	-	81,180
Due to other governments	84,362	-	84,362
Capital lease payable, current	5,698	-	5,698
Total current liabilities	<u>212,128</u>	<u>-</u>	<u>212,128</u>
Noncurrent Liabilities			
Capital lease payable, noncurrent	11,395	-	11,395
Net OPEB liability	8,866	-	8,866
Net pension liability	1,624,452	-	1,624,452
Total noncurrent liabilities	<u>1,644,713</u>	<u>-</u>	<u>1,644,713</u>
<b>Total Liabilities</b>	<u>1,856,841</u>	<u>-</u>	<u>1,856,841</u>
Deferred Inflows of Resources			
Deferred Inflows Related to Pensions	<u>3,375,643</u>	<u>-</u>	<u>3,375,643</u>
<b>NET POSITION</b>			
Net investment in capital assets	17,358	-	17,358
Restricted for educational purposes	172,713	-	172,713
Unrestricted	(2,622,094)	31,308	(2,590,786)
<b>TOTAL NET POSITION</b>	<u>\$ (2,432,023)</u>	<u>\$ 31,308</u>	<u>\$ (2,400,715)</u>

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

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2017**

	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
<b>FUNCTIONS/PROGRAMS</b>							
<b>Primary Government</b>							
Governmental activities							
Instructional services							
Salaries	\$ 1,454,183	\$ 5,596	\$ 835,993	\$ -	\$ (612,594)	\$ -	\$ (612,594)
Employee benefits	189,531	429	92,870	-	(96,232)	-	(96,232)
Pension expense	1,081,816	-	-	-	(1,081,816)	-	(1,081,816)
Purchased services	494,478	67,309	337,997	-	(89,172)	-	(89,172)
Supplies and materials	85,816	1,009	59,033	-	(25,774)	-	(25,774)
Payments to other governmental units	482,986	-	358,509	-	(124,477)	-	(124,477)
Depreciation	12,949	-	-	-	(12,949)	-	(12,949)
Capital outlay	1,421	-	11,203	-	9,782	-	9,782
Administrative							
On-behalf payments	1,003,594	-	-	-	(1,003,594)	-	(1,003,594)
Total Governmental Activities	<u>4,806,774</u>	<u>74,343</u>	<u>1,695,605</u>	<u>-</u>	<u>(3,036,826)</u>	<u>-</u>	<u>(3,036,826)</u>
Business-type activities							
Fees for services	124,306	122,647	-	-	-	(1,659)	(1,659)
Total Business-Type Activities	<u>124,306</u>	<u>122,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,659)</u>	<u>(1,659)</u>
Total Primary Government	<u>\$ 4,931,080</u>	<u>\$ 196,990</u>	<u>\$ 1,695,605</u>	<u>\$ -</u>	(3,036,826)	(1,659)	(3,038,485)
General revenues and transfers							
Local sources					395,118	-	395,118
State sources					680,023	-	680,023
On-behalf payments					1,003,594	-	1,003,594
Interest					401	-	401
Transfers					100	(100)	-
Total General Revenues and Transfers					<u>2,079,236</u>	<u>(100)</u>	<u>2,079,136</u>
Change in Net Position					(957,590)	(1,759)	(959,349)
Net Position - Beginning (Restated, See Note 16)					(1,474,433)	33,067	(1,441,366)
Net Position - Ending					<u>\$ (2,432,023)</u>	<u>\$ 31,308</u>	<u>\$ (2,400,715)</u>

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

**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2017**

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>Assets</b>						
Due from other funds	\$ 260,935	\$ 4,667	\$ 121,599	\$ 21,353	\$ (439,799)	\$ (31,245)
Accounts receivable	2,137	-	24,734	40	-	26,911
Due from other governments	171,351	424,472	-	-	-	595,823
Prepaid expenses	9,945	-	-	-	-	9,945
<b>Total Assets</b>	<b>444,368</b>	<b>429,139</b>	<b>146,333</b>	<b>21,393</b>	<b>(439,799)</b>	<b>601,434</b>
Deferred Outflows of Resources	-	-	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 444,368</b>	<b>\$ 429,139</b>	<b>\$ 146,333</b>	<b>\$ 21,393</b>	<b>\$ (439,799)</b>	<b>\$ 601,434</b>
<b>Liabilities</b>						
Cash overdraft	\$ 37,708	\$ -	\$ -	\$ -	\$ -	\$ 37,708
Accounts payable	2,411	769	-	-	-	3,180
Accrued wages and benefits	81,180	-	-	-	-	81,180
Due to other funds	87,695	352,104	-	-	(439,799)	-
Due to other governments	13,083	71,279	-	-	-	84,362
<b>Total liabilities</b>	<b>222,077</b>	<b>424,152</b>	<b>-</b>	<b>-</b>	<b>(439,799)</b>	<b>206,430</b>
Deferred Inflows of Resources						
Unavailable revenue	9,639	174,382	-	-	-	184,021
<b>Fund Balances (Deficits)</b>						
Nonspendable	9,945	-	-	-	-	9,945
Restricted	-	4,705	146,333	21,393	-	172,431
Assigned	50,135	-	-	-	-	50,135
Unassigned	152,572	(174,100)	-	-	-	(21,528)
<b>Total Fund Balances (Deficits)</b>	<b>212,652</b>	<b>(169,395)</b>	<b>146,333</b>	<b>21,393</b>	<b>-</b>	<b>210,983</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances (Deficits)</b>	<b>\$ 444,368</b>	<b>\$ 429,139</b>	<b>\$ 146,333</b>	<b>\$ 21,393</b>	<b>\$ (439,799)</b>	<b>\$ 601,434</b>

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

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO  
THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
June 30, 2017**

Total Fund Balances - Governmental Funds	\$	210,983
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>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.</p>		
Current year unavailable revenue		184,021
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds, net of accumulated depreciation of \$480,743</p>		
		34,451
<p>Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore are not reported in the governmental funds as follows:</p>		
Deferred outflows of resources	\$ 2,164,576	
Deferred inflows of resources	<u>(3,375,643)</u>	(1,211,067)
<p>Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds:</p>		
Capital lease payable	(17,093)	
IMRF net pension liability	(33,312)	
TRS net pension liability	<u>(1,591,140)</u>	(1,641,545)
<p>The OPEB obligations resulting from annual required contributions in excess of actual contributions are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
		<u>(8,866)</u>
Net Position of Governmental Activities	\$	<u><u>(2,432,023)</u></u>

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

**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2017**

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>Revenues</b>						
Local sources	\$ 392,572	\$ 210	\$ 62,359	\$ 10,535	\$ -	\$ 465,676
State sources	680,023	390,458	-	1,449	-	1,071,930
Federal sources	-	1,370,961	-	-	-	1,370,961
Interest	401	-	-	-	-	401
Payments made on behalf of region	356,490	-	-	-	-	356,490
Total Revenues	<u>1,429,486</u>	<u>1,761,629</u>	<u>62,359</u>	<u>11,984</u>	<u>-</u>	<u>3,265,458</u>
<b>Expenditures</b>						
Instructional Services						
Salaries	670,376	780,807	-	3,000	-	1,454,183
Employee benefits	100,973	86,739	-	230	-	187,942
Pension expense	18,372	88,862	-	-	-	107,234
Purchased services	144,140	315,685	32,696	3,381	-	495,902
Supplies and materials	30,139	55,136	21	520	-	85,816
Payments to other governmental units	124,477	358,509	-	-	-	482,986
Payments made on behalf of region	356,490	-	-	-	-	356,490
Capital outlay	21,107	11,203	438	-	-	32,748
Total Expenditures	<u>1,466,074</u>	<u>1,696,941</u>	<u>33,155</u>	<u>7,131</u>	<u>-</u>	<u>3,203,301</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(36,588)</u>	<u>64,688</u>	<u>29,204</u>	<u>4,853</u>	<u>-</u>	<u>62,157</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	819	183	99	16	(1,009)	108
Transfers out	(1,009)	(8)	-	-	1,009	(8)
Proceeds from lease-purchase agreement	18,517	-	-	-	-	18,517
Total Other Financing Sources (Uses)	<u>18,327</u>	<u>175</u>	<u>99</u>	<u>16</u>	<u>-</u>	<u>18,617</u>
Net Change in Fund Balances (Deficits)	<u>(18,261)</u>	<u>64,863</u>	<u>29,303</u>	<u>4,869</u>	<u>-</u>	<u>80,774</u>
Fund Balances (Deficits) - Beginning	<u>230,913</u>	<u>(234,258)</u>	<u>117,030</u>	<u>16,524</u>	<u>-</u>	<u>130,209</u>
Fund Balances (Deficits) - Ending	<u>\$ 212,652</u>	<u>\$ (169,395)</u>	<u>\$ 146,333</u>	<u>\$ 21,393</u>	<u>\$ -</u>	<u>\$ 210,983</u>

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

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-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, 2017**

Net Change in Fund Balance - Total Governmental Funds \$ 80,774

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.

Prior year unavailable revenue	\$ (247,500)	
Current year unavailable revenue	<u>184,021</u>	(63,479)

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	31,327	
Depreciation expense	<u>(12,949)</u>	18,378

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	(18,517)	
Repayment of principal of capital lease payable	<u>1,424</u>	(17,093)

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Cost of benefits earned, net		(974,581)
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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.

		<u>(1,589)</u>
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Change in Net Position of Governmental Activities		<u>\$ (957,590)</u>
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The notes to the financial statements are an integral part of this statement.



**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2017**

	Business-Type Activities - Enterprise Fund		Totals
	Nonmajor Proprietary Funds		
	Paper Bid	Enterprise/ Workshop	
Assets			
Due from other funds	\$ -	\$ 31,245	\$ 31,245
Prepaid expenses	-	63	63
Total Assets	-	31,308	31,308
Deferred Outflows of Resources	-	-	-
Liabilities	-	-	-
Deferred Inflows of Resources	-	-	-
Net Position			
Unrestricted	\$ -	\$ 31,308	\$ 31,308

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

**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2017**

	Business-Type Activities - Enterprise Fund		Totals
	Nonmajor Proprietary Funds		
	Paper Bid	Enterprise/ Workshop	
Operating Revenues			
Charge for services	\$ 114,036	\$ 8,611	\$ 122,647
Total Operating Revenues	<u>114,036</u>	<u>8,611</u>	<u>122,647</u>
Operating Expenses			
Salaries	-	2,447	2,447
Employee benefits	-	1,053	1,053
Purchased services	-	1,829	1,829
Supplies and materials	114,036	4,941	118,977
Total Operating Expenses	<u>114,036</u>	<u>10,270</u>	<u>124,306</u>
Operating Income (Loss)	-	(1,659)	(1,659)
Nonoperating Revenues (Expenses)			
Transfers out	-	(100)	(100)
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>(100)</u>	<u>(100)</u>
Change in Net Position	-	(1,759)	(1,759)
Net Position - Beginning	<u>-</u>	<u>33,067</u>	<u>33,067</u>
Net Position - Ending	<u>\$ -</u>	<u>\$ 31,308</u>	<u>\$ 31,308</u>

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

**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2017**

	Business-Type Activities - Enterprise Fund		Totals
	Nonmajor Proprietary Funds		
	Paper Bid	Enterprise/ Workshop	
Cash flows from operating activities:			
Receipts from customers	\$ 114,036	\$ 9,158	\$ 123,194
Payments to suppliers and providers for goods and services	(114,036)	(6,770)	(120,806)
Payments to employees	-	(3,500)	(3,500)
Net cash provided by (used for) operating activities	-	(1,112)	(1,112)
Cash flows from noncapital financing activities:			
Cash transfers from other funds	-	(100)	(100)
Interfund loans received (made)	-	755	755
Net cash provided by (used for) noncapital financing activities	-	655	655
Net increase (decrease) in cash and cash equivalents	-	(457)	(457)
Cash and cash equivalents - beginning of year	-	457	457
Cash and cash equivalents - end of year	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ -	\$ (1,659)	\$ (1,659)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Change in assets and liabilities:			
Increase in accounts receivable	-	547	547
Net cash provided by (used for) operating activities	\$ -	\$ (1,112)	\$ (1,112)

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

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2017**

	Agency Funds
Assets	
Cash and cash equivalents	\$ 161
Due from other governments	1,750,173
Total Assets	\$ 1,750,334
Liabilities	
Due to other governments	\$ 1,750,334
Total Liabilities	\$ 1,750,334

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

**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**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 2017, the Regional Office of Education #21 implemented Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; GASB Statement No. 77, *Tax Abatement Disclosures*; GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Pension Plans*; GASB Statement No. 80, *Blending Requirements for Certain Component Units*; and GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The implementation of GASB Statement No. 74 establishes standards for the financial reports of defined benefit OPEB plans administered through trusts that meet specified criteria. The implementation of GASB Statement No. 77 requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues. The implementation of GASB Statement No. 78 amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local government employers through cost-sharing multiple-employer defined pension plan and establishes requirements for recognition and measurement of pension expense, expenditures, liabilities, note disclosures, and required supplementary information for pensions. The implementation of GASB Statement No. 80 provides clarity on how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The implementation of GASB Statement No. 82 clarifies the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in the Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee or plan member contribution requirements.

A. Date of Management's Review

Management has evaluated subsequent events through March 2, 2018, 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, Johnson, Massac, 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;

**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Financial Reporting Entity (Concluded)**

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; inspecting and approving building plans which comply with State law; to perform and report on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions; and to carrying out other related duties required or permitted by law.

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, 2017, 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.

The Regional Office of Education #21 has developed criteria to determine whether outside agencies with activities that benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in the financial reporting entity. The criteria include, but are not

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Scope of Reporting Entity (Concluded)

limited to, whether the Regional Office of Education #21 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

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 the criteria above, the expenditures paid through the funds of Franklin, Johnson, Massac, 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.

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.

**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Government-Wide and Fund Financial Statements (Concluded)

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 financing sources and 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.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and deferred outflows of resources and liabilities and deferred inflows of resources (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., when 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



**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

F. Governmental Fund Financial Statements (Concluded)

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.

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-Johnson-Massac-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.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

H. Fund Accounting (Continued)

*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.

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 of resources), liabilities (including deferred inflows of resources), 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 of resources), liabilities (including deferred inflows of resources), 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 used to account for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted and reported for in another fund. The General Fund is always considered a major fund. General funds include the following:

County Budget – Accounts for monies received from the Franklin, Johnson, Massac, and Williamson County Boards to help support the day to day staffing and 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.

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.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

H. Fund Accounting (Continued)

*Governmental Funds (Continued)*

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.

General State Aid Safe Schools – Used to account for General State Aid monies received for programs – i.e. S.T.A.R. Quest Academy RSSP – for disruptive students in public schools served by the Regional Office who are eligible for suspension or expulsion.

Juvenile Detention Center – Used to account for Local monies received from school districts to operate the educational program at the Franklin County Juvenile 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-Vento Education for Homeless Children – This grant provides funds for providing information to schools, community members and government entities about the educational rights of and services for programs for 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 foundational service activities for staff in all schools in the region while also working with Illinois CSI as they provide more focused and priority services to poorer performing schools identified by the State of Illinois.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

H. Fund Accounting (Continued)

*Governmental Funds (Continued)*

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

FY17 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 Wayne City High School 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.

Tides Foundation Art Grant – This program is funded by the Tides Foundation to purchase art supplies.

State Free Lunch and Breakfast – This program is funded by State monies to provide free breakfast and lunch to eligible needy students enrolled in the Regional Safe Schools Program.

Federal Lunch and Breakfast – This program is funded by federal grants to provide reimbursement of meals through the school lunch and breakfast program and free or reduced-price meals for students enrolled in the Regional Safe Schools Program.

ROE/ISC Operations – Monies received from State sources to help support the administrative costs with quality and effectiveness as they perform identified State functions and services including continuous school improvement programs and services.

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

Rural Education Achievement Program (REAP) – These funds are to be used to address the needs of rural, low-income schools for initiatives aimed at improving student achievement.

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.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

H. Fund Accounting (Continued)

*Governmental Funds (Concluded)*

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:

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

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

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 through Pearson VUE, an outside vendor, and are proctored by the Regional Office’s staff in a computer lab located at John A. Logan College in Williamson County. Shawnee College in Ullin is another local Pearson VUE testing center for the southern counties of the Regional Office.

*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.

Nonmajor Proprietary Funds – The Regional Office of Education #21 reports the following proprietary funds as nonmajor funds:

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

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

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

H. Fund Accounting (Concluded)

*Fiduciary Funds*

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

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.

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 Superintendent of Schools. 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 Fund accounts have nonspendable fund balances: ECHO, General Operating, and General State Aid Safe Schools.

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, State Free Lunch and Breakfast, and Federal Lunch and Breakfast. 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.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

I. Governmental Fund Balances (Concluded)

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 account had an assigned fund balance: County Budget.

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): ECHO, General Operating, School Facility Occupation Tax Interest Allocation, Interest Allocation, Prevention Social Marketing, General State Aid Safe Schools, and Juvenile Detention Center. The following Education fund accounts have an unassigned fund deficit: McKinney Education for Homeless Children, Substance Abuse Prevention and Treatment Block Grant, Title I System of Support, FY17 Partnership for College Career Success, Regional Safe Schools, and Truants Alternative/Optional Education.

J. Net Position

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

Net investment 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. 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.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

M. 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

N. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer’s reporting period.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources are reported in the governmental fund financial statements as unavailable revenue and represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of grant receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

O. Estimates

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

P. Compensated Absences

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



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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

Q. 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, Title II Teacher Quality – ECHO, ROE/ISC Operations, Regional Safe Schools, and Truants Alternative/Optional Education.

**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, 2017, the carrying amount of the Regional Office of Education #21's government-wide and fiduciary fund deposits were (\$37,708) and \$161, respectively, and the bank balances were \$113,342 and \$11,887, respectively. The (\$37,708) government-wide fund deposits were reported as a cash overdraft liability on the Statement of Net Position.

At June 30, 2017, \$125,229 of the Regional Office of Education #21's cash deposits were insured by the Federal Deposit Insurance Corporation.

*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.

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**NOTE 2: CASH AND CASH EQUIVALENTS (CONCLUDED)**

*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, 2017 the Regional Office of Education #21 was in compliance with these guidelines.

**NOTE 3: DEFINED BENEFIT PENSION PLAN**

**IMRF 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 managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the following "Benefits Provided" section of this document. Details of all benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

**Benefits Provided**

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

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**NOTE 3: DEFINED BENEFIT PENSION PLAN (CONTINUED)**

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

**Employees Covered by Benefit Terms**

As of December 31, 2016, the following employees were covered by the benefit terms:

	<b>IMRF</b>
Retirees and Beneficiaries currently receiving benefits	40
Inactive Plan Members entitled to but not yet receiving benefits	31
Active Plan Members	15
<b>Total</b>	<b>86</b>

**Contributions**

As set by statute, the Regional Office of Education #21's Regular Plan Members are required to contribute 4.5% 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 contribution rate for calendar year 2016 was 8.34%. For the calendar year ended 2016, the Regional Office of Education #21 contributed \$42,001 to the plan. 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Net Pension Liability**

The Regional Office of Education #21's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.

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**NOTE 3: DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Actuarial Assumptions (Concluded)**

- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2016:

<b>Asset Class</b>	<b>Portfolio Target Percentage</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity	38%	6.85%
International Equity	17%	6.75%
Fixed Income	27%	3.00%
Real Estate	8%	5.75%
Alternative Investments	9%	2.65-7.35%
Cash Equivalents	1%	2.25%
<b>Total</b>	<b>100%</b>	

**Single Discount Rate**

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

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**NOTE 3: DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Single Discount Rate (Concluded)**

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (Asset) (A) - (B)</b>
<b>Balances at December 31, 2015, Restated</b>	\$ 4,052,613	\$ 1,532,165	\$ 2,520,448
<b>Changes for the year:</b>			
Service Cost	53,042	-	53,042
Interest on the Total Pension Liability	297,711	-	297,711
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	98,088	-	98,088
Changes of Assumptions	-	-	-
Contributions - Employer	-	42,001	(42,001)
Contributions - Employees	-	28,909	(28,909)
Net Investment Income	-	2,870,148	(2,870,148)
Benefit Payments, including Refunds of Employee Contributions	(219,296)	(219,296)	-
Other (Net Transfer)	-	(5,081)	5,081
<b>Net Changes</b>	<b>229,545</b>	<b>2,716,681</b>	<b>(2,487,136)</b>
<b>Balances at December 31, 2016</b>	<b>\$ 4,282,158</b>	<b>\$ 4,248,846</b>	<b>\$ 33,312</b>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	<b>1% Lower 6.50%</b>	<b>Current Discount 7.50%</b>	<b>1% Higher 8.50%</b>
<b>Net Pension Liability (Asset)</b>	\$ 512,401	\$ 33,312	\$ (343,668)

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**NOTE 3: DEFINED BENEFIT PENSION PLAN (CONCLUDED)**

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

For the year ending June 30, 2017, the Regional Office of Education #21 recognized pension expense of \$818,203. At June 30, 2017, the Regional Office of Education #21 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 251,960	\$ -
Changes of assumptions	6,615	-
Net difference between projected and actual earnings on pension plan investments	<u>156,489</u>	<u>2,054,532</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>415,064</u>	<u>2,054,532</u>
<i>Pension Contributions made Subsequent to the Measurement Date</i>	<u>13,325</u>	<u>-</u>
<b>Total Deferred Amounts Related to Pensions</b>	<b><u>\$ 428,389</u></b>	<b><u>\$ 2,054,532</u></b>

\$13,325 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<b>Year Ending December 31,</b>	<b>Net Deferred Outflows of Resources</b>	<b>Net Deferred Inflows of Resources</b>
2017	\$ 313,478	\$ (513,633)
2018	54,903	(513,633)
2019	46,683	(513,633)
2020	-	(513,633)
2021	-	-
Thereafter	-	-
<b>Total</b>	<b><u>\$ 415,064</u></b>	<b><u>\$ (2,054,532)</u></b>

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**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. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. 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 TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafrs/fy2016>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

**Benefits Provided**

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

Tier II members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier II are identical to those of Tier I. Death benefits are payable under a formula that is different from Tier I.

Essentially all Tier I retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier II annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

**Contributions**

The State of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90 percent of the total actuarial liabilities of the System by the end of fiscal year 2045.

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

**Contributions (Concluded)**

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016, was 9.4 percent of creditable earnings. On July 1, 2016, the rate dropped to 9.0 percent of pay due to the expiration of the Early Retirement Option (ERO). The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education #21.

**On-behalf contributions to TRS.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #21. For the year ended June 30, 2017, State of Illinois contributions recognized by the Regional Office of Education #21 were based on the State's proportionate share of the collective net pension liability associated with the Regional Office of Education #21, and the Regional Office of Education #21 recognized revenue and expenditures of \$647,104 in pension contributions from the State of Illinois.

**2.2 formula contributions.** Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. This contribution rate is specified by statute. Contributions for the year ending June 30, 2017 were \$5,010, and are deferred because they were paid after the June 30, 2016 measurement date.

**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.

For the year ended June 30, 2017, the employer pension contribution was 38.54 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2017, salaries totaling \$178,529 were paid from federal and special trust funds that required employer contributions of \$68,805. These contributions are deferred because they were paid after the June 30, 2016, measurement date.

**Employer retirement cost contributions.** Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education #21 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2017, the Regional Office of Education #21 paid no employer ERO contributions for retirements that occurred before July 1, 2016.

The Regional Office of Education #21 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2017, the Regional Office of Education #21 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal annual allotment.



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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2017, the Regional Office of Education #21 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follow:

Employers proportionate share of the net pension liability	\$ 1,591,140
State's proportionate share of the net pension liability associated with the employer	<u>6,589,243</u>
<b>Total</b>	<b><u>\$ 8,180,383</u></b>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, and rolled forward to June 30, 2016. The Regional Office of Education #21's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2016, relative to the contributions of all participating TRS employers and the State during that period. At June 30, 2016, the Regional Office of Education #21's proportion was 0.00204457 percent, which was a decrease of 0.0004149736 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Regional Office of Education #21 recognized pension expense of \$647,104 and revenue of \$647,104 for support provided by the State. For the year ended June 30, 2017, the Regional Office of Education #21 recognized pension expense of \$263,613. At June 30, 2017, the Regional Office of Education #21 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 11,765	\$ 1,080
Net difference between projected and actual earnings on pension plan investments	44,953	-
Change of assumptions	136,655	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,468,993	1,320,031
Employer contributions subsequent to the measurement date	<u>73,820</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 1,736,186</u></b>	<b><u>\$ 1,321,111</u></b>

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Concluded)**

\$73,820 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized by the Regional Office of Education #21 as a reduction of their net pension liability in the reporting year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>	
2018	\$ 151,539
2019	151,539
2020	53,153
2021	(9,939)
2022	(5,037)
<b>Total</b>	<b>\$ 341,255</b>

**Actuarial Assumptions**

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<b>Inflation</b>	2.50 percent
<b>Salary Increase</b>	varies by amount of service credit
<b>Investment rate of return</b>	7.00 percent, net of pension plan investment expense, including inflation.

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014.

For the June 30, 2016 valuation, the investment return assumption was lowered from 7.5 percent to 7.0 percent. Salary increase assumptions were lowered from their 2015 levels. Other assumptions were based on the 2015 experience analysis which increased retirement rates, improved mortality assumptions and made other changes.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

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

**Actuarial Assumptions (Concluded)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equities large cap	14.4%	6.94%
U.S. equities small/mid cap	3.6%	8.09%
International equities developed	14.4%	7.46%
Emerging market equities	3.6%	10.15%
U.S. bonds core	10.7%	2.44%
International debt developed	5.3%	1.70%
Real estate	15%	5.44%
Commodities (real return)	11%	4.28%
Hedge funds (absolute return)	8%	4.16%
Private equity	14%	10.63%
<b>Total</b>	<b>100%</b>	

**Discount Rate**

At June 30, 2016, the discount rate used to measure the total pension liability was a blended rate of 6.83 percent, which was a change from the June 30, 2015 rate of 7.47 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2016 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2015, the discount rate used to measure the total pension liability was 7.47 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year as well because TRS's fiduciary net position and the subsidy provided by Tier II were not sufficient to cover all projected benefit payments.

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

**Sensitivity of the Regional Office of Education #21's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Regional Office of Education #21's proportionate share of the net pension liability calculated using the discount rate of 6.83 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.83 percent) or 1 percentage point higher (7.83 percent) than the current rate.

	<b>1% Decrease (5.83%)</b>	<b>Current Discount Rate (6.83%)</b>	<b>1% Increase (7.83%)</b>
Employer's proportionate share of the net pension liability	\$ 1,946,029	\$ 1,591,140	\$ 1,301,290

**TRS Fiduciary Net Position**

Detailed information about the TRS's fiduciary net position as of June 30, 2016, is available in the separately issued TRS *Comprehensive Annual Financial Report*.

**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. Annuitants who are 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. 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 the THIS Fund.

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

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**NOTE 5: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

A. Teacher Health Insurance Security Fund (Concluded)

**On behalf contributions to the 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 1.12 percent of pay during the year ended June 30, 2017. State of Illinois contributions were \$9,675, 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, 2016 and June 30, 2015 were 1.07 and 1.02 percent of pay, respectively. State contributions on behalf of the Regional Office of Education #21's employees were \$8,883 and \$8,787, respectively.

**Employer contributions to THIS Fund.** The Regional Office of Education #21 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.84 percent during the year ended June 30, 2017. For the year ended June 30, 2017, the Regional Office of Education #21 paid \$7,256 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2016 and 2015, the Regional Office paid \$6,641 and \$6,547 to the THIS Fund, respectively, which was 100 percent 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" (<http://www.auditor.illinois.gov/Audit-Reports/CMS-THISF.asp>). Prior reports are available under "Healthcare and Family Services" (<http://www.auditor.illinois.gov/Audit-Reports/HEALTHCARE-FAMILY-SERVICES-Teacher-Health-Ins-Sec-Fund.asp>).

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.

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**NOTE 5: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

B. Illinois Municipal Retirement Fund (Continued)

**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
	4
 Total	 10
	10
 Number of Participating Employers	 1
	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, 2017 was \$1,589, which increased the net pension obligation to \$8,866 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 2017 through 2012 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2017	\$ 1,589	\$ -	0%	\$ 8,866
June 30, 2016	1,589	-	0%	7,277
June 30, 2015	1,589	-	0%	5,688
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, 2017, was calculated as follows:

Annual Required Contribution	\$ 1,102
Interest on OPEB Obligation	61
Adjustment to Annual Required Contribution	426
	1,589
Annual OPEB Cost	1,589
Contributions Made	-
	1,589
Increase in OPEB Obligation	1,589
OPEB Obligation Beginning of Year	7,277
	7,277
OPEB Obligation End of Year	\$ 8,866
	8,866

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**NOTE 5: OTHER POST-EMPLOYMENT BENEFITS (CONCLUDED)**

B. Illinois Municipal Retirement Fund (Concluded)

**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 advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2014 was 30 years.

**NOTE 6: INTERFUND RECEIVABLES AND PAYABLES**

Interfund due to / from other fund balances at June 30, 2017 consist of the following individual due to / from other funds in the governmental funds Balance Sheet and the proprietary funds Statement of Net Position. 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
<b>General Funds</b>		
County Budget	\$ 50,135	\$ -
ECHO	64,367	-
General Operating	121,641	-
School Facility Occupation Tax Interest Allocation	1,535	-
Interest Allocation	27	-
Prevention Social Marketing	42	-
General State Aid Safe Schools	23,188	-
Juvenile Detention Center	-	87,695
<b>Education Funds</b>		
McKinney Education for Homeless Children	-	37,489
Substance Abuse Prevention and Treatment Block Grant	-	64,345

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**NOTE 6: INTERFUND RECEIVABLES AND PAYABLES (CONCLUDED)**

Fund	Due From Other Funds	Due to Other Funds
Education Funds (Concluded)		
New Principal Mentoring	201	-
Title I System of Support	-	83,883
Title II Teacher Quality Leadership	-	200
FY17 Partnership for College and Career Success	-	20,375
State Free Lunch and Breakfast	635	-
Federal Lunch and Breakfast	3,831	-
Regional Safe Schools	-	66,270
Truants Alternative/Optional Education	-	79,542
Major Special Revenue Fund		
Institute - Institute	62,864	-
Institute - Technology	58,735	-
Nonmajor Special Revenue Funds		
Bus Driver Permit	6,703	-
General Education Development	14,650	-
Enterprise Fund		
Enterprise/Workshop	31,245	-
	<u>\$ 439,799</u>	<u>\$ 439,799</u>

**NOTE 7: DUE TO/DUE FROM OTHER GOVERNMENTAL UNITS**

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

Due from Other Governments:

General Fund		
Local Governments	\$	171,351
Special Revenue Fund – Education Fund		
Illinois State Board of Education		339,752
Illinois Department of Human Services		64,345
Local Governments		20,375
Fiduciary Fund – Agency Fund		
Other Local Governments		1,750,173
Total	\$	<u>2,345,996</u>

Due to Other Governments:

General Fund		
Local Governments	\$	13,083
Special Revenue Fund – Education Fund		
Local Governments		71,279
Fiduciary Fund – Agency Fund		
Other Local Governments		1,750,334
Total	\$	<u>1,834,696</u>



**REGIONAL OFFICE OF EDUCATION #21  
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**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 2017 was as follows:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Governmental Funds				
Total Capital Assets	\$ 506,563	\$ 31,327	\$ 22,696	\$ 515,194
Less: Accumulated Depreciation	<u>490,490</u>	<u>12,949</u>	<u>22,696</u>	<u>480,743</u>
Governmental Funds				
Investment in Capital Assets, Net	<u>\$ 16,073</u>	<u>\$ 18,378</u>	<u>\$ -</u>	<u>\$ 34,451</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$12,949 was charged to the governmental activities instructional services function on the government-wide Statement of Activities for the year ended June 30, 2017. Net 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 \$123,885. The accumulated depreciation for these leased equipment assets totaled \$106,602.

**NOTE 10: LONG-TERM DEBT**

A. Summary of Debt Transactions

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

	<u>Copy Machine</u>
Balance, July 1, 2016	\$ -
Additions	18,517
Debt retired	<u>(1,424)</u>
Balance, June 30, 2017	<u>\$ 17,093</u>

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

**NOTE 10: LONG-TERM DEBT (CONCLUDED)**

**B. Future Debt Service Requirements**

*Capital Leases*

Copy Machine Lease-Purchase Agreement

Lessor: US Bank

Dated: April 21, 2017

Maturity Date: June 21,2020

Interest Rate: 0%

Original Amount: \$18,517

Monthly Payment: \$475

Secured By: Copy Machine

Year Ending June 30,	Total Principal	Total Interest	Total Payments
2018	\$ 5,698	\$ -	\$ 5,698
2019	5,698	-	5,698
2020	5,697	-	5,697
Total	<u>\$ 17,093</u>	<u>\$ -</u>	<u>\$ 17,093</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, 2017, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

**NOTE 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	\$ 112,800
Regional Superintendent Fringe Benefits (Includes State paid insurance)	22,234
Assistant Regional Superintendent Salaries	101,520
Assistant Regional Superintendent Fringe Benefits (Includes State paid insurance)	1,472
THIS Fund Contributions	9,675
Total	<u>\$ 247,701</u>

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

**NOTE 12: ON-BEHALF PAYMENTS (CONCLUDED)**

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

Regional Office of Education #21 also recorded \$647,104 in revenue and expenses as on-behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education #21 has not included any on-behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois on-behalf payments	\$	247,701
ROE #21's share of TRS pension expense		647,104
Total	\$	894,805

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, 2017 were as follows:

Salaries	\$	76,467
Benefits		32,322
Total	\$	108,789

**NOTE 13: OPERATING LEASES**

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 17428 Route 37 Johnston City, Illinois. This lease was renewed on July 23, 2014 and reflected monthly payments of \$3,500 beginning July 1, 2014 and ending June 30, 2015. The lease automatically renewed for an additional 4 years at \$4,000/month from July 1, 2015 until June 30, 2019. Lease expense for fiscal year 2017 was \$48,000.

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

**NOTE 14: INTERFUND TRANSFERS**

Interfund transfers in/out to other funds at June 30, 2017 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.

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

**NOTE 14: INTERFUND TRANSFERS (CONCLUDED)**

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
County Budget	\$ 29	\$ -
ECHO	571	84
General Operating	216	-
School Facility Occupation Tax Interest Allocation	3	-
Interest Allocation	-	354
General State Aid Safe Schools	-	571
Special Revenue Fund – Education Funds		
FY17 Partnership for College and Career Success	-	8
Tides Foundation Art Grant	82	-
State Free Lunch and Breakfast	2	-
Federal Lunch and Breakfast	2	-
Regional Safe Schools	95	-
REAP	2	-
Nonmajor Special Revenue Funds		
Bus Driver Permit	6	-
General Education Development	10	-
Major Special Revenue Fund		
Institute - Institute	50	-
Institute - Technology	49	-
Enterprise Fund		
Enterprise/Workshop	-	100
Total	<u>\$ 1,117</u>	<u>\$ 1,117</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, 2017:

General Funds	
General State Aid Safe Schools	\$ 2,259
Juvenile Detention Center	1,645
Education Funds	
McKinney Education for Homeless Children	\$ 43,256
Substance Abuse Prevention and Treatment Block Grant	44,037
Title I System of Support	28,694
FY17 Partnership for College and Career Success	12,561
Regional Safe Schools	34,270
Truants Alternative/Optional Education	11,282

**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**NOTE 15: RESTATEMENT**

The Regional Office of Education #21 implemented GASB 68 and consequently recognized deferred outflows of resources, deferred inflows of resources, and net pension liability in the current year. The net opening balance of deferred outflows of resources, deferred inflows of resources, and net pension liability was \$1,474,433. Because these pension-related opening balances reflect pension expenses not previously recognized, the opening net position of the governmental activities on the government-wide Statement of Activities has been restated as follows:

Governmental Activities

Net Position – July 1, 2016	\$ 386,505
Effect of implementing GASB 68	<u>(1,860,938)</u>
Net Position, restated – July 1, 2016	<u><u>\$ (1,474,433)</u></u>

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

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
LAST THREE CALENDAR YEARS**

Calendar Year Ended December 31,	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>			
Service Cost	\$ 53,042	\$ 43,685	\$ 43,429
Interest on the Total Pension Liability	297,711	108,051	104,733
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	98,088	2,590,355	(19,906)
Changes of Assumptions	-	-	36,219
Benefit Payments, including Refunds of Employee Contributions	(219,296)	(216,139)	(24,606)
<b>Net Change in Total Pension Liability</b>	<u>229,545</u>	<u>2,525,952</u>	<u>139,869</u>
<b>Total Pension Liability - Beginning</b>	<u>4,052,613</u>	<u>1,526,661</u>	<u>1,386,792</u>
<b>Total Pension Liability - Ending (A)</b>	<u>\$ 4,282,158</u>	<u>\$ 4,052,613</u>	<u>\$ 1,526,661</u>
<b>Plan Fiduciary Net Postion</b>			
Contributions - Employer	\$ 42,001	\$ 154,182	\$ 39,403
Contributions - Employees	28,909	26,228	17,487
Net Investment Income	2,870,148	(20,715)	71,057
Benefit Payments, including Refunds of Employee Contributions	(219,296)	(216,625)	(24,606)
Other (Net Transfer)	(5,081)	2,914	(937)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>2,716,681</u>	<u>(54,016)</u>	<u>102,404</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>1,532,165</u>	<u>1,586,181</u>	<u>1,483,777</u>
<b>Plan Fiduciary Net Position - Ending (B)</b>	<u>\$ 4,248,846</u>	<u>\$ 1,532,165</u>	<u>\$ 1,586,181</u>
<b>Net Position Liability - Ending (A) - (B)</b>	<u>\$ 33,312</u>	<u>\$ 2,520,448</u>	<u>\$ (59,520)</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	99.22%	37.81%	103.90%
<b>Covered Valuation Payroll</b>	\$ 503,605	\$ 582,847	\$ 400,638
<b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	6.61%	432.44%	-14.86%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
LAST THREE CALENDAR YEARS**

<u>Calendar Year Ended December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a Percentage of Covered Valuation Payroll</u>
2016	\$ 42,001	\$ 42,000	\$ 1	\$ 503,605	8.34%
2015	51,990	154,082	(102,092)	582,847	26.44%
2014	38,141	36,994	1,147	400,638	9.23%

**Notes to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

***Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate\****

***Valuation Date:***

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine 2016 Contribution Rates:**

*Actuarial Cost Method:* Aggregate entry age = normal  
*Amortization Method:* Level percentage of payroll, closed  
*Remaining Amortization Period:* 27-year closed period  
*Asset Valuation Method:* 5-year smoothed market; 20% corridor  
*Wage Growth:* 3.5%  
*Price Inflation:* 2.75%, approximate; No explicit price inflation assumption is used in this valuation.  
*Salary Increases:* 3.75% to 14.50%, including inflation  
*Investment Rate of Return:* 7.50%  
*Retirement Age:* Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.  
*Mortality:* RP-2014 Blue Collar Health Annuitant Mortality Table, adjusted to match current IMRF experience. For disabled lives, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

***Other Information:***

Notes: There were no benefit changes during the year.

\* Based on Valuation Assumptions used in the December 31, 2014, actuarial valuation; note two year lag between valuation and rate setting.



**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
TEACHER'S RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
FOR THE YEAR ENDED JUNE 30, 2017 †**

	<u>FY2016*</u>	<u>FY2015*</u>	<u>FY2014*</u>
Employer's proportion of the net pension liability	0.00201573%	0.00245954%	0.00214851%
Employer's proportionate share of the net pension liability	\$ 1,591,140	\$ 1,611,249	\$ 1,307,543
State's proportionate share of the net pension liability associated with the Employer	<u>6,589,243</u>	<u>5,579,497</u>	<u>5,877,808</u>
Total	<u>\$ 8,180,383</u>	<u>\$ 7,190,746</u>	<u>\$ 7,185,351</u>
Employer's covered-employee payroll	\$ 937,370	\$ 901,187	\$ 1,004,529
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	169.7%	178.8%	130.2%
Plan fiduciary net position as a percentage of the total pension liability	36.4%	41.5%	43.0%

*\*The amounts presented were determined as of the prior fiscal-year end.*

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
FOR THE YEAR ENDED JUNE 30, 2017 †**

	<u>FY2017</u>	<u>FY2016</u>	<u>FY2015</u>	<u>FY2014</u>
Statutorily-required contribution	\$ 73,815	\$ 78,063	\$ 85,064	\$ 69,687
Contributions in relation to statutorily-required contribution	<u>73,820</u>	<u>78,063</u>	<u>86,182</u>	<u>69,687</u>
Contribution deficiency (excess)	<u>\$ (5)</u>	<u>\$ -</u>	<u>\$ (1,118)</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 907,939	\$ 937,370	\$ 901,187	\$ 1,004,529
Contributions as a percentage of covered- employee payroll	8.13%	8.33%	9.56%	6.94%

*†The information in both schedules will accumulate until a full 10-year trend is presented as required by Statement No. 68.*

**Notes to This Required Supplementary Information**

*Changes of Assumptions*

For the 2016 measurement year, the assumed investment rate of return was 7.0 percent, including an inflation rate of 2.5 percent and real return of 4.5 percent. Salary increases were assumed to vary by service credit.

For the 2015 measurement year, the assumed investment rate of return was 7.5 percent, including an inflation rate of 3.0 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit. Various other changes in assumptions were adopted based on the experience analysis for the three-year period ending June 30, 2014.

For the 2014 measurement year, the assumed investment rate of return was also 7.5 percent, including an inflation rate of 3.0 percent and a real return of 4.5 percent. However, salary increases were assumed to vary by age.

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS  
SCHEDULE OF FUNDING PROGRESS  
June 30, 2017**

*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)
6/30/16	\$ -	\$ 15,967	\$ 15,967	0%	\$ 525,601	3.04%
6/30/15	-	14,378	14,378	0%	416,116	3.46%
6/30/14	-	12,789	12,789	0%	380,680	3.36%

**SUPPLEMENTAL INFORMATION**

**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**GENERAL FUND**  
**June 30, 2017**

	County Budget	ECHO	General Operating	School Facility Occupation Tax Interest Allocation	Interest Allocation
<b>Assets</b>					
Due from other funds	\$ 50,135	\$ 64,367	\$ 121,641	\$ 1,535	\$ 27
Accounts receivable	-	-	2,108	-	29
Due from other governments	9,639	596	19,710	153	-
Prepaid expenses	-	1,325	8,030	-	-
Total Assets	<u>59,774</u>	<u>66,288</u>	<u>151,489</u>	<u>1,688</u>	<u>56</u>
<b>Deferred Outflows of Resources</b>					
	-	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 59,774</u>	<u>\$ 66,288</u>	<u>\$ 151,489</u>	<u>\$ 1,688</u>	<u>\$ 56</u>
<b>Liabilities</b>					
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	74	1,738	-	-
Accrued wages and benefits	-	42,564	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	8,766	-	-	-
Total Liabilities	<u>-</u>	<u>51,404</u>	<u>1,738</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	<u>9,639</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (Deficits)</b>					
Nonspendable	-	1,325	8,030	-	-
Assigned	50,135	-	-	-	-
Unassigned	-	13,559	141,721	1,688	56
Total Fund Balances (Deficits)	<u>50,135</u>	<u>14,884</u>	<u>149,751</u>	<u>1,688</u>	<u>56</u>
Total Liabilities, Deferred Inflows & Fund Balances (Deficits)	<u>\$ 59,774</u>	<u>\$ 66,288</u>	<u>\$ 151,489</u>	<u>\$ 1,688</u>	<u>\$ 56</u>

**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**COMBINING SCHEDULE OF ACCOUNTS**  
**GENERAL FUND**  
**June 30, 2017**

	Prevention Social Marketing	General State Aid Safe Schools	Juvenile Detention Center	Total
<b>Assets</b>				
Due from other funds	\$ 42	\$ 23,188	\$ -	\$ 260,935
Accounts receivable	-	-	-	2,137
Due from other governments	-	-	141,253	171,351
Prepaid expenses	-	590	-	9,945
Total Assets	<u>42</u>	<u>23,778</u>	<u>141,253</u>	<u>444,368</u>
<b>Deferred Outflows of Resources</b>				
	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 42</u>	<u>\$ 23,778</u>	<u>\$ 141,253</u>	<u>\$ 444,368</u>
<b>Liabilities</b>				
Cash overdraft	\$ -	\$ -	\$ 37,708	\$ 37,708
Accounts payable	-	599	-	2,411
Accrued wages and benefits	-	21,121	17,495	81,180
Due to other funds	-	-	87,695	87,695
Due to other governments	-	4,317	-	13,083
Total Liabilities	<u>-</u>	<u>26,037</u>	<u>142,898</u>	<u>222,077</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	-	-	9,639
<b>Fund Balances (Deficits)</b>				
Nonspendable	-	590	-	9,945
Assigned	-	-	-	50,135
Unassigned	42	(2,849)	(1,645)	152,572
Total Fund Balances (Deficits)	<u>42</u>	<u>(2,259)</u>	<u>(1,645)</u>	<u>212,652</u>
Total Liabilities, Deferred Inflows & Fund Balances (Deficits)	<u>\$ 42</u>	<u>\$ 23,778</u>	<u>\$ 141,253</u>	<u>\$ 444,368</u>

**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GENERAL FUND ACCOUNTS**  
**For the Year Ended June 30, 2017**

	County Budget	ECHO	General Operating	School Facility Occupation Tax Interest Allocation	Interest Allocation
<b>Revenues</b>					
Local sources	\$ 176,226	\$ 1,771	\$ 50,487	\$ 1,714	\$ -
State sources	-	541,169	-	-	-
Interest	-	-	-	-	401
On behalf payments	108,789	-	247,701	-	-
<b>Total Revenue</b>	<u>285,015</u>	<u>542,940</u>	<u>298,188</u>	<u>1,714</u>	<u>401</u>
<b>Expenditures</b>					
Salaries	111,130	319,659	-	-	-
Employee benefits	11,382	52,267	136	-	-
Pension expense	7,210	7,935	-	-	-
Purchased services	2,210	67,812	26,010	3,594	-
Supplies and materials	-	15,391	1,782	-	-
Capital outlay	-	1,075	18,517	985	-
Other	-	-	-	-	-
Payments to other governmental units	58,477	66,000	-	-	-
Payments made on behalf of region	108,789	-	247,701	-	-
<b>Total Expenditures</b>	<u>299,198</u>	<u>530,139</u>	<u>294,146</u>	<u>4,579</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over (Under) Expenditures</b>	<u>(14,183)</u>	<u>12,801</u>	<u>4,042</u>	<u>(2,865)</u>	<u>401</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	29	571	216	3	-
Transfers out	-	(84)	-	-	(354)
Proceeds from lease-purchase agreement	-	-	18,517	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>29</u>	<u>487</u>	<u>18,733</u>	<u>3</u>	<u>(354)</u>
<b>Net Change in Fund Balances (Deficits)</b>	<u>(14,154)</u>	<u>13,288</u>	<u>22,775</u>	<u>(2,862)</u>	<u>47</u>
Fund Balances (Deficits) - Beginning	<u>64,289</u>	<u>1,596</u>	<u>126,976</u>	<u>4,550</u>	<u>9</u>
Fund Balances (Deficits) - Ending	<u>\$ 50,135</u>	<u>\$ 14,884</u>	<u>\$ 149,751</u>	<u>\$ 1,688</u>	<u>\$ 56</u>

**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GENERAL FUND ACCOUNTS**  
**For the Year Ended June 30, 2017**

	Prevention Social Marketing	General State Aid Safe Schools	Juvenile Detention Center	Total
<b>Revenues</b>				
Local sources	\$ -	\$ -	\$ 162,374	\$ 392,572
State sources	-	138,854	-	680,023
Interest	-	-	-	401
On behalf payments	-	-	-	356,490
<b>Total Revenue</b>	<b>-</b>	<b>138,854</b>	<b>162,374</b>	<b>1,429,486</b>
<b>Expenditures</b>				
Salaries	-	111,994	127,593	670,376
Employee benefits	-	13,573	23,615	100,973
Pension expense	-	2,422	805	18,372
Purchased services	-	40,695	3,819	144,140
Supplies and materials	-	12,016	950	30,139
Capital outlay	-	530	-	21,107
Payments to other governmental units	-	-	-	124,477
Payments made on behalf of region	-	-	-	356,490
<b>Total Expenditures</b>	<b>-</b>	<b>181,230</b>	<b>156,782</b>	<b>1,466,074</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>(42,376)</b>	<b>5,592</b>	<b>(36,588)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	819
Transfers out	-	(571)	-	(1,009)
Proceeds from lease-purchase agreement	-	-	-	18,517
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(571)</b>	<b>-</b>	<b>18,327</b>
<b>Net Change in Fund Balances (Deficits)</b>	<b>-</b>	<b>(42,947)</b>	<b>5,592</b>	<b>(18,261)</b>
<b>Fund Balances (Deficits) - Beginning</b>	<b>42</b>	<b>40,688</b>	<b>(7,237)</b>	<b>230,913</b>
<b>Fund Balances (Deficits) - Ending</b>	<b>\$ 42</b>	<b>\$ (2,259)</b>	<b>\$ (1,645)</b>	<b>\$ 212,652</b>

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2017**

	McKinney Education for Homeless Children	Substance Abuse Prevention and Treatment Block Grant	New Principal Mentoring Program	Title I System of Support	Title II Teacher Quality Leadership
<b>Assets</b>					
Due from other funds	\$ -	\$ -	\$ 201	\$ -	\$ -
Due from other governments	80,844	64,345	-	112,576	200
Total Assets	<u>80,844</u>	<u>64,345</u>	<u>201</u>	<u>112,576</u>	<u>200</u>
Deferred Outflow of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 80,844</u>	<u>\$ 64,345</u>	<u>\$ 201</u>	<u>\$ 112,576</u>	<u>\$ 200</u>
<b>Liabilities</b>					
Accounts payable	\$ 100	\$ -	\$ -	\$ 669	\$ -
Due to other funds	37,489	64,345	-	83,883	200
Due to other governments	43,255	-	-	28,024	-
Total Liabilities	<u>80,844</u>	<u>64,345</u>	<u>-</u>	<u>112,576</u>	<u>200</u>
Deferred Inflows of Resources					
Unavailable revenue	<u>43,256</u>	<u>44,037</u>	<u>-</u>	<u>28,694</u>	<u>-</u>
<b>Fund Balances (Deficits)</b>					
Restricted	-	-	201	-	-
Unassigned	(43,256)	(44,037)	-	(28,694)	-
Total Fund Balances (Deficits)	<u>(43,256)</u>	<u>(44,037)</u>	<u>201</u>	<u>(28,694)</u>	<u>-</u>
Total Liabilities, Deferred Inflows, and Fund Balances (Deficits)	<u>\$ 80,844</u>	<u>\$ 64,345</u>	<u>\$ 201</u>	<u>\$ 112,576</u>	<u>\$ 200</u>



**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2017**

	FY17 Partnership for College and Career Success	Title II Teacher Quality ECHO	Tides Foundation Art Grant	State Free Lunch and Breakfast	Federal Lunch and Breakfast
<b>Assets</b>					
Due from other funds	\$ -	\$ -	\$ -	\$ 635	\$ 3,831
Due from other governments	20,375	-	-	320	-
Total Assets	<u>20,375</u>	<u>-</u>	<u>-</u>	<u>955</u>	<u>3,831</u>
Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 20,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 955</u>	<u>\$ 3,831</u>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	20,375	-	-	-	-
Due to other governments	-	-	-	-	-
Total Liabilities	<u>20,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources					
Unavailable revenue	<u>12,561</u>	<u>-</u>	<u>-</u>	<u>282</u>	<u>-</u>
<b>Fund Balances (Deficits)</b>					
Restricted	-	-	-	673	3,831
Unassigned	(12,561)	-	-	-	-
Total Fund Balances (Deficits)	<u>(12,561)</u>	<u>-</u>	<u>-</u>	<u>673</u>	<u>3,831</u>
Total Liabilities, Deferred Inflows, and Fund Balances (Deficits)	<u>\$ 20,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 955</u>	<u>\$ 3,831</u>

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2017**

	ROE/ISC Operations	Regional Safe Schools	REAP	Truants Alternative/ Optional Education	Total
<b>Assets</b>					
Due from other funds	\$ -	\$ -	\$ -	\$ -	\$ 4,667
Due from other governments	-	66,270	-	79,542	424,472
Total Assets	<u>-</u>	<u>66,270</u>	<u>-</u>	<u>79,542</u>	<u>429,139</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ 66,270</u>	<u>\$ -</u>	<u>\$ 79,542</u>	<u>\$ 429,139</u>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 769
Due to other funds	-	66,270	-	79,542	352,104
Due to other governments	-	-	-	-	71,279
Total Liabilities	<u>-</u>	<u>66,270</u>	<u>-</u>	<u>79,542</u>	<u>424,152</u>
Deferred Inflows of Resources					
Unavailable revenue	<u>-</u>	<u>34,270</u>	<u>-</u>	<u>11,282</u>	<u>174,382</u>
<b>Fund Balances (Deficits)</b>					
Restricted	-	-	-	-	4,705
Unassigned	<u>-</u>	<u>(34,270)</u>	<u>-</u>	<u>(11,282)</u>	<u>(174,100)</u>
Total Fund Balances (Deficits)	<u>-</u>	<u>(34,270)</u>	<u>-</u>	<u>(11,282)</u>	<u>(169,395)</u>
Total Liabilities, Deferred Inflows, and Fund Balances (Deficits)	<u>\$ -</u>	<u>\$ 66,270</u>	<u>\$ -</u>	<u>\$ 79,542</u>	<u>\$ 429,139</u>

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the Year Ended June 30, 2017**

	McKinney Education for Homeless Children	Substance Abuse Prevention and Treatment Block Grant	New Principal Mentoring Program	Title I System of Support	Title II Teacher Quality Leadership
<b>Revenues</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	28,004	-	-	-
Federal sources	338,354	152,329	-	824,602	2,900
Total Revenue	<u>338,354</u>	<u>180,333</u>	<u>-</u>	<u>824,602</u>	<u>2,900</u>
<b>Expenditures</b>					
Salaries	94,797	148,500	-	284,953	-
Employee benefits	7,201	12,188	-	33,391	-
Pension expense	4,201	9,307	-	68,648	-
Purchased services	20,104	47,149	1,355	205,377	2,900
Supplies and materials	1,253	5,805	-	4,297	-
Capital outlay	-	1,421	-	1,585	-
Payments to other governmental units	163,056	-	-	195,453	-
Total Expenditures	<u>290,612</u>	<u>224,370</u>	<u>1,355</u>	<u>793,704</u>	<u>2,900</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>47,742</u>	<u>(44,037)</u>	<u>(1,355)</u>	<u>30,898</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances (Deficits)	47,742	(44,037)	(1,355)	30,898	-
Fund Balances (Deficits) - Beginning	<u>(90,998)</u>	<u>-</u>	<u>1,556</u>	<u>(59,592)</u>	<u>-</u>
Fund Balances (Deficits) - Ending	<u>\$ (43,256)</u>	<u>\$ (44,037)</u>	<u>\$ 201</u>	<u>\$ (28,694)</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2017**

	FY17 Partnership for College and Career Success	Title II Teacher Quality ECHO	Tides Foundation Art Grant	State Free Lunch and Breakfast	Federal Lunch and Breakfast
<b>Revenues</b>					
Local sources	\$ -	\$ -	\$ 210	\$ -	\$ -
State sources	25,578	-	-	237	-
Federal sources	-	996	-	-	42,505
Total Revenue	<u>25,578</u>	<u>996</u>	<u>210</u>	<u>237</u>	<u>42,505</u>
<b>Expenditures</b>					
Salaries	28,000	-	-	-	5,700
Employee benefits	2,142	-	-	-	436
Pension expense	-	-	-	-	366
Purchased services	7,935	-	-	-	107
Supplies and materials	54	996	292	-	35,881
Capital outlay	-	-	-	-	-
Payments to other governmental units	-	-	-	-	-
Total Expenditures	<u>38,131</u>	<u>996</u>	<u>292</u>	<u>-</u>	<u>42,490</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(12,553)</u>	<u>-</u>	<u>(82)</u>	<u>237</u>	<u>15</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	82	2	2
Transfers out	(8)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(8)</u>	<u>-</u>	<u>82</u>	<u>2</u>	<u>2</u>
Net Change in Fund Balances (Deficits)	(12,561)	-	-	239	17
Fund Balances (Deficits) - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>434</u>	<u>3,814</u>
Fund Balances (Deficits) - Ending	<u>\$ (12,561)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 673</u>	<u>\$ 3,831</u>

**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**For the Year Ended June 30, 2017**

	ROE/ISC Operations	Regional Safe Schools	REAP	Truants Alternative/ Optional Education	Total
<b>Revenues</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 210
State sources	199,017	54,859	-	82,763	390,458
Federal sources	-	-	9,275	-	1,370,961
Total Revenue	<u>199,017</u>	<u>54,859</u>	<u>9,275</u>	<u>82,763</u>	<u>1,761,629</u>
<b>Expenditures</b>					
Salaries	80,693	70,286	-	67,878	780,807
Employee benefits	11,235	11,106	-	9,040	86,739
Pension expense	2,595	489	-	3,256	88,862
Purchased services	18,239	484	-	12,035	315,685
Supplies and materials	2,303	-	2,419	1,836	55,136
Capital outlay	1,339	-	6,858	-	11,203
Payments to other governmental units	-	-	-	-	358,509
Total Expenditures	<u>116,404</u>	<u>82,365</u>	<u>9,277</u>	<u>94,045</u>	<u>1,696,941</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>82,613</u>	<u>(27,506)</u>	<u>(2)</u>	<u>(11,282)</u>	<u>64,688</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	95	2	-	183
Transfers out	-	-	-	-	(8)
Total Other Financing Sources (Uses)	<u>-</u>	<u>95</u>	<u>2</u>	<u>-</u>	<u>175</u>
Net Change in Fund Balances (Deficits)	82,613	(27,411)	-	(11,282)	64,863
Fund Balances (Deficits) - Beginning	<u>(82,613)</u>	<u>(6,859)</u>	<u>-</u>	<u>-</u>	<u>(234,258)</u>
Fund Balances (Deficits) - Ending	<u>\$ -</u>	<u>\$ (34,270)</u>	<u>\$ -</u>	<u>\$ (11,282)</u>	<u>\$ (169,395)</u>

**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2016 to August 31, 2016)**  
**EDUCATION FUND ACCOUNTS**  
**MCKINNEY EDUCATION FOR HOMELESS CHILDREN (#16-4920-00)**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 275,000	\$ 316,482	\$ 109,825
Total Revenues	<u>275,000</u>	<u>316,482</u>	<u>109,825</u>
Expenditures			
Salaries	92,750	92,750	9,802
Employee benefits	13,940	11,954	750
Pension expense	-	-	711
Purchased services	17,206	22,367	948
Supplies and materials	4,080	7,343	-
Capital outlay	-	800	-
Payments to other government units	147,024	181,268	6,616
Total Expenditures	<u>275,000</u>	<u>316,482</u>	<u>18,827</u>
Net Change in Fund Balance (Deficit)	-	-	90,998
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>(90,998)</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2016 to August 31, 2017)**  
**EDUCATION FUND ACCOUNTS**  
**MCKINNEY EDUCATION FOR HOMELESS CHILDREN (#17-4920-RF)**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 239,591	\$ 297,907	\$ 228,529
Total Revenues	<u>239,591</u>	<u>297,907</u>	<u>228,529</u>
Expenditures			
Salaries	77,713	86,446	84,995
Employee benefits	12,255	10,186	6,451
Pension expense	-	-	3,490
Purchased services	18,915	23,915	19,156
Supplies and materials	1,913	1,913	1,253
Payments to other government units	128,795	175,447	156,440
Total Expenditures	<u>239,591</u>	<u>297,907</u>	<u>271,785</u>
Net Change in Fund Balance (Deficit)	-	-	(43,256)
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (43,256)</u>

**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2016 to June 30, 2017)**  
**EDUCATION FUND ACCOUNTS**  
**SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ -	\$ -	\$ 28,004
Federal sources	209,859	224,370	152,329
Total Revenues	<u>209,859</u>	<u>224,370</u>	<u>180,333</u>
Expenditures			
Salaries	148,517	131,500	148,500
Employee benefits	30,802	23,081	12,188
Pension expense	-	-	9,307
Purchased services	26,432	64,361	47,149
Supplies and materials	3,608	4,828	5,805
Capital outlay	500	600	1,421
Total Expenditures	<u>209,859</u>	<u>224,370</u>	<u>224,370</u>
Net Change in Fund Balance (Deficit)	-	-	(44,037)
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (44,037)</u>



**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2016 to August 31, 2016)**  
**EDUCATION FUND ACCOUNTS**  
**TITLE I SYSTEM OF SUPPORT (#16-4331-SS)**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 1,005,392	\$ 1,005,392	\$ 59,592
Total Revenues	<u>1,005,392</u>	<u>1,005,392</u>	<u>59,592</u>
Expenditures			
Salaries	320,282	320,282	-
Employee benefits	162,460	162,460	-
Pension expense	-	-	-
Purchased services	276,371	276,371	-
Supplies and materials	6,290	6,290	-
Payments to other governments	239,989	239,989	-
Total Expenditures	<u>1,005,392</u>	<u>1,005,392</u>	<u>-</u>
Net Change in Fund Balance (Deficit)	-	-	59,592
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>(59,592)</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2016 to August 31, 2017)**  
**EDUCATION FUND ACCOUNTS**  
**TITLE I SYSTEM OF SUPPORT (#17-4331-SS)**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 1,037,285	\$ 1,037,285	\$ 765,010
Total Revenues	<u>1,037,285</u>	<u>1,037,285</u>	<u>765,010</u>
Expenditures			
Salaries	313,948	313,948	284,953
Employee benefits	125,107	125,107	33,391
Pension expense	-	-	68,648
Purchased services	261,314	261,314	205,377
Supplies and materials	4,400	4,400	4,297
Capital Outlay	1,000	1,000	1,585
Payments to other governments	331,516	331,516	195,453
Total Expenditures	<u>1,037,285</u>	<u>1,037,285</u>	<u>793,704</u>
Net Change in Fund Balance (Deficit)	-	-	(28,694)
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (28,694)</u>

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of July 1, 2016 to June 30, 2017)  
EDUCATION FUND ACCOUNTS  
TITLE II TEACHER QUALITY - LEADERSHIP  
For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 3,277	\$ 3,277	\$ 2,900
Total Revenues	<u>3,277</u>	<u>3,277</u>	<u>2,900</u>
Expenditures			
Purchased services	3,277	3,277	2,900
Total Expenditures	<u>3,277</u>	<u>3,277</u>	<u>2,900</u>
Net Change in Fund Balance (Deficit)	-	-	-
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
BUDGETARY COMPARISON SCHEDULE  
(For the Period of July 1, 2016 to June 30, 2017)  
EDUCATION FUND ACCOUNTS  
TITLE II TEACHER QUALITY - ECHO  
For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 1,678	\$ 1,680	\$ 996
Total Revenues	<u>1,678</u>	<u>1,680</u>	<u>996</u>
Expenditures			
Purchased services	860	260	-
Supplies and materials	818	1,420	996
Total Expenditures	<u>1,678</u>	<u>1,680</u>	<u>996</u>
Net Change in Fund Balance (Deficit)	-	-	-
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2016 to June 30, 2017)**  
**EDUCATION FUND ACCOUNTS**  
**ROE/ISC OPERATIONS**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 116,404	\$ 116,404	\$ 199,017
Total Revenues	<u>116,404</u>	<u>116,404</u>	<u>199,017</u>
Expenditures			
Salaries	80,500	80,500	80,693
Employee benefits	17,206	16,306	11,235
Pension expense	-	-	2,595
Purchased services	15,144	16,044	18,239
Supplies and materials	2,054	2,054	2,303
Capital outlay	1,500	1,500	1,339
Total Expenditures	<u>116,404</u>	<u>116,404</u>	<u>116,404</u>
Net Change in Fund Balance (Deficit)	-	-	82,613
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>(82,613)</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2016 to June 30, 2017)**  
**EDUCATION FUND ACCOUNTS**  
**REGIONAL SAFE SCHOOLS**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 82,270	\$ 82,270	\$ 54,859
Total Revenues	<u>82,270</u>	<u>82,270</u>	<u>54,859</u>
Expenditures			
Salaries	69,450	69,450	70,286
Employee benefits	11,419	11,419	11,106
Pension expense	-	-	489
Purchased services	1,205	1,205	484
Supplies and materials	196	196	-
Total Expenditures	<u>82,270</u>	<u>82,270</u>	<u>82,365</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			<u>(27,506)</u>
Other Financing Sources (Uses):			
Transfers in	-	-	95
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>95</u>
Net Change in Fund Balance (Deficit)	-	-	(27,411)
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>(6,859)</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (34,270)</u>

**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**BUDGETARY COMPARISON SCHEDULE**  
**(For the Period of July 1, 2016 to June 30, 2017)**  
**EDUCATION FUND ACCOUNTS**  
**TRUANTS ALTERNATIVE/OPTIONAL EDUCATION**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 99,049	\$ 99,049	\$ 82,763
Total Revenues	<u>99,049</u>	<u>99,049</u>	<u>82,763</u>
Expenditures			
Salaries	73,050	73,050	67,878
Employee benefits	17,445	13,445	9,040
Pension expense	-	-	3,256
Purchased services	7,704	11,704	12,035
Supplies and materials	850	850	1,836
Total Expenditures	<u>99,049</u>	<u>99,049</u>	<u>94,045</u>
Net Change in Fund Balance (Deficit)	-	-	(11,282)
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,282)</u>

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2017**

	Bus Driver Permit	General Education Development	Total
Assets			
Due from other funds	\$ 6,703	\$ 14,650	\$ 21,353
Accounts receivable	40	-	40
Total Assets	6,743	14,650	21,393
Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 6,743	\$ 14,650	\$ 21,393
Liabilities	\$ -	\$ -	\$ -
Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits)			
Restricted	6,743	14,650	21,393
Total Fund Balances (Deficits)	6,743	14,650	21,393
Total Liabilities, Deferred Inflows and Fund Balances (Deficits)	\$ 6,743	\$ 14,650	\$ 21,393



**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 2017**

	Bus Driver Permit	General Education Development	Total
Revenues			
Local sources	\$ 3,410	\$ 7,125	\$ 10,535
State sources	1,449	-	1,449
Total Revenues	<u>4,859</u>	<u>7,125</u>	<u>11,984</u>
Expenditures			
Salaries	2,450	550	3,000
Employee benefits	188	42	230
Purchased services	3,140	241	3,381
Supplies and materials	520	-	520
Total Expenditures	<u>6,298</u>	<u>833</u>	<u>7,131</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(1,439)</u>	<u>6,292</u>	<u>4,853</u>
Other Financing Sources (Uses)			
Transfers in	6	10	16
Total Other Financing Sources (Uses)	<u>6</u>	<u>10</u>	<u>16</u>
Net Change in Fund Balances (Deficits)	(1,433)	6,302	4,869
Fund Balances (Deficits) - Beginning	<u>8,176</u>	<u>8,348</u>	<u>16,524</u>
Fund Balances (Deficits) - Ending	<u><u>\$ 6,743</u></u>	<u><u>\$ 14,650</u></u>	<u><u>\$ 21,393</u></u>

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
COMBINING SCHEDULE OF ACCOUNTS  
INSTITUTE FUND ACCOUNTS  
June 30, 2017**

	<u>Institute</u>	<u>Technology</u>	<u>Total</u>
Assets			
Due from other funds	\$ 62,864	\$ 58,735	\$ 121,599
Accounts receivable	24,724	10	24,734
Total Assets	<u>87,588</u>	<u>58,745</u>	<u>146,333</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 87,588</u>	<u>\$ 58,745</u>	<u>\$ 146,333</u>
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)			
Restricted	<u>87,588</u>	<u>58,745</u>	<u>146,333</u>
Total Fund Balances (Deficits)	<u>87,588</u>	<u>58,745</u>	<u>146,333</u>
Total Liabilities, Deferred Inflows and Fund Balances (Deficits)	<u>\$ 87,588</u>	<u>\$ 58,745</u>	<u>\$ 146,333</u>

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
INSTITUTE FUND ACCOUNTS  
For the Year Ended June 30, 2017**

	<u>Institute</u>	<u>Technology</u>	<u>Total</u>
Revenues			
Local sources	\$ 38,928	\$ 23,431	\$ 62,359
Total Revenues	<u>38,928</u>	<u>23,431</u>	<u>62,359</u>
Expenditures			
Purchased services	16,303	16,393	32,696
Supplies and materials	21	-	21
Capital outlay	-	438	438
Total Expenditures	<u>16,324</u>	<u>16,831</u>	<u>33,155</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>22,604</u>	<u>6,600</u>	<u>29,204</u>
Other Financing Sources (Uses)			
Transfers in	50	49	99
Total Other Financing Sources (Uses)	<u>50</u>	<u>49</u>	<u>99</u>
Net Change in Fund Balances (Deficits)	22,654	6,649	29,303
Fund Balances (Deficits) - Beginning	<u>64,934</u>	<u>52,096</u>	<u>117,030</u>
Fund Balances (Deficits) - Ending	<u>\$ 87,588</u>	<u>\$ 58,745</u>	<u>\$ 146,333</u>

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUNDS  
June 30, 2017**

	School Facility Occupation Tax	Franklin County Regional Delivery System	Total Agency Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 154	\$ 7	\$ 161
Due from other governments	1,558,961	191,212	1,750,173
 Total Assets	 \$ 1,559,115	 \$ 191,219	 \$ 1,750,334
 <b>Liabilities</b>			
Due to other governments	\$ 1,559,115	\$ 191,219	\$ 1,750,334
 Total Liabilities	 \$ 1,559,115	 \$ 191,219	 \$ 1,750,334

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
For the Year Ended June 30, 2017**

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
<b><u>School Facility Occupation Tax</u></b>				
Assets				
Cash and cash equivalents	\$ 139	\$ 9,073,481	\$ 9,073,466	\$ 154
Due from other governments	<u>1,474,930</u>	<u>1,558,961</u>	<u>1,474,930</u>	<u>1,558,961</u>
Total Assets	<u>\$ 1,475,069</u>	<u>\$ 10,632,442</u>	<u>\$ 10,548,396</u>	<u>\$ 1,559,115</u>
Liabilities				
Due to other governments	<u>\$ 1,475,069</u>	<u>\$ 1,559,115</u>	<u>\$ 1,475,069</u>	<u>\$ 1,559,115</u>
Total Liabilities	<u>\$ 1,475,069</u>	<u>\$ 1,559,115</u>	<u>\$ 1,475,069</u>	<u>\$ 1,559,115</u>
<b><u>Franklin County Regional Delivery System</u></b>				
Assets				
Cash and cash equivalents	\$ 7	\$ -	\$ -	\$ 7
Due from other governments	<u>39,499</u>	<u>191,212</u>	<u>39,499</u>	<u>191,212</u>
Total Assets	<u>\$ 39,506</u>	<u>\$ 191,212</u>	<u>\$ 39,499</u>	<u>\$ 191,219</u>
Liabilities				
Due to other governments	<u>\$ 39,506</u>	<u>\$ 191,219</u>	<u>\$ 39,506</u>	<u>\$ 191,219</u>
Total Liabilities	<u>\$ 39,506</u>	<u>\$ 191,219</u>	<u>\$ 39,506</u>	<u>\$ 191,219</u>
<b><u>Total</u></b>				
Assets				
Cash and cash equivalents	\$ 146	\$ 9,073,481	\$ 9,073,466	\$ 161
Due from other governments	<u>1,514,429</u>	<u>1,750,173</u>	<u>1,514,429</u>	<u>1,750,173</u>
Total Assets	<u>\$ 1,514,575</u>	<u>\$ 10,823,654</u>	<u>\$ 10,587,895</u>	<u>\$ 1,750,334</u>
Liabilities				
Due to other governments	<u>\$ 1,514,575</u>	<u>\$ 1,750,334</u>	<u>\$ 1,514,575</u>	<u>\$ 1,750,334</u>
Total Liabilities	<u>\$ 1,514,575</u>	<u>\$ 1,750,334</u>	<u>\$ 1,514,575</u>	<u>\$ 1,750,334</u>

**FEDERAL COMPLIANCE SECTION**

**REGIONAL OFFICE OF EDUCATION #21  
FRANKLIN-JOHNSON-MASSAC-WILLIAMSON COUNTIES  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2017**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<b>Direct Grant</b>				
REAP Small, Rural School Achievement (SRSA)	84.358A	S358A148408		\$ 9,275
<b>passed through Illinois State Board of Education</b>				
Supporting Effective Instruction State Grants				
Title II - Teacher Quality	84.367A	17-4932-00		996
Title II - Teacher Quality - Leadership	84.367A	17-4935-02		2,900
				<u>3,896</u>
Education for Homeless Children and Youth				
McKinney Education for Homeless Children	84.196A	16-4920-00	\$ 6,616	18,827
McKinney Education for Homeless Children	84.196A	17-4920-RF	156,440	271,785
			<u>163,056</u>	<u>290,612</u>
Title I Grants to Local Educational Agencies				
System of Support - Title I - Grants to Local Educational Agencies	84.010A	17-4331-SS	195,453	793,704 (M)
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>				<u>1,097,487</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<b>passed through Illinois State Board of Education</b>				
Child School Nutrition Cluster				
School Breakfast Program	10.553	16-4220-00		2,214
School Breakfast Program	10.553	17-4220-00		10,591
				<u>12,805</u>
National School Lunch Program				
National School Lunch Program	10.555	16-4210-00		4,825
National School Lunch Program	10.555	17-4210-00		24,875
				<u>29,700</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>				<u>42,505</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<b>passed through Illinois Department of Human Services</b>				
Substance Abuse Prevention and Treatment Block Grant	93.959	FCSUP01399		196,366
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 358,509</u>	<u>\$ 1,336,358</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-JOHNSON-MASSAC-WILLIAMSON COUNTIES**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2017**

**NOTE 1: BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of Regional Office of Education #21 under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Regional Office of Education #21, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Regional Office of Education #21.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Regional Office of Education #21 has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.