

**STATE OF ILLINOIS
REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
FINANCIAL AUDIT
(In Accordance with the Single Audit Act
& OMB Circular A-133)
For the Year Ended June 30, 2015**

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

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

TABLE OF CONTENTS

Officials	1
Compliance Report Summary	2-3
Financial Statement Report Summary	4

AUDITORS' REPORTS

Independent Auditors' Report	5-7
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	8-9
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133	10-11

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditors' Results	12
Section II - Financial Statement Findings	13a-13b
Section III – Federal Award Findings	14
Corrective Action Plan for Current Year Audit Findings	15
Summary Schedule of Prior Audit Findings	16

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis	17a-17f
--	---------

BASIC FINANCIAL STATEMENTS

Statement of Net Position	18
Statement of Activities	19
Balance Sheet - Governmental Funds	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position - Governmental Funds	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Funds	23
Statement of Net Position - Proprietary Fund	24
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	25
Statement of Cash Flows - Proprietary Fund	26
Statement of Fiduciary Net Position - Fiduciary Funds	27
Notes to the Financial Statements	28-60

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

TABLE OF CONTENTS (CONTINUED)

REQUIRED SUPPLEMENTARY INFORMATION

Illinois Municipal Retirement Fund – Schedule of Changes in the Net Pension Liability & Related Ratios	61
Illinois Municipal Retirement Fund – Schedule of Employer Contributions	62
Teachers’ Retirement System of the State of Illinois – Schedule of Employer’s Proportionate Share of the Net Pension Liability	63
Teachers’ Retirement System of the State of Illinois – Schedule of Employer Contributions	63
Post Employment Benefits Other Than Pensions – Schedule of Funding Progress – <i>Unaudited</i>	64

SUPPLEMENTAL INFORMATION

Combining Schedule of Accounts - General Fund	65-66
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - General Fund Accounts	67-68
Combining Schedule of Accounts - Education Fund	69-71
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Education Fund Accounts	72-74
Budgetary Comparison Schedules	
McKinney Education for Homeless Children (2014)	75
McKinney Education for Homeless Children (2015)	76
Substance Abuse Prevention and Treatment Block Grant	77
Title I – System of Support	78
Title II Teacher Quality - Leadership	79
FY15 Partnership for College and Career Success	80
Title II Teacher Quality - ECHO	81
ROE/ISC Operations	82
Regional Safe Schools	83
Truants Alternative/Optional Education	84
Combining Balance Sheet - Nonmajor Special Revenue Funds	85
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds	86
Combining Schedule of Accounts – Institute Fund Accounts	87
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Institute Fund Accounts	88
Combining Statement of Fiduciary Net Position - Agency Funds	89
Combining Statement of Changes in Assets and Liabilities - Agency Funds.	90

FEDERAL COMPLIANCE SECTION

Schedule of Expenditures of Federal Awards	91
Notes to the Schedule of Expenditures of Federal Awards	92

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

OFFICIALS

Regional Superintendent (Current and During the Audit Period)	R. Matthew Donkin
Assistant Regional Superintendent (During the Audit Period July 1, 2014 – July 15, 2014 and March 16, 2015 – June 30, 2015)	Timothy Bleyer
Assistant Regional Superintendent (During the Audit Period July 16, 2014 – October 31, 2014 and July 1, 2015 – Current)	Elaine Little
Assistant Regional Superintendent (During the Audit Period November 3, 2014 – March 13, 2015)	Paul Oldani

Offices are located at:

202 West Main Street
Benton, IL 62812

407 North Monroe Street, Suite 300
Marion, IL 62959

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

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

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

COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	1	2
Repeated audit findings	0	0
Prior recommendations implemented or not repeated	2	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)			
2015-001	13	Internal Controls Over Financial Statement Preparation	Material Weakness

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

None

PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

2014-001		Internal Controls Over Financial Reporting	Material Weakness
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PRIOR AUDIT FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

2014-002		Internal Controls Over Cash Management	Significant Deficiency
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**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES**

COMPLIANCE REPORT SUMMARY (CONCLUDED)

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on September 4, 2015. Attending were R. Matthew Donkin, Regional Superintendent; Rhonda Huff, Bookkeeper; Kimberly Walker, CPA, Partner, Kemper CPA Group, LLP and Kara Bevis, CPA, Manager, Kemper CPA Group, LLP. Formal responses to the recommendations were provided by R. Matthew Donkin, Regional Superintendent, on March 15, 2016.

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

FINANCIAL STATEMENT REPORT SUMMARY

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

Based on their audit, the auditors expressed an unmodified opinion on the Franklin-Williamson Counties Regional Office of Education #21's basic financial statements.

INDEPENDENT AUDITORS' REPORT

Honorable 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-Williamson Counties Regional Office of Education #21, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Franklin-Williamson Counties Regional Office of Education #21's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin-Williamson Counties Regional Office of Education #21, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As disclosed in Notes 1 and 17 to the financial statements, the Franklin-Williamson Counties Regional Office of Education #21 implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, in the current year and has recognized a net pension liability and deferred inflows and outflows of resources related to pensions.

As disclosed in Note 17, the Franklin-Williamson Counties Regional Office of Education #21 will consolidate Johnson and Massac Counties into its Educational Service Region effective July 1, 2015.

Our opinions are not modified with respect to these matters.

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 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 Illinois Schedule of Employer Contributions, and Other Post Employment Benefit Plan Schedule of Funding Progress on pages 17a through 17f and 61 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Franklin-Williamson Counties Regional Office of Education #21's basic financial statements. The combining schedules of accounts, budgetary comparison schedules, combining fund financial statements, and Schedule of Expenditures of Federal Awards, as required by Office of Management and

Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated March 29, 2016, on our consideration of the Franklin-Williamson Counties Regional Office of Education #21's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Franklin-Williamson Counties Regional Office of Education #21's internal control over financial reporting and compliance.

Kemper CPA Group LLP

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

Marion, Illinois
March 29, 2016

**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-Williamson Counties Regional Office of Education #21, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Franklin-Williamson Counties Regional Office of Education #21's basic financial statements, and have issued our report thereon dated March 29, 2016.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 to be a material weakness.

Compliance and Other Matters

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

Regional Office of Education #21's Response to Finding

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

Purpose of this Report

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



KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

Marion, Illinois
March 29, 2016

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on Compliance for Each Major Federal Program

We have audited the Franklin-Williamson Counties Regional Office of Education #21's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Franklin-Williamson Counties Regional Office of Education #21's major federal programs for the year ended June 30, 2015. The Franklin-Williamson Counties Regional Office of Education #21's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Franklin-Williamson Counties Regional Office of Education #21 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

Marion, Illinois
March 29, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION I – SUMMARY OF AUDITORS’ RESULTS
For the Year Ended June 30, 2015**

Financial Statements

Type of auditors’ report issued: *unmodified*

Internal control over financial reporting:
 Material weakness(es) identified? Yes
 Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

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

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

Any audit findings disclosed that are required to be reported in accordance with
 Section .510(a) of OMB Circular A-133? 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: \$300,000

Auditee qualified as a low-risk auditee? No

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2015**

FINDING NO. 2015-001 – Internal Controls Over Financial Statement Preparation

CRITERIA/SPECIFIC REQUIREMENT:

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

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 ROE did not have sufficient internal controls over the financial reporting process in order to record and present the pension information in accordance with these standards. The ROE maintains its accounting records on cash basis of accounting during the fiscal year and posts year-end accrual and other applicable entries for financial statement purposes. While the ROE maintains controls over the processing of most accounting transactions, there were not sufficient controls over the preparation of GAAP basis 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.

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

EFFECT:

The ROE's 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 ROE's management, the complex requirements of GASB Statements No. 68 and No. 71 were new for fiscal year 2015 and will require additional time and training before the ROE can fully implement the requirements on its own.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
For the Year Ended June 30, 2015**

FINDING NO. 2015-001 – Internal Controls Over Financial Statement Preparation (Concluded)

AUDITOR’S RECOMMENDATION:

As part of internal control over the preparation of financial statements, the ROE 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 ROE’s activities and operations.

MANAGEMENT’S RESPONSE:

As audit standards continue to shift rapidly, ROE #21 will monitor and identify trainings in order for our current staff to have the most up-to-date training and be able to perform the newest audit standards.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDING
For the Year Ended June 30, 2015**

INSTANCES OF NONCOMPLIANCE:

None

SIGNIFICANT DEFICIENCIES:

None

MATERIAL WEAKNESSES:

None

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2015**

Corrective Action Plan

FINDING No. 2015-001 – Internal Controls Over Financial Statement Preparation

CONDITION:

The ROE did not have sufficient internal controls over the financial reporting process in order to record and present the pension information in accordance with these standards. The ROE maintains its accounting records on cash basis of accounting during the fiscal year and posts year-end accrual and other applicable entries for financial statement purposes. While the ROE maintains controls over the processing of most accounting transactions, there were not sufficient controls over the preparation of GAAP basis 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.

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

PLAN:

As audit standards continue to shift rapidly, ROE #21 will monitor and identify trainings in order for our current staff to have the most up-to-date training and be able to perform the newest audit standards.

ANTICIPATED DATE OF COMPLETION:

June 30, 2016

CONTACT PERSON:

R. Matthew Donkin, Regional Superintendent

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2015**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
2014-001	Internal Controls Over Financial Reporting	Not Repeated
2014-002	Internal Controls Over Cash Management	Not Repeated

MANAGEMENT'S DISCUSSION AND ANALYSIS

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Franklin-Williamson Counties Regional Office of Education #21 (Regional Office) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. 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 2015 activity, making comparisons of the financial position and results of operations more meaningful.

2015 Financial Highlights

In 2015, the Education Fund deficit was (\$5,448), a decrease from the fiscal year 2014 fund balance of \$12,794. This decrease was primarily due to an increase in salaries, benefit and pension expenses, and purchased services within the Education Fund during fiscal year 2015.

The General Fund balance was \$258,996 and General Fund revenues were \$898,738 (excluding on-behalf payments) in fiscal year 2015. There was a general decrease in our revenue from State sources from 2014. General Fund expenditures were \$915,580 (excluding on-behalf payments), which decreased from 2014 mainly in salaries and benefits and purchased services.

Using this Annual Report

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office's financial activities.
- The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These statements provide information about the activities of the Regional Office as a whole and present an overall view of the Regional Office's finances.
- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Regional Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Supplementary Information further explains and supports the financial statements with a comparison of the Regional Office's detailed information for each category of funds and also provides detailed information about the non-major funds.

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

The Statement of Net Position and the Statement of Activities

The government-wide statements report information about the ROE as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Regional Office's assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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

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

The two government-wide statements report the Regional Office's net position and how it has changed. Net position – the difference between the assets and 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 Office has three kinds of fund classifications:

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

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

- 2) Proprietary funds account for services for which the Regional Office charges fees under a cost-reimbursement method. These fees cover the costs of certain services it provides.

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

- 3) Fiduciary funds account for services for which the ROE acts as fiscal agent for individuals and private or governmental organizations.

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

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. The Regional Office's net position at the end of fiscal year 2014 totaled \$462,751. At the end of fiscal year 2015, the net position was (\$237,294). The analysis that follows provides a summary of the Regional Office's net position at June 30, 2015 and 2014.

**CONDENSED STATEMENT OF NET POSITION
June 30, 2015 and 2014**

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
ASSETS						
Current assets	\$ 478,874	\$ 559,177	\$ -	\$77,962	\$ 478,874	\$ 637,139
Noncurrent assets	<u>93,820</u>	<u>64,088</u>	<u>-</u>	<u>-</u>	<u>93,820</u>	<u>64,088</u>
TOTAL ASSETS	<u>572,694</u>	<u>623,265</u>	<u>-</u>	<u>77,962</u>	<u>572,694</u>	<u>701,227</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>683,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>683,289</u>	<u>-</u>
LIABILITIES						
Current liabilities	99,849	177,143	-	57,234	99,849	234,377
Noncurrent liabilities	<u>1,313,231</u>	<u>4,099</u>	<u>-</u>	<u>-</u>	<u>1,313,231</u>	<u>4,099</u>
TOTAL LIABILITIES	<u>1,413,080</u>	<u>181,242</u>	<u>-</u>	<u>57,234</u>	<u>1,413,080</u>	<u>238,476</u>
DEFERRED INFLOWS OF RESOURCES	<u>80,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,197</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	34,300	54,721	-	-	34,300	54,721
Restricted for educational purposes	179,549	109,896	-	-	179,549	109,896
Unrestricted	<u>(451,143)</u>	<u>277,406</u>	<u>-</u>	<u>20,728</u>	<u>(451,143)</u>	<u>298,134</u>
TOTAL NET POSITION	<u>\$ (237,294)</u>	<u>\$ 442,023</u>	<u>\$ -</u>	<u>\$20,728</u>	<u>\$ (237,294)</u>	<u>\$ 462,751</u>

The Regional Office's net position decreased by \$700,045 (151%) from fiscal year 2014 to fiscal year 2015. The decrease was primarily caused by the implementation of GASB 68, which created a prior period adjustment which decreased beginning net position. This decrease was then compounded by a significant decrease in State-sourced revenues.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

The following analysis shows the changes in net position for the years ended June 30, 2015 and 2014.

**CHANGES IN NET POSITION
For the Years Ended June 30, 2015 and 2014**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 67,507	\$ 68,237	\$ 58,232	\$ 132,800	\$ 125,739	\$ 201,037
Operating grants & contributions	<u>1,491,420</u>	<u>1,220,643</u>	-	-	<u>1,491,420</u>	<u>1,220,643</u>
Total program revenues	<u>1,558,927</u>	<u>1,288,880</u>	<u>58,232</u>	<u>132,800</u>	<u>1,617,159</u>	<u>1,421,680</u>
General revenues:						
Local sources	260,239	255,017	-	-	260,239	255,017
State sources	633,999	756,318	-	-	633,999	756,318
On-behalf payments	833,252	781,636	-	-	833,252	781,636
Interest	514	839	-	-	514	839
Loss on disposal of capital assets	-	(1,376)	-	-	-	(1,376)
Total general revenues	<u>1,728,004</u>	<u>1,792,434</u>	<u>-</u>	<u>-</u>	<u>1,728,004</u>	<u>1,792,434</u>
Total Revenues	<u>3,286,931</u>	<u>3,081,314</u>	<u>58,232</u>	<u>132,800</u>	<u>3,345,163</u>	<u>3,214,114</u>
Expenses:						
Salaries	1,211,478	1,290,707	-	-	1,211,478	1,290,707
Benefits	169,903	285,304	-	-	169,903	285,304
Purchased services	520,769	570,234	-	-	520,769	570,234
Supplies and materials	89,661	81,405	78,960	112,072	168,621	193,477
Capital Outlay	-	189	-	-	-	189
Depreciation	35,758	36,416	-	-	35,758	36,416
Other	-	7	-	-	-	7
Pension Expense	260,947	-	-	-	260,947	-
Payments to other governmental units	334,572	265,001	-	-	334,572	265,001
On-behalf payments	<u>833,252</u>	<u>781,636</u>	<u>-</u>	<u>-</u>	<u>833,252</u>	<u>781,636</u>
Total expenses	<u>3,456,340</u>	<u>3,310,899</u>	<u>78,960</u>	<u>112,072</u>	<u>3,535,300</u>	<u>3,422,971</u>
Excess (Deficiency) before transfers	(169,409)	(229,585)	(20,728)	20,728	(190,137)	(208,857)
Transfers	-	-	-	-	-	-
Change in net position	(169,409)	(229,585)	(20,728)	20,728	(190,137)	(208,857)
Net Position – beginning (restated)	<u>(67,885)</u>	<u>671,608</u>	<u>20,728</u>	<u>-</u>	<u>(47,157)</u>	<u>671,608</u>
Net Position – ending	<u>\$ (237,294)</u>	<u>\$ 442,023</u>	<u>\$ -</u>	<u>\$ 20,728</u>	<u>\$ (237,294)</u>	<u>\$ 462,751</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Governmental Activities

Revenues from governmental activities were \$3,286,931 and expenses were \$3,456,340. The overall increase in expenses over the prior year was primarily due to the pension expense in fiscal year 2015. The Regional Office plans to streamline activities and maximize efficiency to maintain services offered to and needed by local school districts in future fiscal years.

Business-Type Activities

Revenues and expenses for the Regional Office's business-type activities decreased from the prior fiscal year due to a decrease in quantity of paper requested and purchased in fiscal year 2015 for the local school districts.

Financial Analysis of the Regional Office of Education #21 Funds

Governmental Fund Highlights

As previously noted, the Regional Office uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office's governmental funds reported combined fund balances of \$365,660, a slight decrease from last year's ending fund balance of \$385,784. The primary reason for the decrease in combined fund balances in fiscal year 2015 was due to the reduction of State-sourced grants received for the fiscal year 2015.

Budgetary Highlights

The Regional Office annually adopts program budgets on a basis consistent with U.S. generally accepted accounting principles. The Illinois State Board of Education reviews many of the proposed grant budgets and either grants approval or returns them without approval, with comments. Any unapproved budget must be resubmitted to the Illinois State Board of Education or other granting agency for final approval. The budgets may be amended during the year utilizing procedures prescribed by the Illinois State Board of Education or other applicable granting agency.

Capital Assets

Capital Assets of the Regional Office include office equipment, computers, audio-visual equipment, and office furniture. The Regional Office maintains an inventory of capital assets, which have been accumulated over time. The decrease for fiscal year 2015 was a result of current year depreciation, offset by current year additions. The Regional Office's ending net capital asset balance for fiscal year 2015 is \$34,300, which is the total original cost of the capital assets less accumulated depreciation. More detailed information about capital assets is available in Note 9 to the financial statements.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Office's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Franklin-Williamson Counties Regional Office of Education #21 at 202 W. Main, Benton, IL 62812.

BASIC FINANCIAL STATEMENTS

REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 137,158	\$ -	\$ 137,158
Accounts receivable	27,835	-	27,835
Due from other governments	296,450	-	296,450
Prepaid expenses	17,431	-	17,431
Total Current Assets	478,874	-	478,874
Noncurrent Assets			
Capital assets, net of depreciation	34,300	-	34,300
Net pension asset	59,520	-	59,520
Total Noncurrent Assets	93,820	-	93,820
Total Assets	572,694	-	572,694
Deferred Outflows of Resources			
Deferred outflows related to pensions	683,289	-	683,289
Liabilities			
Current Liabilities			
Accounts payable	1,432	-	1,432
Accrued wages and benefits	73,432	-	73,432
Due to other governments	24,985	-	24,985
Total current liabilities	99,849	-	99,849
Noncurrent Liabilities			
Net OPEB liability	5,688	-	5,688
Net pension liability	1,307,543	-	1,307,543
Total noncurrent liabilities	1,313,231	-	1,313,231
Total Liabilities	1,413,080	-	1,413,080
Deferred Inflows of Resources			
Deferred inflows related to pensions	80,197	-	80,197
NET POSITION			
Invested in capital assets, net of related debt	34,300	-	34,300
Restricted for educational purposes	179,549	-	179,549
Unrestricted	(451,143)	-	(451,143)
TOTAL NET POSITION	\$ (237,294)	\$ -	\$ (237,294)

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
Primary Government							
Governmental activities							
Instructional services							
Salaries	\$ 1,211,478	\$ 27,052	\$ 691,255	\$ -	\$ (493,171)	\$ -	\$ (493,171)
Employee benefits	169,903	2,794	82,728	-	(84,381)	-	(84,381)
Purchased services	520,769	37,333	377,952	-	(105,484)	-	(105,484)
Supplies and materials	89,661	328	66,685	-	(22,648)	-	(22,648)
Other	-	-	-	-	-	-	-
Payments to other governmental units	334,572	-	268,572	-	(66,000)	-	(66,000)
Depreciation	35,758	-	-	-	(35,758)	-	(35,758)
Capital outlay	-	-	4,228	-	4,228	-	4,228
Pension Expense	260,947	-	-	-	(260,947)	-	(260,947)
Administrative							
On-behalf payments	833,252	-	-	-	(833,252)	-	(833,252)
Total Governmental Activities	<u>3,456,340</u>	<u>67,507</u>	<u>1,491,420</u>	<u>-</u>	<u>(1,897,413)</u>	<u>-</u>	<u>(1,897,413)</u>
Business-type activities							
Paper Bid	78,960	58,232	-	-	-	(20,728)	(20,728)
Total Business-Type Activities	<u>78,960</u>	<u>58,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,728)</u>	<u>(20,728)</u>
Total Primary Government	<u>\$ 3,535,300</u>	<u>\$ 125,739</u>	<u>\$ 1,491,420</u>	<u>\$ -</u>	<u>(1,897,413)</u>	<u>(20,728)</u>	<u>(1,918,141)</u>
General revenues							
Local sources					260,239	-	260,239
State sources					633,999	-	633,999
On-behalf payments					833,252	-	833,252
Interest					514	-	514
Total General Revenues					<u>1,728,004</u>	<u>-</u>	<u>1,728,004</u>
Change in Net Position					(169,409)	(20,728)	(190,137)
Net Position - Beginning (Restated, See Note 17)					(67,885)	20,728	(47,157)
Net Position - Ending					<u>\$ (237,294)</u>	<u>\$ -</u>	<u>\$ (237,294)</u>

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015**

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 84,146	\$ 7,813	\$ 32,964	\$ 12,235	\$ -	\$ 137,158
Due from other funds	224,293	-	40,000	-	(264,293)	-
Accounts receivable	4,569	-	22,920	346	-	27,835
Due from other governments	83,797	212,629	-	24	-	296,450
Prepaid expenses	13,734	74	3,623	-	-	17,431
Total Assets	<u>410,539</u>	<u>220,516</u>	<u>99,507</u>	<u>12,605</u>	<u>(264,293)</u>	<u>478,874</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 410,539</u>	<u>\$ 220,516</u>	<u>\$ 99,507</u>	<u>\$ 12,605</u>	<u>\$ (264,293)</u>	<u>\$ 478,874</u>
Liabilities						
Accounts payable	\$ 1,432	\$ -	\$ -	\$ -	\$ -	\$ 1,432
Accrued wages and benefits	73,432	-	-	-	-	73,432
Due to other funds	65,059	199,234	-	-	(264,293)	-
Due to other governments	11,620	13,365	-	-	-	24,985
Total liabilities	<u>151,543</u>	<u>212,599</u>	<u>-</u>	<u>-</u>	<u>(264,293)</u>	<u>99,849</u>
Deferred Inflows of Resources						
Unavailable revenue	<u>-</u>	<u>13,365</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,365</u>
Fund Balance (Deficits)						
Nonspendable	13,734	74	3,623	-	-	17,431
Restricted	-	7,843	95,884	12,605	-	116,332
Assigned	(3,299)	-	-	-	-	(3,299)
Unassigned	248,561	(13,365)	-	-	-	235,196
Total Fund Balances (Deficits)	<u>258,996</u>	<u>(5,448)</u>	<u>99,507</u>	<u>12,605</u>	<u>-</u>	<u>365,660</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 410,539</u>	<u>\$ 220,516</u>	<u>\$ 99,507</u>	<u>\$ 12,605</u>	<u>\$ (264,293)</u>	<u>\$ 478,874</u>

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2015**

Total Fund Balances - Governmental Funds	\$	365,660
<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		13,365
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds, net of accumulated depreciation of \$468,613</p>		
		34,300
<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	\$ 683,289	
Deferred inflows of resources	<u>(80,197)</u>	603,092
<p>Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.</p>		
TRS net pension liability		(1,307,543)
<p>Noncurrent assets related to pension benefits are collected but not payable in the current period and therefore, are not reported in the funds.</p>		
IMRF net pension asset		59,520
<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>(5,688)</u>
Net Position of Governmental Activities	\$	<u><u>(237,294)</u></u>

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015**

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
Revenues						
Local sources	\$ 264,739	\$ -	\$ 60,468	\$ 6,260	\$ -	\$ 331,467
State sources	633,999	268,511	-	779	-	903,289
Federal sources	-	1,210,661	-	-	-	1,210,661
Payments made on behalf of region	360,025	-	-	-	-	360,025
Total Revenues	<u>1,258,763</u>	<u>1,479,172</u>	<u>60,468</u>	<u>7,039</u>	<u>-</u>	<u>2,805,442</u>
Expenditures						
Instructional Services						
Salaries	554,695	635,164	19,263	767	-	1,209,889
Employee benefits	91,819	76,015	2,009	60	-	169,903
Pension expense	18,553	106,445	926	-	-	125,924
Purchased services	155,211	347,283	24,589	3,053	-	530,136
Supplies and materials	28,144	61,274	243	-	-	89,661
Payments to other governmental units	66,000	268,572	-	-	-	334,572
Payments made on behalf of region	360,025	-	-	-	-	360,025
Capital outlay	1,158	4,228	584	-	-	5,970
Total Expenditures	<u>1,275,605</u>	<u>1,498,981</u>	<u>47,614</u>	<u>3,880</u>	<u>-</u>	<u>2,826,080</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(16,842)</u>	<u>(19,809)</u>	<u>12,854</u>	<u>3,159</u>	<u>-</u>	<u>(20,638)</u>
Other Financing Sources (Uses)						
Transfers in	4,507	1,567	101	13	(6,188)	-
Transfers out	(6,188)	-	-	-	6,188	-
Interest	514	-	-	-	-	514
Total Other Financing Sources (Uses)	<u>(1,167)</u>	<u>1,567</u>	<u>101</u>	<u>13</u>	<u>-</u>	<u>514</u>
Net Change in Fund Balance	<u>(18,009)</u>	<u>(18,242)</u>	<u>12,955</u>	<u>3,172</u>	<u>-</u>	<u>(20,124)</u>
Fund Balances (Deficits) - Beginning	<u>277,005</u>	<u>12,794</u>	<u>86,552</u>	<u>9,433</u>	<u>-</u>	<u>385,784</u>
Fund Balances (Deficits) - Ending	<u>\$ 258,996</u>	<u>\$ (5,448)</u>	<u>\$ 99,507</u>	<u>\$ 12,605</u>	<u>\$ -</u>	<u>\$ 365,660</u>

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015**

Net Change in Fund Balance - Total Governmental Funds \$ (20,124)

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

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

FY2014 unavailable revenue recognized in FY2015 - Local sources	\$ (4,500)	
FY2014 unavailable revenue recognized in FY2015 - Federal sources	(1,117)	
FY2015 unavailable revenue - Federal sources	<u>13,365</u>	7,748

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	5,970	
Depreciation expense	<u>(35,758)</u>	(29,788)

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.

Repayment of principal of capital lease payable	<u>9,367</u>	9,367
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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.

Pension contributions	125,924	
Cost of benefits earned, net	<u>(260,947)</u>	<u>(135,023)</u>

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

	<u>(1,589)</u>	<u>(1,589)</u>
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Change in Net Position of Governmental Activities \$ (169,409)

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2015**

	<u>Business-Type Activities Enterprise Fund</u>
	<u>Paper Bid</u>
Assets	
Due from other governments	\$ -
Total Assets	<u>-</u>
Liabilities	
Accounts payable	<u>-</u>
Total Liabilities	<u>-</u>
Net Position	
Unrestricted	<u><u>\$ -</u></u>

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2015**

	Business-Type Activities Enterprise Fund
	Paper Bid
Operating Revenues	
Charge for services	\$ 58,232
Total Operating Revenues	58,232
Operating Expenses	
Supplies and materials	78,960
Total Operating Expenses	78,960
Change in Net Position	(20,728)
Net Position - Beginning	20,728
Net Position - Ending	\$ -

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2015**

	<u>Business-Type Activities Enterprise Fund</u>
	<u>Paper Bid</u>
Cash flows from operating activities:	
Receipts from customers	\$ 136,194
Payments to suppliers and providers for goods and services	(78,960)
Net cash provided by (used for) operating activities	<u>57,234</u>
Cash flows from noncapital financing activities:	
Repayment of interfund loans	(57,234)
Net cash provided by (used for) noncapital financing activities	<u>(57,234)</u>
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents - beginning of year	<u>-</u>
Cash and cash equivalents - end of year	<u><u>\$ -</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (20,728)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Change in assets and liabilities:	
(Increase) decrease in due from other governments	<u>77,962</u>
Net cash provided by (used for) operating activities	<u><u>\$ 57,234</u></u>

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015**

	Agency Funds
Assets	
Cash and cash equivalents	\$ 311
Due from other governments	1,576,660
Total Assets	\$ 1,576,971
Liabilities	
Due to other governments	\$ 1,576,971
Total Liabilities	\$ 1,576,971

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

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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 2015, the Regional Office of Education #21 implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. The Regional Office of Education #21 implemented these standards during the current year. The implementation of GASB Statement No. 68 established new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position was expected to include a significant liability for the government's proportionate share of employee pension plan. The implementation of GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The implementation of GASB Statement No. 71 resolves an issue related to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

A. Date of Management's Review

Management has evaluated subsequent events through March 29, 2016, the date when the financial statements were available to be issued.

B. Financial Reporting Entity

The Regional Office operates under the School Code (Articles 5/3 and 5/3A of *Illinois Compiled Statutes*, Chapter 105). The Regional Office of Education #21 encompasses Franklin and Williamson Counties. The Regional Superintendent of Schools (Regional Superintendent) serves as chief administrative officer of the Regional Office of Education #21 and is elected pursuant to Article 3, *Illinois Compiled Statutes*, Chapter 105.

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

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Financial Reporting Entity (Concluded)

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, 2015, 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 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.

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Scope of Reporting Entity (Concluded)

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 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.

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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.

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Governmental Fund Financial Statements (Concluded)

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 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-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.

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting

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

Governmental Funds

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

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 and Williamson County Boards to help support the day to day expenses of the Regional Office of Education #21.

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

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

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

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

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

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

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

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

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

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

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

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

McKinney Education for Homeless Children – This grant provides funds for providing information to schools, community members and government entities about the educational rights of homeless students.

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

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

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

Title I System of Support – Grant monies in this fund are used to provide professional development activities to schools that are on Illinois' Academic Watch List. To be on the list, students in the buildings have not made Adequate Yearly Progress for at least two years.

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

FY15 Partnership for College and Career Success – Funds that provide professional development connecting secondary and postsecondary educational elements for high schools in Franklin, Williamson, Jefferson, and Hamilton counties, as well as Pinckneyville and Wayne City high schools with Rend Lake College.

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

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.

Child Nutrition ECHO – Used to account for federal National School Lunch and School Breakfast Program and State Free Lunch and Breakfast Program grant monies received for the child nutrition operations of the alternative school, as well as all fees collected for staff and student lunches served.

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

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Concluded)

Rural Education Achievement Program (REAP)– to account for the grant monies received for, and payment of, expenditures, relating to the federal Small, Rural School Achievement Program.

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

Truants Alternative Optional Education Program (TAOEP) – This program is devoted to ensuring that each referred at-risk student will be provided with individualized educational and supplemental services that meet the holistic needs of students in pursuit of their education development. TAOEP offerings include: identification of at-risk students and dropouts, truancy intervention services, academic intervention and remediation, parental skills development, and network with community agencies and businesses.

Institute Fund – This fund is used to account for and report the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are restricted to expenditures for specified purposes supporting programs as follows:

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 once a month in each county.

Proprietary Funds

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

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Concluded)

Proprietary Funds (Concluded)

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

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

Fiduciary Funds

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

School Facility Occupation Tax – The Regional Office receives proceeds generated through the school facility occupation tax. Within thirty days, the Regional Superintendent must disburse those proceeds that it receives that are collected by the Illinois Department of Revenue to each school district that has territory located in the county in which the tax was collected. The proceeds must be disbursed on an enrollment basis and allocated based upon the number of each school district's resident pupils that reside within the county collecting the tax divided by the total number of students for all school districts within the county.

Franklin County Regional Delivery System (Joint Agreement) – The Franklin County Regional Delivery System consists of six Franklin County high schools whose students generate vocational credits which are reimbursed through CTEI and Perkins grants. The Systems' governing board, referred to as the Board of Control, consists of the six district superintendents of the county high schools and the Regional Office Superintendent. The Board hires a System director, special populations coordinator, and programs of study/Partnerships for College and Career Success coordinator who assist the System director in compliance with the goals of the grants with regards to improvement of instruction and maintenance of high quality programming. Some funds are earmarked for elementary schools in the county to advance their efforts in early career exploration.

I. Governmental Fund Balances

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

Nonspendable Fund Balance – The portion of a governmental fund's net position that is not available to be spent, either short term or long term, in either form or through legal restrictions. The following General Fund accounts have nonspendable fund balances: ECHO, Enterprise/Workshop,

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Governmental Fund Balances (Concluded)

General Operating, and General State Aid Safe Schools. The following Major Special Revenue fund had a nonspendable fund balance: Institute. The following Education fund has a nonspendable fund balance: ROE/ISC Operations.

Restricted Fund Balance – The portion of a governmental fund’s net position that is subject to external enforceable legal restrictions. The following Education fund account fund balance is 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.

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 has an assigned fund balance: ECHO.

Unassigned Fund Balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following General Fund accounts have unassigned fund balances (deficits): Enterprise/Workshop, 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: Title I System of Support.

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.

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

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.

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 (14-4290-00), McKinney Education for Homeless Children (15-4290-00), Substance Abuse Prevention and Treatment Block Grant, Title I System of Support, Title II Teacher Quality - Leadership, FY15 Partnership for College and Career Success, 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, 2015, the carrying amount of the Regional Office of Education #21's government-wide and fiduciary fund deposits were \$137,158 and \$311, respectively, and the bank balances were \$286,030 and \$104,836, respectively.

At June 30, 2015, \$250,000 of the Regional Office of Education #21's cash deposits were insured by the Federal Deposit Insurance Corporation. The remaining \$140,866 was collateralized by securities pledged by the Regional Office of Education #21's financial institution in the name of the Regional Office.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Regional Office of Education's deposits may not be returned to it. The Regional Office of Education #21 does not have a formal deposit

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 2: CASH AND CASH EQUIVALENTS (CONCLUDED)

policy for custodial credit risk but follows the Public Funds Investment Act (30 ILCS 235/2 and 6), and Section 8-7 of the School Code.

Interest Rate Risk

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

Credit Risk

The Regional Office of Education #21 is allowed to invest in securities as authorized by Sections 2 and 6 of the Public Funds Investment Act (30 ILCS 235/2 and 6), and Section 8-7 of the School Code. The Regional Office of Education #21 has no investment policy that would further limit its investment choices. As of June 30, 2015 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 "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.

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

**FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided (Concluded)

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:

- 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, 2014, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	4
Inactive Plan Members entitled to but not yet receiving benefits	15
Active Plan Members	11
Total	30

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 2014 was 9.84%. For the calendar year ended 2014, the Regional Office of Education #21 contributed \$39,403 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.

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability

The Regional Office of Education #21's net pension liability was measured as of December 31, 2014. 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, 2014:

- 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 3.5%.
- **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.
- 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:

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Concluded)

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	7.60%
International Equity	17%	7.80%
Fixed Income	27%	3.00%
Real Estate	8%	6.15%
Alternative Investments	9%	5.25-8.50%
Cash Equivalents	1%	2.25%
Total	<u>100%</u>	

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).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.56%, and the resulting single discount rate is 7.50%.

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability

	Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2013	\$ 1,386,792	\$ 1,483,777	\$ (96,985)
Changes for the year:			
Service Cost	43,429	-	43,429
Interest on the Total Pension Liability	104,733	-	104,733
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(19,906)	-	(19,906)
Changes of Assumptions	36,219	-	36,219
Contributions - Employer	-	39,403	(39,403)
Contributions - Employees	-	17,487	(17,487)
Net Investment Income	-	71,057	(71,057)
Benefit Payments, including Refunds of Employee Contributions	(24,606)	(24,606)	-
Other (Net Transfer)	-	(937)	937
Net Changes	139,869	102,404	37,465
Balances at December 31, 2014	\$ 1,526,661	\$ 1,586,181	\$ (59,520)

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:

	1% Lower 6.50%	Current Discount 7.50%	1% Higher 8.50%
Net Pension Liability	\$ 173,236	\$ (59,520)	\$ 242,699

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

For the year ending June 30, 2015, the Regional Office of Education #21 recognized pension expense of \$32,131. At June 30, 2015, the Regional Office of Education #21 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONCLUDED)

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

Deferred Amounts Related to Pensions	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ -	\$ 14,483
Changes of assumptions	26,351	-
Net difference between projected and actual earnings on pension plan investments	<u>32,869</u>	<u>-</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>59,220</u>	<u>14,483</u>
<i>Pension Contributions made Subsequent to the Measurement Date</i>	<u>19,674</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u><u>\$ 78,894</u></u>	<u><u>\$ 14,483</u></u>

\$19,674 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, 2016. 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:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2015	\$ 12,662
2016	15,641
2017	8,217
2018	<u>8,217</u>
Total	<u><u>44,737</u></u>

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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

The Franklin-Williamson Counties 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/cafr>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

Benefits provided

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal systems services 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 retirements, 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.

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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, 2015, was 9.4 percent of creditable earnings. 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. The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #21. For the year ended June 30, 2015, 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 \$473,226 in pension contributions from the State of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2015 were \$4,998, and are deferred because they were paid after the June 30, 2014 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, 2015, the employer pension contribution was 33.00 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2015, salaries totaling \$242,629 were paid from federal and special trust funds that required employer contributions of \$80,068. These contributions are deferred because they were paid after the June 30, 2014 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 current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2015, the Regional Office of Education #21 paid no employer ERO contributions.

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, 2015, 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 allotment.

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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, 2015 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	\$ 1,307,543
State's proportionate share of the net pension liability associated with the employer	<u>5,877,808</u>
Total	<u>\$ 7,185,351</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, and rolled forward to June 30, 2014. 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, 2014, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2014, the Regional Office of Education #21's proportion was .0021485050 percent.

The net pension liability as of the beginning of this first measurement period under GASB Statement No. 68 was measured as of June 30, 2013, and the total pension liability was based on the June 30, 2013, actuarial valuation without any roll-up. The Regional Office of Education #21's proportion of the net pension liability as of June 30, 2013, was based on the Regional Office of Education #21's share of contributions to TRS for the measurement year ended June 30, 2013, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2013, the employer's proportion was .0011219405 percent.

For the year ended June 30, 2015, the Regional Office of Education #21 recognized pension expense of \$473,226 and revenue of \$473,226 for support provided by the State. For the year ended June 30, 2015 the Regional Office of Education #21 recognized pension expense of \$228,816. At June 30, 2015, the Regional Office of Education #21 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 691	\$ -
Net difference between projected and actual earnings on pension plan investments	-	65,714
Change of assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	517,522	-
Employer contributions subsequent to the measurement date	85,066	-
Total	\$ 603,279	\$ 65,714

\$85,066 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized by the consolidating Regional Offices as a reduction of their net pension liabilities in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be included in these Regional Offices' pension expense as follows:

Year ended June 30:	
2016	\$ 109,351
2017	109,351
2018	109,351
2019	109,351
2020	15,095
	\$ 452,499

Actuarial assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary Increase	5.75 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 White Collar Table with projections using scale AA that vary by member group.

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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

Actuarial assumptions (Concluded)

For GASB disclosure purposes, the actuarial assumptions for the years ended June 30, 2014 and 2013 were assumed to be the same. However, for funding purposes, the actuarial valuations for those two years were different. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.0 percent to 7.5 percent. The salary increase and inflation assumptions were also lowered. The actuarial assumptions used in the June 30, 2013 valuation were based on the 2012 actuarial experience analysis and first adopted in the June 30, 2012 valuation. The investment return assumption was lowered from 8.5 percent to 8.0 percent and the salary increase and inflation assumptions were also lowered. Mortality assumptions were adjusted to anticipate continued improvement in mortality.

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. large cap	18%	8.23%
Global equity excluding U.S.	18	8.58%
Aggregate bonds	16	2.27%
U.S. TIPS	2	3.52%
NCREIF	11	5.81%
Opportunistic real estate	4	9.79%
ARS	8	3.27%
Risk parity	8	5.57%
Diversified inflation strategy	1	3.96%
Private equity	14	13.03%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.50 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 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's

**FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

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

Discount Rate (Concluded)

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. Therefore, the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 employer's proportionate share of the net pension liability calculated using the discount rate of 7.5 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension liability	\$ 1,614,751	\$ 1,307,543	\$ 1,053,139

TRS fiduciary net position

Detailed information about the TRS's fiduciary net position as of June 30, 2014 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. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to the THIS Fund.

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 5: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

A. Teacher Health Insurance Security Fund (Concluded)

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.

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 1.02 percent of pay during the year ended June 30, 2015. State of Illinois contributions were \$8,787, 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, 2014 and June 30, 2013 were 0.97 and 0.92 percent of pay, respectively. State contributions on behalf of the Regional Office of Education #21's employees were \$9,242 and \$8,355, 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 0.76 percent during the year ended June 30, 2015. For the year ended June 30, 2015, the Regional Office of Education #21 paid \$6,547 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2014 and 2013, the Regional Office paid \$6,860 and \$6,266 to the THIS Fund, respectively.

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

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.

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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
 Number of Participating Employers	 1

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

Annual OPEB Costs and OPEB Obligation. The ROE had an actuarial valuation performed for the plan as of June 30, 2014 to determine the funded status of the plan as of that date and the employer's annual required contribution (ARC) for the fiscal year ended June 30, 2014. The ROE's annual OPEB cost (expense) for the year ended June 30, 2015 was \$1,589, which increased the net pension obligation to \$5,688 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 2015 through 2012 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
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, 2015, 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	4,099
	4,099
OPEB Obligation End of Year	\$ 5,688

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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 advanced 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, 2015 consist of the following individual due to / from other funds in the governmental funds Balance Sheet. Balances of the same fund type were eliminated in the government-wide Statement of Net Position. Interfund loans were made for the purpose of providing cash to funds that were awaiting reimbursements from grantors.

Fund	Due From Other Funds	Due to Other Funds
General Funds		
ECHO	\$ 28,283	\$ -
Enterprise/Workshop	20,000	-
General Operating	92,734	-
Juvenile Detention Center	-	65,059
General State Aid Safe Schools	83,276	-

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 6: INTERFUND RECEIVABLES AND PAYABLES (CONCLUDED)

Fund	Due From Other Funds	Due to Other Funds
Education Funds		
McKinney Education for Homeless Children	-	44,278
Substance Abuse Prevention & Treatment Block Grant	-	18,998
Title I System of Support	-	108,208
Title II Teacher Quality Leadership	-	700
FY15 Partnership for College and Career Success	-	7,536
Title II Teacher Quality ECHO	-	740
Truants Alternative/Optional Education	-	18,774
Major Special Revenue Funds		
Institute Fund – Technology	40,000	-
	<u>\$ 264,293</u>	<u>\$ 264,293</u>

NOTE 7: DUE TO/DUE FROM OTHER GOVERNMENTAL UNITS

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

Due from Other Governments:

General Fund		
Local Governments	\$	83,797
Special Revenue Fund – Education Fund		
Illinois State Board of Education		186,095
Illinois Department of Human Services		18,998
Local Governments		7,536
Nonmajor Special Revenue Funds		
Illinois State Board of Education		24
Fiduciary Fund – Agency Fund		
Other Local Governments		1,576,660
Total	\$	1,873,110

Due to Other Governments:

General Fund		
Local Governments	\$	11,620
Special Revenue Fund – Education Fund		
Local Governments		13,365
Fiduciary Fund – Agency Fund		
Other Local Governments		1,576,971
Total	\$	1,601,956

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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 2015 was as follows:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Governmental Funds				
Total Capital Assets	\$ 508,177	\$ 5,970	\$ 11,234	\$ 502,913
Less: Accumulated Depreciation	<u>444,089</u>	<u>35,758</u>	<u>11,234</u>	<u>468,613</u>
Governmental Funds				
Investment in Capital Assets, Net	<u>\$ 64,088</u>	<u>\$ (29,788)</u>	<u>\$ -</u>	<u>\$ 34,300</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$35,758 was charged to the governmental activities instructional services function on the government-wide Statement of Activities for the year ended June 30, 2015. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

Included in the capital asset activity above are assets under lease-purchase agreements. The gross amount of equipment assets recorded under lease-purchase agreements totaled \$105,367. The accumulated depreciation for these leased equipment assets totaled \$94,512.

NOTE 10: LONG-TERM DEBT

Summary of Debt Transactions

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

	Toshiba
	<u>Copy Machines</u>
Balance, July 1, 2014	\$ 9,367
Additions	-
Debt retired	<u>(9,367)</u>
Balance, June 30, 2015	<u>\$ -</u>

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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, 2015, 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	\$	111,108
Regional Superintendent Fringe Benefits (Includes State paid insurance)		20,607
Assistant Regional Superintendent Salaries		100,011
Assistant Regional Superintendent Fringe Benefits (Includes State paid insurance)		1,450
THIS Fund Contributions		8,787
Total	<u>\$</u>	<u>241,963</u>

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

Regional Office of Education #21 also recorded \$473,226 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	\$	241,963
ROE #21's share of TRS pension expense		473,226
Total	<u>\$</u>	<u>715,189</u>

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, 2015 were as follows:

Salaries	\$	77,974
Benefits		40,089
Total	<u>\$</u>	<u>118,063</u>

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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 in July 2014 to reflect monthly payments of \$3,500 beginning July 1, 2014 and extending through June 30, 2015. Lease expense for fiscal year 2015 was \$42,000. This lease was renewed on July 23, 2014 for one year, with an automatic renewal for an additional 4 years. Monthly payments were \$3,500 per month through June 30, 2015, and will be \$4,000 per month during the period July 1, 2015 through June 30, 2019.

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, 2016, 2017, 2018, and 2019.

NOTE 14: INTERFUND TRANSFERS

Interfund transfers in/out to other funds at June 30, 2015 consisted of the following individual transfers in/out to other funds in the fund statements. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities; however, the transfers between the governmental funds and the business-type funds were not eliminated. Interfund transfers between the funds were made for the purposes of meeting operating costs.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
ECHO	\$ 4,172	\$ -
Enterprise/Workshop	45	-
General Operating	126	-
School Facility Occupation Tax Interest Allocation	10	-
Interest Allocation	-	513
General State Aid Safe Schools	154	5,675
Special Revenue Fund – Education Funds		
New Principal Mentoring Program	5	-
FY15 Partnership for College and Career Success	6	-
Federal Lunch and Breakfast	2	-
Child Nutrition ECHO	6	-
Regional Safe Schools	1,548	-
Nonmajor Special Revenue Funds		
Bus Driver Permit	11	-
General Education Development	2	-
Major Special Revenue Fund		
Institute - Institute	32	-
Institute - Technology	69	-
Total	<u>\$ 6,188</u>	<u>\$ 6,188</u>

FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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, 2015:

General Funds		
ECHO	\$	1,870
Education Funds		
Title I System of Support	\$	13,365

NOTE 16: REGIONAL OFFICE OF EDUCATION CONSOLIDATION

As a result of Public Act 97-703, the State of Illinois will reduce the number of regional offices of education through consolidation. The Regional Office of Education #21 had an agreement in place that would have combined Franklin, Williamson, and Johnson Counties into a new region beginning July 1, 2015. After a decree by the Illinois State Board of Education at their meeting on Friday, November 22, 2013, Franklin, Williamson, Johnson, and Massac Counties will be combined into a new region beginning July 1, 2015.

NOTE 17: 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 \$509,908. 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:

<u>Governmental Activities Net Position</u>		
Net Position - July 1, 2014	\$	442,023
Effect of recognizing deferred outflows of resources and net pension liability		<u>(509,908)</u>
Net Position, restated - July 1, 2014	\$	<u><u>(67,885)</u></u>

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
CALENDAR YEAR 2014**

Calendar Year Ended December 31,	<u>2014</u>
Total Pension Liability	
Service Cost	\$ 43,429
Interest on the Total Pension Liability	104,733
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(19,906)
Changes of Assumptions	36,219
Benefit Payments, including Refunds of Employee Contributions	(24,606)
Net Change in Total Pension Liability	<u>139,869</u>
Total Pension Liability - Beginning	<u>1,386,792</u>
Total Pension Liability - Ending (A)	<u>\$ 1,526,661</u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 39,403
Contributions - Employees	17,487
Net Investment Income	71,057
Benefit Payments, including Refunds of Employee Contributions	(24,606)
Other (Net Transfer)	(937)
Net Change in Plan Fiduciary Net Position	<u>102,404</u>
Plan Fiduciary Net Position - Beginning	<u>1,483,777</u>
Plan Fiduciary Net Position - Ending (B)	<u>\$ 1,586,181</u>
 Net Pension Liability - Ending (A) - (B)	<u>\$ (59,520)</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	103.90%
 Covered Valuation Payroll	400,638
 Net Pension Liability as a Percentage of Covered Valuation Payroll	-14.86%

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.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
CALENDAR YEAR 2014**

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2014	\$ 38,141 *	\$ 39,403	\$ (1,262)	\$ 400,638	9.84%

Notes to Schedule:

*Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2014 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 2014 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age = normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	29-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	4%
<i>Price Inflation:</i>	3%, approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	4.40% to 16%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
<i>Mortality:</i>	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes:

There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2012, actuarial valuation; note two year lag between valuation and rate setting.

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.

**FRANKLIN-WILLIAMSON COUNTIES
REGIONAL OFFICE OF EDUCATION #21
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2015 ***

Employer's proportion of the net pension liability	0.0021485050%
Employer's proportionate share of the net pension liability	\$ 1,307,543
State's proportionate share of the net pension liability associated with the employer	<u>5,877,808</u>
Total	<u>\$ 7,185,351</u>
Employer's covered-employee payroll	\$ 1,004,529
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	130.2%
Plan fiduciary net position as a percentage of the total pension liability	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, 2015 †**

<u>Fiscal Year Ended June 30,</u>	<u>Contractually Required Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered- Employee Payroll</u>
2015	\$ 85,064	\$ 86,182	\$ (1,118)	\$ 901,187	9.6%
2014	69,687	69,687	-	1,004,529	6.9%

† 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.

Notes to This Required Supplementary Information

Changes of assumptions

Amounts reported in 2014 reflect an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and a salary increase assumption of 5.75 percent. In 2013, assumptions used were an investment rate of return of 8.0 percent, an inflation of 3.25 percent and real return of 4.75 percent, and salary increases of 6.00 percent. However, the total pension liability at the beginning and end of the year was calculated using the same assumptions, so the difference due to actuarial assumptions was not calculated or allocated.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS
SCHEDULE OF FUNDING PROGRESS
June 30, 2015**

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)
6/30/15	\$ -	\$ 14,378	\$ 14,378	0%	\$ 416,116	3.46%
6/30/14	-	12,789	12,789	0%	380,680	3.36%
6/30/13	-	9,664	9,664	0%	361,909	2.67%

SUPPLEMENTAL INFORMATION

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2015**

	County Budget	ECHO	Enterprise/ Workshop	General Operating	School Facility Occupation Tax Interest Allocation	Interest Allocation
Assets						
Cash and cash equivalents	\$ -	\$ 20,215	\$ 14,231	\$ 10,276	\$ 6,868	\$ -
Due from other funds	-	28,283	20,000	92,734	-	-
Accounts receivable	-	-	36	4,532	-	1
Due from other governments	-	2,273	-	-	310	-
Prepaid expenses	-	1,429	63	12,041	-	-
Total Assets	<u>-</u>	<u>52,200</u>	<u>34,330</u>	<u>119,583</u>	<u>7,178</u>	<u>1</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ -</u></u>	<u><u>\$ 52,200</u></u>	<u><u>\$ 34,330</u></u>	<u><u>\$ 119,583</u></u>	<u><u>\$ 7,178</u></u>	<u><u>\$ 1</u></u>
Liabilities						
Accounts payable	\$ -	\$ 845	\$ -	\$ 171	\$ -	\$ -
Accrued wages and benefits	-	41,605	-	-	-	-
Due to other funds	-	-	-	-	-	-
Due to other governments	-	11,620	-	-	-	-
Total Liabilities	<u>-</u>	<u>54,070</u>	<u>-</u>	<u>171</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources						
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance						
Nonspendable	-	1,429	63	12,041	-	-
Assigned	-	(3,299)	-	-	-	-
Unassigned	-	-	34,267	107,371	7,178	1
Total Fund Balances (Deficits)	<u>-</u>	<u>(1,870)</u>	<u>34,330</u>	<u>119,412</u>	<u>7,178</u>	<u>1</u>
Total Liabilities, Deferred Inflows & Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ 52,200</u></u>	<u><u>\$ 34,330</u></u>	<u><u>\$ 119,583</u></u>	<u><u>\$ 7,178</u></u>	<u><u>\$ 1</u></u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2015**

	Prevention Social Marketing	Academic Achievement	General State Aid Safe Schools	Juvenile Detention Center	Total
Assets					
Cash and cash equivalents	\$ 42	\$ -	\$ 32,514	\$ -	\$ 84,146
Due from other funds	-	-	83,276	-	224,293
Accounts receivable	-	-	-	-	4,569
Due from other governments	-	-	-	81,214	83,797
Prepaid expenses	-	-	201	-	13,734
Total Assets	<u>42</u>	<u>-</u>	<u>115,991</u>	<u>81,214</u>	<u>410,539</u>
Deferred Outflows of Resources					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ 115,991</u>	<u>\$ 81,214</u>	<u>\$ 410,539</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ 416	\$ -	\$ 1,432
Accrued wages and benefits	-	-	15,858	15,969	73,432
Due to other funds	-	-	-	65,059	65,059
Due to other governments	-	-	-	-	11,620
Total Liabilities	<u>-</u>	<u>-</u>	<u>16,274</u>	<u>81,028</u>	<u>151,543</u>
Deferred Inflows of Resources					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance					
Nonspendable	-	-	201	-	13,734
Assigned	-	-	-	-	(3,299)
Unassigned	42	-	99,516	186	248,561
Total Fund Balances (Deficits)	<u>42</u>	<u>-</u>	<u>99,717</u>	<u>186</u>	<u>258,996</u>
Total Liabilities, Deferred Inflows & Fund Balance	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ 115,991</u>	<u>\$ 81,214</u>	<u>\$ 410,539</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2015**

	County Budget	ECHO	Enterprise/ Workshop	General Operating	School Facility Occupation Tax Interest Allocation	Interest Allocation
Revenues						
Local sources	\$ 67,980	\$ 1,133	\$ 6,776	\$ 38,073	\$ 1,951	\$ -
State sources	-	547,108	-	-	-	-
On behalf payments	118,062	-	-	241,963	-	-
Total Revenue	<u>186,042</u>	<u>548,241</u>	<u>6,776</u>	<u>280,036</u>	<u>1,951</u>	<u>-</u>
Expenditures						
Salaries	56,904	303,506	8,643	-	-	-
Employee benefits	5,041	51,796	1,094	8,699	-	-
Pension expense	5,064	6,739	55	-	-	-
Purchased services	971	85,177	4,925	32,055	4,660	-
Supplies and materials	-	14,811	3,627	1,695	39	-
Capital outlay	-	-	297	861	-	-
Payments to other governmental units	-	66,000	-	-	-	-
Payments made on behalf of region	118,062	-	-	241,963	-	-
Total Expenditures	<u>186,042</u>	<u>528,029</u>	<u>18,641</u>	<u>285,273</u>	<u>4,699</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>20,212</u>	<u>(11,865)</u>	<u>(5,237)</u>	<u>(2,748)</u>	<u>-</u>
Other Financing Sources (Uses)						
Transfers in	-	4,172	45	126	10	-
Transfers out	-	-	-	-	-	(513)
Interest	-	-	-	-	-	514
Total Other Financing Sources (Uses)	<u>-</u>	<u>4,172</u>	<u>45</u>	<u>126</u>	<u>10</u>	<u>1</u>
Net Change in Fund Balance	-	24,384	(11,820)	(5,111)	(2,738)	1
Fund Balances (Deficits) - Beginning	<u>-</u>	<u>(26,254)</u>	<u>46,150</u>	<u>124,523</u>	<u>9,916</u>	<u>-</u>
Fund Balance (Deficits) - Ending	<u>\$ -</u>	<u>\$ (1,870)</u>	<u>\$ 34,330</u>	<u>\$ 119,412</u>	<u>\$ 7,178</u>	<u>\$ 1</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2015**

	Prevention Social Marketing	Academic Achievement	General State Aid Safe Schools	Juvenile Detention Center	Total
Revenues					
Local sources	\$ -	\$ 1,788	\$ -	\$ 147,038	\$ 264,739
State sources	-	-	86,891	-	633,999
On Behalf Payments	-	-	-	-	360,025
Total Revenue	<u>-</u>	<u>1,788</u>	<u>86,891</u>	<u>147,038</u>	<u>1,258,763</u>
Expenditures					
Salaries	-	-	67,715	117,927	554,695
Employee benefits	-	-	3,762	21,427	91,819
Pension expense	-	-	5,959	736	18,553
Purchased services	-	1,897	20,860	4,666	155,211
Supplies and materials	-	335	5,552	2,085	28,144
Capital outlay	-	-	-	-	1,158
Payments to other governmental units	-	-	-	-	66,000
Payments made on behalf of region	-	-	-	-	360,025
Total Expenditures	<u>-</u>	<u>2,232</u>	<u>103,848</u>	<u>146,841</u>	<u>1,275,605</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(444)</u>	<u>(16,957)</u>	<u>197</u>	<u>(16,842)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	154	-	4,507
Transfers out	-	-	(5,675)	-	(6,188)
Interest	-	-	-	-	514
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(5,521)</u>	<u>-</u>	<u>(1,167)</u>
Net Change in Fund Balance	-	(444)	(22,478)	197	(18,009)
Fund Balances (Deficits) - Beginning	<u>42</u>	<u>444</u>	<u>122,195</u>	<u>(11)</u>	<u>277,005</u>
Fund Balance (Deficits) - Ending	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ 99,717</u>	<u>\$ 186</u>	<u>\$ 258,996</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2015**

	McKinney Education for Homeless Children	Substance Abuse Prevention & Treatment Block Grant	New Principal Mentoring Program	Title I System of Support	Title II Teacher Quality Leadership
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 3,960	\$ -	\$ -
Due from other governments	44,278	18,998	-	121,573	700
Prepaid expenses	-	-	-	-	-
Total Assets	<u>44,278</u>	<u>18,998</u>	<u>3,960</u>	<u>121,573</u>	<u>700</u>
Deferred Outflow of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 44,278</u>	<u>\$ 18,998</u>	<u>\$ 3,960</u>	<u>\$ 121,573</u>	<u>\$ 700</u>
Liabilities					
Due to other funds	\$ 44,278	\$ 18,998	\$ -	\$ 108,208	\$ 700
Due to other governments	-	-	-	13,365	-
Total Liabilities	<u>44,278</u>	<u>18,998</u>	<u>-</u>	<u>121,573</u>	<u>700</u>
Deferred Inflows of Resources					
Unavailable revenue	-	-	-	13,365	-
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	-	-	3,960	-	-
Unassigned	-	-	-	(13,365)	-
Total Fund Balance (Deficit)	<u>-</u>	<u>-</u>	<u>3,960</u>	<u>(13,365)</u>	<u>-</u>
Total Liabilities, Deferred Inflows, and Fund Balances (Deficits)	<u>\$ 44,278</u>	<u>\$ 18,998</u>	<u>\$ 3,960</u>	<u>\$ 121,573</u>	<u>\$ 700</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2015**

	FY15 Partnership for College and Career Success	Title II Teacher Quality ECHO	State Free Lunch and Breakfast	Federal Lunch and Breakfast	Child Nutrition ECHO
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 39	\$ 3,814	\$ -
Due from other governments	7,536	740	30	-	-
Prepaid expenses	-	-	-	-	-
Total Assets	<u>7,536</u>	<u>740</u>	<u>69</u>	<u>3,814</u>	<u>-</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 7,536</u>	<u>\$ 740</u>	<u>\$ 69</u>	<u>\$ 3,814</u>	<u>\$ -</u>
Liabilities					
Due to other funds	\$ 7,536	\$ 740	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-
Total Liabilities	<u>7,536</u>	<u>740</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	-	-	69	3,814	-
Unassigned	-	-	-	-	-
Total Fund Balance (Deficit)	<u>-</u>	<u>-</u>	<u>69</u>	<u>3,814</u>	<u>-</u>
Total Liabilities, Deferred Inflows, and Fund Balances (Deficits)	<u>\$ 7,536</u>	<u>\$ 740</u>	<u>\$ 69</u>	<u>\$ 3,814</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2015**

	ROE/ISC Operations	REAP	Regional Safe Schools	Truants Alternative/ Optional Education	Total
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 7,813
Due from other governments	-	-	-	18,774	212,629
Prepaid expenses	74	-	-	-	74
Total Assets	<u>74</u>	<u>-</u>	<u>-</u>	<u>18,774</u>	<u>220,516</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 74</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,774</u>	<u>\$ 220,516</u>
Liabilities					
Due to other funds	\$ -	\$ -	\$ -	\$ 18,774	\$ 199,234
Due to other governments	-	-	-	-	13,365
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,774</u>	<u>212,599</u>
Deferred Inflows of Resources					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,365</u>
Fund Balance					
Nonspendable	74	-	-	-	74
Restricted	-	-	-	-	7,843
Unassigned	-	-	-	-	(13,365)
Total Fund Balance (Deficits)	<u>74</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,448)</u>
Total Liabilities, Deferred Inflows, and Fund Balances (Deficits)	<u>\$ 74</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,774</u>	<u>\$ 220,516</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2015**

	McKinney Education for Homeless Children	Substance Abuse Prevention & Treatment Block Grant	New Principal Mentoring Program	Title I System of Support	Title II Teacher Quality Leadership
Revenues					
State sources	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	234,564	214,898	-	709,452	2,400
Total Revenue	<u>234,564</u>	<u>214,898</u>	<u>-</u>	<u>709,452</u>	<u>2,400</u>
Expenditures					
Salaries	74,564	157,669	-	213,848	-
Employee benefits	11,502	12,061	-	29,932	-
Pension expense	17,433	15,099	-	65,335	-
Purchased services	14,783	23,419	855	248,562	2,400
Supplies and materials	7,639	4,928	-	4,094	-
Capital outlay	-	1,722	-	-	-
Payments to other governmental units	108,643	-	-	159,929	-
Total Expenditures	<u>234,564</u>	<u>214,898</u>	<u>855</u>	<u>721,700</u>	<u>2,400</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(855)</u>	<u>(12,248)</u>	<u>-</u>
Other Financing Sources (Uses)					
Transfers in	-	-	5	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	(850)	(12,248)	-
Fund Balance (Deficits) - Beginning	<u>-</u>	<u>-</u>	<u>4,810</u>	<u>(1,117)</u>	<u>-</u>
Fund Balance (Deficits) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,960</u>	<u>\$ (13,365)</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2015**

	FY15 Partnership for College and Career Success	Title II Teacher Quality ECHO	State Free Lunch and Breakfast	Federal Lunch and Breakfast	Child Nutrition ECHO
Revenues					
State sources	\$ 72,593	\$ -	\$ 400	\$ -	\$ 148
Federal sources	-	980	-	30,584	7,954
Total Revenue	<u>72,593</u>	<u>980</u>	<u>400</u>	<u>30,584</u>	<u>8,102</u>
Expenditures					
Salaries	28,000	-	-	9,600	-
Employee benefits	2,142	-	-	734	-
Pension expense	-	-	-	922	-
Purchased services	39,814	980	-	131	-
Supplies and materials	2,643	-	331	15,385	17,209
Capital outlay	-	-	-	-	-
Payments to other governmental units	-	-	-	-	-
Total Expenditures	<u>72,599</u>	<u>980</u>	<u>331</u>	<u>26,772</u>	<u>17,209</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6)</u>	<u>-</u>	<u>69</u>	<u>3,812</u>	<u>(9,107)</u>
Other Financing Sources (Uses)					
Transfers in	6	-	-	2	6
Total Other Financing Sources (Uses)	<u>6</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>6</u>
Net Change in Fund Balance	-	-	69	3,814	(9,101)
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,101</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69</u>	<u>\$ 3,814</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2015**

	ROE/ISC Operations	REAP	Regional Safe Schools	Truants Alternative/ Optional Education	Total
Revenues					
State sources	\$ 66,370	\$ -	\$ 67,242	\$ 61,758	\$ 268,511
Federal sources	-	9,829	-	-	1,210,661
Total Revenue	<u>66,370</u>	<u>9,829</u>	<u>67,242</u>	<u>61,758</u>	<u>1,479,172</u>
Expenditures					
Salaries	45,318	-	56,658	49,507	635,164
Employee benefits	4,146	-	10,776	4,722	76,015
Pension expense	4,392	-	435	2,829	106,445
Purchased services	11,016	-	921	4,402	347,283
Supplies and materials	1,424	7,323	-	298	61,274
Capital outlay	-	2,506	-	-	4,228
Payments to other governmental units	-	-	-	-	268,572
Total Expenditures	<u>66,296</u>	<u>9,829</u>	<u>68,790</u>	<u>61,758</u>	<u>1,498,981</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>74</u>	<u>-</u>	<u>(1,548)</u>	<u>-</u>	<u>(19,809)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	1,548	-	1,567
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,548</u>	<u>-</u>	<u>1,567</u>
Net Change in Fund Balance	74	-	-	-	(18,242)
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,794</u>
Fund Balance (Deficit) - Ending	<u>\$ 74</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,448)</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2013 to August 31, 2014)
EDUCATION FUND ACCOUNTS
MCKINNEY EDUCATION FOR HOMELESS CHILDREN (2014-4920-00)
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 216,430	\$ 226,430	\$ 14,725
Total Revenues	<u>216,430</u>	<u>226,430</u>	<u>14,725</u>
Expenditures			
Salaries	58,685	58,685	6,390
Employee benefits	22,212	22,212	584
Pension expense	-	-	1,446
Purchased services	15,405	15,405	2,572
Supplies and materials	2,666	2,666	1,803
Payments to other government units	117,462	127,462	1,930
Total Expenditures	<u>216,430</u>	<u>226,430</u>	<u>14,725</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2014 to June 30, 2015)
EDUCATION FUND ACCOUNTS
MCKINNEY EDUCATION FOR HOMELESS CHILDREN (2015-4920-00)
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 216,430	\$ 233,139	\$ 219,839
Total Revenues	<u>216,430</u>	<u>233,139</u>	<u>219,839</u>
Expenditures			
Salaries	68,119	75,619	68,174
Employee benefits	12,936	26,239	10,918
Pension expense	-	-	15,987
Purchased services	15,403	16,841	12,211
Supplies and materials	2,510	5,525	5,836
Payments to other government units	117,462	108,915	106,713
Total Expenditures	<u>216,430</u>	<u>233,139</u>	<u>219,839</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2013 to June 30, 2014)
EDUCATION FUND ACCOUNTS
SUBSTANCE ABUSE PREVENTION & TREATMENT BLOCK GRANT
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 214,898	\$ 214,898	\$ 214,898
Total Revenues	<u>214,898</u>	<u>214,898</u>	<u>214,898</u>
Expenditures			
Salaries	157,669	157,669	157,669
Employee benefits	27,161	27,161	12,061
Pension expense	-	-	15,099
Purchased services	23,419	23,419	23,419
Supplies and materials	6,649	6,649	4,928
Capital outlay	-	-	1,722
Total Expenditures	<u>214,898</u>	<u>214,898</u>	<u>214,898</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2014 to June 30, 2015)
EDUCATION FUND ACCOUNTS
TITLE I SYSTEM OF SUPPORT
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 837,849	\$ 837,849	\$ 709,452
Total Revenues	<u>837,849</u>	<u>837,849</u>	<u>709,452</u>
Expenditures			
Salaries	239,252	227,404	213,848
Employee benefits	121,940	101,941	29,932
Pension expense	-	-	65,335
Purchased services	262,883	258,147	248,562
Supplies and materials	5,162	4,811	4,094
Payments to other governments	208,612	245,546	159,929
Total Expenditures	<u>837,849</u>	<u>837,849</u>	<u>721,700</u>
Net Change in Fund Balance	-	-	(12,248)
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>(1,117)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,365)</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of January 27, 2015 to June 30, 2015)
EDUCATION FUND ACCOUNTS
TITLE II TEACHER QUALITY - LEADERSHIP
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 1,700	\$ 2,400	\$ 2,400
Total Revenues	<u>1,700</u>	<u>2,400</u>	<u>2,400</u>
Expenditures			
Purchased services	1,700	2,400	2,400
Total Expenditures	<u>1,700</u>	<u>2,400</u>	<u>2,400</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2014 to June 30, 2015)
EDUCATION FUND ACCOUNTS
FY15 PARTNERSHIP FOR COLLEGE AND CAREER SUCCESS
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 72,593	\$ 72,593	\$ 72,593
Total Revenues	<u>72,593</u>	<u>72,593</u>	<u>72,593</u>
Expenditures			
Salaries	28,000	28,000	28,000
Employee benefits	2,142	2,142	2,142
Purchased services	39,508	39,508	39,814
Supplies and materials	2,943	2,943	2,643
Total Expenditures	<u>72,593</u>	<u>72,593</u>	<u>72,599</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(6)</u>
Other Financing Sources (Uses)			
Transfers in	-	-	6
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>6</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of December 2, 2014 to June 30, 2015)
EDUCATION FUND ACCOUNTS
TITLE II TEACHER QUALITY - ECHO
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 1,635	\$ 1,635	\$ 980
Total Revenues	<u>1,635</u>	<u>1,635</u>	<u>980</u>
Expenditures			
Purchased services	1,335	1,335	980
Supplies and materials	300	300	-
Total Expenditures	<u>1,635</u>	<u>1,635</u>	<u>980</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2014 to June 30, 2015)
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 66,370	\$ 66,370	\$ 66,370
Total Revenues	<u>66,370</u>	<u>66,370</u>	<u>66,370</u>
Expenditures			
Salaries	45,500	45,500	45,318
Employee benefits	9,000	9,000	4,146
Pension expense	-	-	4,392
Purchased services	11,577	11,127	11,016
Supplies and materials	293	743	1,424
Total Expenditures	<u>66,370</u>	<u>66,370</u>	<u>66,296</u>
Net Change in Fund Balance	-	-	74
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2014 to June 30, 2015)
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 68,790	\$ 67,242	\$ 67,242
Total Revenues	<u>68,790</u>	<u>67,242</u>	<u>67,242</u>
Expenditures			
Salaries	57,108	57,108	56,658
Employee benefits	10,135	9,017	10,776
Pension expense	-	-	435
Purchased services	1,117	1,117	921
Supplies and materials	430	-	-
Total Expenditures	<u>68,790</u>	<u>67,242</u>	<u>68,790</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			<u>(1,548)</u>
Other Financing Sources (Uses):			
Transfers in	-	-	1,548
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,548</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2014 to June 30, 2015)
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 80,867	\$ 80,867	\$ 61,758
Total Revenues	<u>80,867</u>	<u>80,867</u>	<u>61,758</u>
Expenditures			
Salaries	61,696	61,696	49,507
Employee benefits	13,549	13,549	4,722
Pension expense	-	-	2,829
Purchased services	5,572	5,572	4,402
Supplies and materials	50	50	298
Total Expenditures	<u>80,867</u>	<u>80,867</u>	<u>61,758</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2015**

	Bus Driver Permit	General Education Development	Total
Assets			
Cash and cash equivalents	\$ 8,609	\$ 3,626	\$ 12,235
Accounts receivable	-	346	346
Due from other governments	24	-	24
Total Assets	<u>8,633</u>	<u>3,972</u>	<u>12,605</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 8,633</u>	<u>\$ 3,972</u>	<u>\$ 12,605</u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance			
Restricted	<u>8,633</u>	<u>3,972</u>	<u>12,605</u>
Total Fund Balance (Deficit)	<u>8,633</u>	<u>3,972</u>	<u>12,605</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 8,633</u>	<u>\$ 3,972</u>	<u>\$ 12,605</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2015**

	Bus Driver Permit	General Education Development	Total
Revenues			
Local sources	\$ 1,992	\$ 4,268	\$ 6,260
State sources	779	-	779
Total Revenues	<u>2,771</u>	<u>4,268</u>	<u>7,039</u>
Expenditures			
Salaries	-	767	767
Employee benefits	-	60	60
Purchased services	2,914	139	3,053
Total Expenditures	<u>2,914</u>	<u>966</u>	<u>3,880</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(143)</u>	<u>3,302</u>	<u>3,159</u>
Other Financing Sources (Uses)			
Transfers in	11	2	13
Total Other Financing Sources (Uses)	<u>11</u>	<u>2</u>	<u>13</u>
Net Change in Fund Balance	(132)	3,304	3,172
Fund Balance (Deficit) - Beginning	<u>8,765</u>	<u>668</u>	<u>9,433</u>
Fund Balance (Deficit) - Ending	<u><u>\$ 8,633</u></u>	<u><u>\$ 3,972</u></u>	<u><u>\$ 12,605</u></u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
INSTITUTE FUND ACCOUNTS
June 30, 2015**

	<u>Institute</u>	<u>Technology</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 26,159	\$ 6,805	\$ 32,964
Due from other funds	-	40,000	40,000
Accounts receivable	20,324	2,596	22,920
Prepaid expenses	3,000	623	3,623
Total Assets	<u>49,483</u>	<u>50,024</u>	<u>99,507</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 49,483</u>	<u>\$ 50,024</u>	<u>\$ 99,507</u>
Liabilities			
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance			
Nonspendable	3,000	623	3,623
Restricted	46,483	49,401	95,884
Total Fund Balance (Deficit)	<u>49,483</u>	<u>50,024</u>	<u>99,507</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 49,483</u>	<u>\$ 50,024</u>	<u>\$ 99,507</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
INSTITUTE FUND ACCOUNTS
For the Year Ended June 30, 2015**

	<u>Institute</u>	<u>Technology</u>	<u>Total</u>
Revenues			
Local sources	\$ 33,629	\$ 26,839	\$ 60,468
Total Revenues	<u>33,629</u>	<u>26,839</u>	<u>60,468</u>
Expenditures			
Salaries	-	19,263	19,263
Employee benefits	-	2,009	2,009
Pension expense	-	926	926
Purchased services	9,882	14,707	24,589
Supplies and materials	144	99	243
Capital outlay	584	-	584
Total Expenditures	<u>10,610</u>	<u>37,004</u>	<u>47,614</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>23,019</u>	<u>(10,165)</u>	<u>12,854</u>
Other Financing Sources (Uses)			
Transfers in	32	69	101
Total Other Financing Sources (Uses)	<u>32</u>	<u>69</u>	<u>101</u>
Net Change in Fund Balance	23,051	(10,096)	12,955
Fund Balance (Deficit) - Beginning	<u>26,432</u>	<u>60,120</u>	<u>86,552</u>
Fund Balance (Deficit) - Ending	<u>\$ 49,483</u>	<u>\$ 50,024</u>	<u>\$ 99,507</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2015**

	School Facility Occupation Tax	Franklin County Regional Delivery System	Total Agency Funds
Assets			
Cash and cash equivalents	\$ 311	\$ -	\$ 311
Due from other governments	1,559,085	17,575	1,576,660
Total Assets	\$ 1,559,396	\$ 17,575	\$ 1,576,971
Liabilities			
Due to other governments	\$ 1,559,396	\$ 17,575	\$ 1,576,971
Total Liabilities	\$ 1,559,396	\$ 17,575	\$ 1,576,971

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2015**

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
<u>School Facility Occupation Tax</u>				
Assets				
Cash and cash equivalents	\$ 176	\$ 9,267,751	\$ 9,267,616	\$ 311
Due from other governments	1,575,763	1,559,085	1,575,763	1,559,085
Total Assets	\$ 1,575,939	\$ 10,826,836	\$ 10,843,379	\$ 1,559,396
Liabilities				
Due to other governments	\$ 1,575,939	\$ 1,559,396	\$ 1,575,939	\$ 1,559,396
Total Liabilities	\$ 1,575,939	\$ 1,559,396	\$ 1,575,939	\$ 1,559,396
<u>Franklin County Regional Delivery System</u>				
Assets				
Due from other governments	\$ 45,230	\$ 17,575	\$ 45,230	\$ 17,575
Total Assets	\$ 45,230	\$ 17,575	\$ 45,230	\$ 17,575
Liabilities				
Due to other governments	\$ 45,230	\$ 17,575	\$ 45,230	\$ 17,575
Total Liabilities	\$ 45,230	\$ 17,575	\$ 45,230	\$ 17,575
<u>Total</u>				
Assets				
Cash and cash equivalents	\$ 176	\$ 9,267,751	\$ 9,267,616	\$ 311
Due from other governments	1,620,993	1,576,660	1,620,993	1,576,660
Total Assets	\$ 1,621,169	\$ 10,844,411	\$ 10,888,609	\$ 1,576,971
Liabilities				
Due to other governments	\$ 1,621,169	\$ 1,576,971	\$ 1,621,169	\$ 1,576,971
Total Liabilities	\$ 1,621,169	\$ 1,576,971	\$ 1,621,169	\$ 1,576,971

FEDERAL COMPLIANCE SECTION

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>ISBE Project # (1st 8 digits) or Contract #</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF EDUCATION			
Direct Grant			
REAP Small, Rural School Achievement (SRSA)	84.358A	S358A148408	\$ 9,829
passed through Illinois State Board of Education			
Improving Teacher Quality State Grants			
Title II - Teacher Quality	84.367A	15-4932-00	980
Title II - Teacher Quality - Leadership	84.367A	15-4935-02	2,400
			<u>3,380</u>
Education for Homeless Children and Youth			
McKinney Education for Homeless Children	84.196A	14-4920-00	14,725
McKinney Education for Homeless Children	84.196A	15-4920-00	219,839
			<u>234,564</u>
Title I Grants to Local Educational Agencies			
System of Support - Title I - Grants to Local Educational Agencies	84.010A	15-4331-SS	721,700 (M)
			<u>721,700</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>969,473</u>
U.S. DEPARTMENT OF AGRICULTURE			
passed through Illinois State Board of Education			
Child School Nutrition Cluster			
School Breakfast Program	10.553	14-4220-00	2,610
School Breakfast Program	10.553	15-4220-00	9,803
			<u>12,413</u>
National School Lunch Program	10.555	14-4210-00	5,344
National School Lunch Program	10.555	15-4210-00	20,781
			<u>26,125</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>38,538</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
passed through Illinois Department of Human Services			
Substance Abuse Prevention and Treatment Block Grant	93.959	FCSTP01399 FCSSWP01399	214,898
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,222,909</u>

(M) Program was audited as a major program

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015**

NOTE 1: REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

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

NOTE 2: SUBRECIPIENTS

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

Program Title: McKinney Education for Homeless Children and Youth
Federal CFDA #: 84.196A
Amount provided to subrecipients: \$108,643

Program Title: System of Support - Title I - Grants to Local Educational Agencies
Federal CFDA #: 84.010A
Amount provided to subrecipients: \$159,929

NOTE 3: DESCRIPTION OF MAJOR FEDERAL PROGRAMS

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

The program provides professional development activities to schools that are on Illinois' Academic Watch List. To be on the list, students in the buildings have not made Adequate Yearly Progress for at least two years.

NOTE 4: NON-CASH ASSISTANCE

None

NOTE 5: AMOUNT OF INSURANCE

None

NOTE 6: LOANS OR LOAN GUARANTEES OUTSTANDING

None