

**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, 2013**

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

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

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**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)

Kurt Endebrock

Assistant Regional Superintendent
(Current)

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

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)			
2013-001	13	Internal Controls Over Capital Asset Maintenance	Material Weakness

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

None

PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

12-01	16	Controls Over Financial Statement Preparation	Material Weakness
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PRIOR AUDIT FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

None

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

COMPLIANCE REPORT SUMMARY (CONTINUED)

EXIT CONFERENCE

An informal exit conference was held with Agency personnel on November 1, 2013 to review the findings and recommendations. Attending were R. Matthew Donkin, Regional Superintendent; Johna Schullian, Comptroller (via phone); Sarah Lipe, 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 November 20, 2013.

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

FINANCIAL STATEMENT REPORT SUMMARY

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

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



INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin-Williamson Counties Regional Office of Education #21, as of and for the year ended June 30, 2013, 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund Schedule of Funding Progress, and Other Post Employment Benefit Plan Schedule of Funding Progress on pages 17a through 17f, 54 and 55 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 and individual nonmajor fund financial statements, budgetary comparison schedules, 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 and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards 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 January 03, 2014, 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
January 03, 2014

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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin-Williamson Counties Regional Office of Education #21, as of and for the year ended June 30, 2013, 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 January 03, 2014.

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 2013-001 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
January 03, 2014

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

Honorable William G. Holland
Auditor General
State of Illinois

Report on Compliance for Each Major Federal Program

We have audited the Franklin-Williamson Counties Regional Office of Education #21's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Franklin-Williamson Counties Regional Office of Education #21's major federal programs for the year ended June 30, 2013. 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, 2013.

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
January 03, 2014

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, 2013**

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 programs:

Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.196A	McKinney Education for Homeless Children
93.959	Substance Abuse Prevention and Treatment Block Grant

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, 2013**

FINDING 2013-001 – Internal Controls over Capital Asset Maintenance

CRITERIA/SPECIFIC REQUIREMENT:

The Regional Office of Education #21 is responsible for establishing and maintaining an internal control system over capital asset maintenance sufficient to prevent errors and fraud.

CONDITION:

The Regional Office of Education #21 doesn't have sufficient internal controls over capital asset maintenance. During our inspection of the capital asset listing and depreciation calculation as of June 30, 2013, we noted that it included the ECHO Building as an existing capital asset; however, this building was sold in August 2011. This discrepancy resulted in a prior period adjustment to capital assets, net of depreciation, on the Statement of Net Position in the amount of \$31,725.

EFFECT:

Capital assets, net of depreciation, were overstated in the prior year.

CAUSE:

According to Regional Office of Education #21 management, the inclusion of the building as a capital asset was an oversight.

RECOMMENDATION:

The Regional Office of Education #21 staff in charge of the annual capital asset inventory count should physically view all capital assets included on the capital asset listing to verify that all capital assets exist and are not damaged.

MANAGEMENT'S RESPONSE:

The Regional Superintendent agrees with the finding.

**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, 2013**

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, 2013**

Corrective Action Plan

FINDING 2013-001 – Internal Controls over Capital Asset Maintenance

CONDITION:

The Regional Office of Education #21 doesn't have sufficient internal controls over capital asset maintenance. During our inspection of the capital asset listing and depreciation calculation as of June 30, 2013, we noted that it included the ECHO Building as an existing capital asset; however, this building was sold in August 2011. This discrepancy resulted in a prior period adjustment to capital assets, net of depreciation, on the Statement of Net Position in the amount of \$31,725.

PLAN:

The Regional Office of Education #21 staff in charge of the annual capital asset inventory count will physically view all capital assets included on the capital asset listing to ensure that all capital assets exist and are not damaged.

ANTICIPATED DATE OF COMPLETION:

June 30, 2014

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, 2013**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
12-01	Controls over financial statement preparation	Not Repeated

MANAGEMENT'S DISCUSSION AND ANALYSIS

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

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, 2013. 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 2013 activity, making comparisons of the financial position and results of operations more meaningful.

2013 Financial Highlights

In 2013, the Education Fund balance was \$9,244, an increase from the fiscal year 2012 fund balance of (\$17,074). This was primarily due to an increase in Federal revenues within the Education Fund during fiscal year 2013.

The General Fund balance was \$492,373 in fiscal year 2013. General Fund revenues were \$1,089,543 (excluding on-behalf payments). There was a general decrease in our revenue from State sources from 2012. General Fund expenditures were \$1,365,764 (excluding on-behalf payments) which decreased from 2012, mainly in salaries, supply expense, and capital outlay.

Using this Annual Report

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

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Reporting the Franklin-Williamson Counties Regional Office of Education 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 ROE assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the net position can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office's overall health, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the State level need to be considered.

Fund Financial Statements

The fund financial statements provide detailed information about the Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices which allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by State law. The Regional Office established other funds to control and manage money for particular purposes.

The Office has three kinds of fund classifications:

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

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

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

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Fund Financial Statements (Concluded)

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. The Regional Office's net position at the end of fiscal year 2012 totaled \$1,012,414. At the end of fiscal year 2013, the net position was \$671,608. The analysis that follows provides a summary of the Regional Office's net position at June 30, 2013 and 2012.

**CONDENSED STATEMENT OF NET POSITION
June 30, 2013 and 2012**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
ASSETS						
Current assets	\$ 771,577	\$ 1,039,077	\$ -	\$ -	\$ 771,577	\$ 1,039,077
Capital assets, net of depreciation	<u>100,647</u>	<u>154,202</u>	<u>-</u>	<u>-</u>	<u>100,647</u>	<u>154,202</u>
TOTAL ASSETS	<u><u>872,224</u></u>	<u><u>1,193,279</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>872,224</u></u>	<u><u>1,193,279</u></u>
LIABILITIES						
Current liabilities	188,196	157,484	-	-	188,196	157,484
Noncurrent liabilities	<u>12,420</u>	<u>23,381</u>	<u>-</u>	<u>-</u>	<u>12,420</u>	<u>23,381</u>
TOTAL LIABILITIES	<u><u>200,616</u></u>	<u><u>180,865</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>200,616</u></u>	<u><u>180,865</u></u>
NET POSITION						
Investments in capital assets, net of related debt	79,293	120,220	-	-	79,293	120,220
Restricted for educational purposes	102,995	104,438	-	-	102,995	104,438
Unrestricted	<u>489,320</u>	<u>787,756</u>	<u>-</u>	<u>-</u>	<u>489,320</u>	<u>787,756</u>
TOTAL NET POSITION	<u><u>\$ 671,608</u></u>	<u><u>\$ 1,012,414</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 671,608</u></u>	<u><u>\$ 1,012,414</u></u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

The Regional Office's net position decreased by \$309,081 from fiscal year 2012 to fiscal year 2013. This decrease occurred as a result of a combination of a significant decrease in state-sourced revenues and a slight increase in total expenses during fiscal year 2013.

The following analysis shows the changes in net position for the years ended June 30, 2013 and 2012.

**CHANGES IN NET POSITION
For the Years Ended June 30, 2013 and 2012**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program revenues:						
Charges for services	\$ 79,651	\$ 87,513	\$ 138,906	\$ 141,132	\$ 218,557	\$ 228,645
Operating grants & contributions	<u>831,026</u>	<u>737,771</u>	<u>-</u>	<u>-</u>	<u>831,026</u>	<u>737,771</u>
Total Program revenues	<u>910,677</u>	<u>825,284</u>	<u>138,906</u>	<u>141,132</u>	<u>1,049,583</u>	<u>966,416</u>
General revenues:						
Local sources	257,378	262,093	-	-	257,378	262,093
State sources	835,593	974,946	-	-	835,593	974,946
On-behalf payments	777,846	678,915	-	-	777,846	678,915
Investment income	1,227	1,612	-	-	1,227	1,612
Loss on disposal of capital assets	<u>(376)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(376)</u>	<u>-</u>
Total General revenues	<u>1,871,668</u>	<u>1,917,566</u>	<u>-</u>	<u>-</u>	<u>1,871,668</u>	<u>1,917,566</u>
Total Revenues	<u>2,782,345</u>	<u>2,742,850</u>	<u>138,906</u>	<u>141,132</u>	<u>2,921,251</u>	<u>2,883,982</u>
Expenses:						
Salaries	1,264,652	1,337,750	-	-	1,264,652	1,337,750
Benefits	263,856	266,312	-	-	263,856	266,312
Purchased services	399,131	353,112	-	-	399,131	353,112
Supplies and materials	117,249	122,990	138,906	141,132	256,155	264,122
Capital Outlay	3,730	-	-	-	3,730	-
Depreciation	41,190	57,541	-	-	41,190	57,541
Other	654	17,899	-	-	654	17,899
Transfers-payments to other governmental units	223,118	140,115	-	-	223,118	140,115
On-behalf payments	<u>777,846</u>	<u>678,915</u>	<u>-</u>	<u>-</u>	<u>777,846</u>	<u>678,915</u>
Total expenses	<u>3,091,426</u>	<u>2,974,634</u>	<u>138,906</u>	<u>141,132</u>	<u>3,230,332</u>	<u>3,115,766</u>
Excess (Deficiency) before transfers	(309,081)	(231,784)	-	-	(309,081)	(231,784)
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(309,081)	(231,784)	-	-	(309,081)	(231,784)
Net Position – beginning (restated – see Note 15)	<u>980,689</u>	<u>1,244,198</u>	<u>-</u>	<u>-</u>	<u>980,689</u>	<u>1,244,198</u>
Net Position – ending	<u>\$ 671,608</u>	<u>\$ 1,012,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 671,608</u>	<u>\$ 1,012,414</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Governmental Activities

Revenues for governmental activities were \$2,782,345 and expenses were \$3,091,426. The overall increase in revenues and expenses over the prior year was primarily due to the increase in on-behalf payments. The Regional Office plans to streamline activities and maximize efficiency to maintain services offered to and needed by local school districts in future fiscal years.

Business-Type Activities

Revenues and expenses for the Regional Office's business-type activities decreased slightly from the prior fiscal year due to a decrease in quantity of paper requested and purchased in fiscal year 2013 for the local school districts.

Financial Analysis of the Regional Office of Education #21 Funds

As previously noted, the Regional Office uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office's governmental funds reported combined fund balances of \$595,368 which is below last year's ending fund balance of \$868,045. The primary reasons for the decreases in combined fund balances in fiscal year 2013 were due to decreases in General State Aid received for Project ECHO and Star Quest Academy from the Illinois State Board of Education and other State-sourced grants received for the fiscal year 2013.

Governmental Fund Highlights

The Regional Office had a decrease in total funds received from the Illinois State Board of Education at the end of fiscal year 2013. This decrease was mainly attributable to the decrease in the amount of General State Aid received for Project ECHO and Star Quest Academy.

Budgetary Highlights

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

Capital Assets

Capital Assets of the Regional Office include office equipment, computers, audio-visual equipment, and office furniture. The Regional Office maintains an inventory of capital assets, which have been accumulated over time. The decrease for fiscal year 2013 was generally a result of the disposal of various fully depreciated items, the return of assets of an inactive grant, and the disposal of several other non-functional and obsolete items. The Regional Office's ending net capital asset balance for fiscal year 2013 is \$100,647, which is the total original cost of the capital assets less accumulated depreciation. More detailed information about capital assets is available in Note 8 to the financial statements.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Economic Factors And Next Year's Budget

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

- The State of Illinois Foundation level is expected to remain constant at \$6,119 per student; however, General State Aid is expected to continue to be prorated in fiscal year 2014.
- Several grants have had their funding levels reduced or eliminated for the coming year.
- The number of students served by the Regional Office is expected to remain constant.
- The Regional Office will serve as fiscal agent for a new area-wide Statewide System of Support grant which will greatly affect its operations.

Contacting the Regional Office's Financial Management

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

BASIC FINANCIAL STATEMENTS

REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
STATEMENT OF NET POSITION
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 401,272	\$ -	\$ 401,272
Internal balances	46,300	(46,300)	-
Accounts receivable	5,453	-	5,453
Due from other governments	286,908	46,300	333,208
Prepaid expenses	31,644	-	31,644
Total Current Assets	771,577	-	771,577
Noncurrent Assets			
Capital assets, net of depreciation	100,647	-	100,647
Total Noncurrent Assets	100,647	-	100,647
Total Assets	872,224	-	872,224
Liabilities			
Current Liabilities			
Accounts payable	4,566	-	4,566
Accrued wages and benefits	92,871	-	92,871
Due to other governments	78,378	-	78,378
Capital lease payable, current	11,987	-	11,987
Unearned revenue	394	-	394
Total current liabilities	188,196	-	188,196
Noncurrent Liabilities			
Capital lease payable, noncurrent	9,367	-	9,367
Other post-employment benefit obligation	3,053	-	3,053
Total noncurrent liabilities	12,420	-	12,420
Total Liabilities	200,616	-	200,616
NET POSITION			
Invested in capital assets, net of related debt	79,293	-	79,293
Restricted for educational purposes	102,995	-	102,995
Unrestricted	489,320	-	489,320
TOTAL NET POSITION	\$ 671,608	\$ -	\$ 671,608

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, 2013**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
Primary Government							
Governmental activities							
Instructional services							
Salaries	\$ 1,264,652	\$ -	\$ 406,208	\$ -	\$ (858,444)	\$ -	\$ (858,444)
Employee benefits	263,856	-	99,244	-	(164,612)	-	(164,612)
Purchased services	399,131	75,091	87,630	-	(236,410)	-	(236,410)
Supplies and materials	117,249	4,476	57,500	-	(55,273)	-	(55,273)
Other	654	84	-	-	(570)	-	(570)
Payments to other governments	223,118	-	157,118	-	(66,000)	-	(66,000)
Depreciation	41,190	-	19,596	-	(21,594)	-	(21,594)
Capital outlay	3,730	-	3,730	-	-	-	-
Administrative							
On-behalf payments	777,846	-	-	-	(777,846)	-	(777,846)
Total Governmental Activities	<u>3,091,426</u>	<u>79,651</u>	<u>831,026</u>	<u>-</u>	<u>(2,180,749)</u>	<u>-</u>	<u>(2,180,749)</u>
Business-type activities							
Paper Bid	138,906	138,906	-	-	-	-	-
Total Business-Type Activities	<u>138,906</u>	<u>138,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 3,230,332</u>	<u>\$ 218,557</u>	<u>\$ 831,026</u>	<u>\$ -</u>	<u>(2,180,749)</u>	<u>-</u>	<u>(2,180,749)</u>
General revenues							
Local sources					257,378	-	257,378
State sources					835,593	-	835,593
On-behalf payments - State					777,846	-	777,846
Loss on disposal of capital assets					(376)	-	(376)
Interest					1,227	-	1,227
Total General Revenues					<u>1,871,668</u>	<u>-</u>	<u>1,871,668</u>
Change in Net Position					(309,081)	-	(309,081)
Net Position - Beginning, Restated (See Note 15)					980,689	-	980,689
Net Position - Ending					<u>\$ 671,608</u>	<u>\$ -</u>	<u>\$ 671,608</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, 2013

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 294,254	\$ 12,914	\$ 94,104	\$ -	\$ 401,272
Due from other funds	251,459	31	697	(205,887)	46,300
Accounts receivable	1,092	-	4,361	-	5,453
Due from other governments	76,763	209,744	401	-	286,908
Prepaid expenses	31,106	326	212	-	31,644
	<u>31,106</u>	<u>326</u>	<u>212</u>	<u>-</u>	<u>31,644</u>
Total Assets	<u>\$ 654,674</u>	<u>\$ 223,015</u>	<u>\$ 99,775</u>	<u>\$ (205,887)</u>	<u>\$ 771,577</u>
Liabilities					
Accounts payable	\$ 4,252	\$ -	\$ 314	\$ -	\$ 4,566
Accrued wages and benefits	92,871	-	-	-	92,871
Due to other funds	20,406	180,907	4,574	(205,887)	-
Due to other governments	44,378	32,864	1,136	-	78,378
Unearned revenue	394	-	-	-	394
	<u>394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>394</u>
Total liabilities	<u>162,301</u>	<u>213,771</u>	<u>6,024</u>	<u>(205,887)</u>	<u>176,209</u>
Fund Balance (Deficit)					
Nonspendable	31,106	326	212	-	31,644
Restricted	-	8,918	98,896	-	107,814
Assigned	131,269	-	-	-	131,269
Unassigned	329,998	-	(5,357)	-	324,641
	<u>329,998</u>	<u>-</u>	<u>(5,357)</u>	<u>-</u>	<u>324,641</u>
Total Fund Balances (Deficits)	<u>492,373</u>	<u>9,244</u>	<u>93,751</u>	<u>-</u>	<u>595,368</u>
Total Liabilities and Fund Balances	<u>\$ 654,674</u>	<u>\$ 223,015</u>	<u>\$ 99,775</u>	<u>\$ (205,887)</u>	<u>\$ 771,577</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, 2013**

Total Fund Balances - Governmental Funds	\$ 595,368
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds, net of accumulated depreciation of \$456,128	100,647
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.	
Capital lease payable	(21,354)
Other post-employment benefit obligation	(3,053)
	(24,407)
Net Position of Governmental Activities	\$ 671,608

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, 2013**

	General Fund	Education Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
Revenues					
Local sources	\$ 254,728	\$ 3,429	\$ 78,872	\$ -	\$ 337,029
State sources	834,815	272,797	779	-	1,108,391
Federal sources	-	584,404	-	-	584,404
Payments made on behalf of region	777,846	-	-	-	777,846
Total Revenues	<u>1,867,389</u>	<u>860,630</u>	<u>79,651</u>	<u>-</u>	<u>2,807,670</u>
Expenditures					
Instructional Services					
Salaries	818,702	444,924	-	-	1,263,626
Employee benefits	155,153	108,703	-	-	263,856
Purchased services	260,260	95,982	55,517	-	411,759
Supplies and materials	50,960	62,980	3,309	-	117,249
Other	592	-	62	-	654
Payments to other governments	66,000	157,118	-	-	223,118
Payments made on behalf of region	777,846	-	-	-	777,846
Capital outlay	14,097	9,369	-	-	23,466
Total Expenditures	<u>2,143,610</u>	<u>879,076</u>	<u>58,888</u>	<u>-</u>	<u>3,081,574</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	<u>(276,221)</u>	<u>(18,446)</u>	<u>20,763</u>	<u>-</u>	<u>(273,904)</u>
Other Financing Sources (Uses)					
Transfers in	18,277	44,764	17,785	(80,826)	-
Transfers out	(80,826)	-	-	80,826	-
Interest	1,227	-	-	-	1,227
Total Other Financing Sources (Uses)	<u>(61,322)</u>	<u>44,764</u>	<u>17,785</u>	<u>-</u>	<u>1,227</u>
Net Change in Fund Balance	(337,543)	26,318	38,548	-	(272,677)
Fund Balances (Deficits) - Beginning	<u>829,916</u>	<u>(17,074)</u>	<u>55,203</u>	<u>-</u>	<u>868,045</u>
Fund Balances - Ending	<u>\$ 492,373</u>	<u>\$ 9,244</u>	<u>\$ 93,751</u>	<u>\$ -</u>	<u>\$ 595,368</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, 2013**

Net Change in Fund Balance - Total Governmental Funds \$ (272,677)

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

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

FY2012 deferred revenue recognized in FY2013 - State sources	(10,625)	
FY2012 deferred revenue recognized in FY2013 - Federal sources	(15,551)	

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

Capital outlay	\$ 19,736	
Loss on disposal of capital assets	(376)	
Depreciation expense	<u>(41,190)</u>	(21,830)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.

Proceeds from lease-purchase agreements	-	
Repayment of principal of long-term debt	<u>12,628</u>	12,628

The increase in OPEB obligation resulting from annual required contributions in excess of the contributions do not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.

(1,026)

Change in Net Position of Governmental Activities \$ (309,081)

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, 2013**

	<u>Business-Type Activities Enterprise Fund</u>
	<u>Paper Bid</u>
Assets	
Due from other governments	\$ 46,300
Total Assets	<u>46,300</u>
Liabilities	
Due to other funds	<u>46,300</u>
Total Liabilities	<u>46,300</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, 2013**

	Business-Type Activities Enterprise Fund
	Paper Bid
Operating Revenues	
Charge for Services	\$ 138,906
Total Operating Revenues	138,906
Operating Expenses	
Supplies and materials	138,906
Total Operating Expenses	138,906
Change in Net Position	-
Net Position - Beginning	-
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, 2013**

	<u>Business-Type Activities Enterprise Fund</u>
	<u>Paper Bid</u>
Cash flows from operating activities:	
Receipts from customers	\$ 166,471
Payments to suppliers and providers for goods and services	(138,906)
Net cash provided by (used for) operating activities	<u>27,565</u>
Cash flows from noncapital financing activities:	
Interfund loans received (made)	46,300
Repayment of interfund loans	(73,865)
Net cash provided by (used for) noncapital financing activities	<u>(27,565)</u>
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents - beginning of year	<u>-</u>
Cash and cash equivalents - end of year	<u><u>\$ -</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Change in assets and liabilities:	
(Increase) decrease in due from other governments	<u>27,565</u>
Net cash provided by (used for) operating activities	<u><u>\$ 27,565</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, 2013**

	Agency Funds
Assets	
Cash and cash equivalents	\$ 201
Due from other governments	1,609,597
Total Assets	\$ 1,609,798
Liabilities	
Due to other governments	\$ 1,609,798
Total Liabilities	\$ 1,609,798

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

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 2013, the Regional Office of Education #21 implemented Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*; and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The Regional Office of Education #21 implemented these standards during the current year; however, GASB Statement No. 60 and GASB Statement No. 61 had no impact on the financial statements. The implementation of GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflow of resources.

A. Date of Management's Review

Management has evaluated subsequent events through January 03, 2014, the date when the financial statements were available to be issued.

B. Financial Reporting Entity

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

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

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #21's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Financial Reporting Entity (Concluded)

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

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

For the period ended June 30, 2013, the Regional Office of Education #21 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Regional Office of Education #21. Such activities are reported as a single major fund (Education Fund).

The Regional Office of Education #21 also acts as the administrative agent for the Franklin County Regional Delivery System (a joint agreement). As administrative agent, the Regional Office of Education #21 is responsible for the receipt and distribution of the System's funding, as well as all necessary reporting requirements for the Illinois State Board of Education and other granting agencies.

C. Scope of Reporting Entity

The Regional Office of Education #21's reporting entity includes all related organizations for which they exercise oversight responsibility.

These are the only activities considered to be part of (controlled by or dependent on) the Regional Office of Education #21, as determined by the application of the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39 and GASB Statement No. 61. The criteria for inclusion of an entity include, but are not limited to, legal standing, fiscal dependency, imposition of will, and potential for financial benefit or burden.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education #21 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #21 is not aware of any entity which would exercise such oversight as to result in the Regional Office of Education #21 being considered a component unit of the entity.

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the non-fiduciary activities of the Regional Office of Education #21. The effect of interfund activity has been removed from these statements. Governmental activities are supported by intergovernmental revenues and are reported separate from business-type activities, which rely, to a significant extent, on fees and charges for support.

The Statement of Net Position and the Statement of Activities are presented on an “economic resources” measurement focus prescribed by GASB Statement No. 34. All of the Regional Office of Education #21’s assets and liabilities, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and reported in a single column.

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

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

E. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and nonmajor funds aggregated.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Proprietary Fund Financial Statements (Concluded)

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

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

F. Governmental Fund Financial Statements

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual i.e., both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Regional Office of Education #21 considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements, but are recognized as current revenues in the government-wide financial statements. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for other long-term obligations, which are recognized when paid.

G. Measurement Focus and Basis of Accounting

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Measurement Focus and Basis of Accounting (Concluded)

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

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

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

H. Fund Accounting

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

Governmental Funds

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

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

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

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

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

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

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

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

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.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

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

Williamson County Film Library – Funding for the film library is based on an annual assessment fee from each school district in Williamson County. Funds are used to cover salary and travel expenses for the media assistant.

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.

Illinois Family Violence Prevention – Provides training costs and salary for a representative of the Family Violence Coordinating Council to represent the council at meetings in the nine county area of the 1st Circuit.

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

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

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

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Continued)

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

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

WIA Youth Activities - Used to account for Man-tra-con grant monies received for the operations of the alternative school.

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

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

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

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Continued)

Governmental Funds (Concluded)

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

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

General Education Development Fund – Accounts for the administration of the General Education Development (GED) Testing Program with revenues from testing and diploma fees used to pay administrative expenses incurred. Illinois law requires the Regional Superintendent of Schools of each county/counties to administer the GED test. The GED tests are given once a month in each county.

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

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

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

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

Proprietary Funds

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

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

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Accounting (Concluded)

Fiduciary Funds

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

Franklin County Regional Delivery System (Joint Agreement) – The Franklin County Regional Delivery System consists of six Franklin County high schools whose students generate vocational credits which are reimbursed through 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.

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

I. Governmental Fund Balances

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

Nonspendable Fund Balance – The portion of a governmental fund’s net position that is not available to be spent, either short term or long term, in either form or through legal restrictions. The following General Funds have nonspendable fund balances: ECHO, Enterprise/Workshop, General Operating, and General State Aid Safe Schools. The following Education Fund account has a nonspendable fund balance: ROE/ISC Operations. The following Nonmajor Special Revenue Fund has a nonspendable fund balance: General Education Development.

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Governmental Fund Balances (Concluded)

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

Assigned Fund Balance – The portion of a governmental fund’s net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following General Fund 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, Prevention Social Marketing, Academic Achievement, and General State Aid Safe Schools. The following Nonmajor Special Revenue Funds have unassigned fund deficits: General Education Development and Certification in the Institute fund.

J. Net Position

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

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

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

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

K. Cash and Cash Equivalents

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

L. Capital Assets

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

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

M. Interfund Receivables and Payables

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

N. Estimates

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

O. Budget Information

The Regional Office of Education #21 acts as the administrative agent for certain grant programs that are accounted for within the General Fund and the Education Fund. These programs have separate budgets and are required to be reported to the Illinois State Board of Education and Illinois Department of Human Services; however, none of the annual budgets have been legally adopted, nor are they required to do so. Certain programs within the General Fund and the Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results for the following programs are presented as supplementary information: FY12 McKinney Education for Homeless Children, FY13 McKinney Education for Homeless Children, FY12 Illinois Family Violence Prevention, Substance Abuse Prevention and Treatment Block Grant, Title II Teacher Quality - Leadership, FY12 Partnership for College and Career Success, FY13 Partnership for College and Career Success, Title II Teacher Quality ECHO, ROE/ISC Operations, Regional Safe Schools, and Truants Alternative/Optional Education.

P. Compensated Absences

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

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, 2013, the carrying amount of the Regional Office of Education #21's government-wide and fiduciary fund deposits were \$401,272 and \$201, respectively, and the bank balances were \$598,740 and \$68,754, respectively.

At June 30, 2013, \$250,000 of the Regional Office of Education #21's cash deposits were insured by the Federal Deposit Insurance Corporation. The remaining \$417,494 was collateralized by securities pledged by the Regional Office of Education #21's financial institution in the name of the Regional Office.

Custodial Credit Risk

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

Interest Rate Risk

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

Credit Risk

The Regional Office of Education #21 is allowed to invest in securities as authorized by Sections 2 and 6 of the Public Funds Investment Act (30 ILCS 235/2 and 6), and Section 8-7 of the School Code. The Regional Office of Education #21 has no investment policy that would further limit its investment choices. As of June 30, 2013 the Regional Office of Education #21 was in compliance with these guidelines.

NOTE 3: DEFINED BENEFIT PENSION PLAN

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 3: DEFINED BENEFIT PENSION PLAN (CONCLUDED)

Funding Policy. As set by statute, the Regional Office of Education #21's Regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education #21's annual required contribution rate for calendar year 2012 was 11.01%. The Regional Office of Education #21 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2012 was \$38,845.

THREE YEAR TREND INFORMATION

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/12	\$ 38,845	100%	\$ 0
12/31/11	36,731	100%	0
12/31/10	35,677	100%	0

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, included a) 7.5% investment rate of return (net of administrative and direct investment expenses), b) projected salary increases of 4.00% a year, attributable to inflation, c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and d) post retirement benefit increases of 3% annually. The actuarial value of the Regional Office of Education #21's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Regional Office of Education #21's Regular plan's unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 10 year basis.

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 96.44% funded. The actuarial accrued liability for benefits was \$1,050,257 and the actuarial value of assets was \$1,012,873, resulting in an underfunded actuarial accrued liability (UAAL) of \$37,384. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$352,812 and the ratio of the UAAL to the covered payroll was 11%.

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

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

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

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains the primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2013, was 9.4% of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4% for the years ended June 30, 2012 and 2011.

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

- **On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #21. For the year ended June 30, 2013, the State of Illinois contributions were based on 28.05% of creditable earnings not paid from federal funds, and the Regional Office of Education #21 recognized revenue and expenditures of \$280,407 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2012 and June 30, 2011, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 24.91% (244,264) and 23.10% (\$261,778), respectively.

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

- **2.2 formula contributions.** Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ending June 30, 2013 were \$5,267. Contributions for the years ending June 30, 2012, and June 30, 2011, were \$5,674 and \$5,462, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #21, there is a statutory requirement for the Regional Office of Education #21 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

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

For the year ended June 30, 2013, the employer pension contribution was 28.05% of salaries paid from federal and special trust funds. For the years ended June 30, 2012 and 2011, the employer contribution was 24.91% and 23.10% of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2013, salaries totaling \$112,975 were paid from federal and special trust funds that required employer contributions of \$31,689. For the years ended June 30, 2012 and June 30, 2011, required Regional Office of Education #21 contributions were \$41,563 and \$33,506, respectively.

- **Early Retirement Option.** The Regional Office of Education #21 is also required to make one-time employer contributions to TRS for members retiring under the early retirement option (ERO). The payments vary depending on the age and salary of the member.

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

For the year ended June 30, 2013, the Regional Office of Education #21 paid no employer contributions to TRS under the ERO program. For the years ended June 30, 2012 and June 30, 2011, the Regional Office of Education #21 paid no employer ERO contributions.

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

For the year ended June 30, 2013, the Regional Office of Education #21 paid \$4,794 to TRS for employer contributions due on salary increases in excess of 6%. For the years ended June 30, 2012 and June 30, 2011, the Regional Office of Education #21 paid no contributions to TRS for employer contributions due on salary increases in excess of 6%.

If the Regional Office of Education #21 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, Regional Office of Education #21 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.63% of salary during the year ended June 30, 2013).

For the year ended June 30, 2013, the Regional Office of Education #21 paid no TRS contributions for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2012 and June 30, 2011, the Regional Office of Education #21 paid no employer contributions granted for sick leave days.

Further information on TRS. TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2012. The report for the year ended June 30, 2013, is expected to be available in late 2013.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

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

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

NOTE 5: OTHER POST EMPLOYMENT BENEFITS

A. Teacher Health Insurance Security Fund

The Regional Office of Education #21 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the State administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the State to make a contribution to THIS Fund.

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

- **On-behalf contributions to THIS Fund.** The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #21. State contributions are intended to match contributions to the THIS Fund from active members which were 0.92% of pay during the year ended June 30, 2013. State of Illinois contributions were \$8,355 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, 2012 and June 30, 2011 were 0.88% of pay both years. State contributions on behalf of the Regional Office of Education #21's employees were \$8,609 and \$8,288, respectively.

- **Employer contributions to THIS Fund.** The Regional Office of Education #21 also makes contributions to THIS Fund. The Regional Office of Education #21 THIS Fund contribution was 0.69% during the year ended June 30, 2013 and 0.66% during the years ended June 30, 2012 and June 30, 2011. For the year ended June 30, 2013, the Regional Office of Education #21 paid \$6,266 to the THIS Fund. For the years ended June 30, 2012 and 2011, the Regional Office of Education #21 paid \$6,457 and \$6,216 to the THIS Fund, respectively, which was 100% of the required contribution.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

A. Teacher Health Insurance Security Fund (Concluded)

Further information on THIS Fund. The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor general: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The 2013 report is 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.

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

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

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

B. Illinois Municipal Retirement Fund (Continued)

Annual OPEB Costs and OPEB Obligation. The ROE had an actuarial valuation performed for the plan as of June 30, 2011 to determine the funded status of the plan as of that date and the employer's annual required contribution (ARC) for the fiscal year ended June 30, 2013. The ROE's annual OPEB cost (expense) for the year ended June 30, 2013 of \$1,026 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of July 1, 2011. The ROE's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2013, 2012, and 2011 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 1,026	\$ -	0%	\$ 1,026
June 30, 2012	1,026	-	0%	1,026
June 30, 2011	1,001	-	0%	1,001

The OPEB obligation as of June 30, 2013, was calculated as follows:

Annual Required Contribution	\$ 1,026
Interest on OPEB Obligation	-
Adjustment to Annual Required Contribution	-
	<hr/>
Annual OPEB Cost	1,026
Contributions Made	-
	<hr/>
Increase in OPEB Obligation	1,026
OPEB Obligation Beginning of Year	2,027
	<hr/>
OPEB Obligation End of Year	<u>\$ 3,053</u>

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

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions and the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (CONCLUDED)

B. Illinois Municipal Retirement Fund (Concluded)

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

NOTE 6: INTERFUND RECEIVABLES AND PAYABLES

Interfund due to / from other fund balances at June 30, 2013 consist of the following individual due to / from other funds in the governmental funds Balance Sheet and the proprietary fund and fiduciary funds Statements of Net Position. Balances of the same fund type were eliminated in the government-wide Statement of Net Position.

Fund	Due From Other Funds	Due to Other Funds
General Funds		
ECHO	\$ 120,981	\$ -
Enterprise/Workshop	700	-
General Operating	9,517	-
School Facility Occupation Tax Interest Allocation	9	-
Interest Allocation	-	19,005
Prevention Social Marketing	4	-
Academic Achievement	91	1,401
General State Aid Safe Schools	120,157	-
Education Funds		
FY13 McKinney Education for Homeless Children	-	88,127
Substance Abuse Prevention & Treatment Block Grant	-	46,927
New Principal Mentoring Program	31	-
Title II Teacher Quality - Leadership	-	4,700
FY13 Partnership for College and Career Success	-	26,755
Title II Teacher Quality ECHO	-	250
ROE/ISC Operations	-	2,472
Regional Safe Schools	-	11,676
Nonmajor Special Revenue Funds		
Bus Driver Permit	37	-
General Education Development	1	2,638
Institute Fund – Certification	1	1,936
Institute Fund – Institute	346	-
Institute Fund – Technology	312	-

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 6: INTERFUND RECEIVABLES AND PAYABLES (CONCLUDED)

Proprietary Funds		
Paper Bid	-	46,300
	<u>\$ 252,187</u>	<u>\$ 252,187</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	\$	76,763
Special Revenue Fund – Education Fund		
Illinois State Board of Education		133,199
Illinois Department of Human Services		46,927
Local Governments		29,618
Special Revenue Fund – Other Non-Major Funds		
Local Governments		401
Proprietary Fund		
Local Governments		46,300
Fiduciary Fund – Agency Fund		
Other Local Governments		1,609,597
Total	<u>\$</u>	<u>1,942,805</u>

Due to Other Governments:

General Fund		
Local Governments	\$	44,378
Special Revenue Fund – Education Fund		
Local Governments		32,864
Special Revenue Fund – Other Non-Major Funds		
Local Governments		1,136
Fiduciary Fund – Agency Fund		
Other Local Governments		1,609,798
Total	<u>\$</u>	<u>1,688,176</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 8: CAPITAL ASSETS

Governmental Activities

Capital asset activity for fiscal year 2013 was as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Governmental Funds				
Total Capital Assets	\$ 545,294	\$ 19,736	\$ 8,255	\$ 556,775
Less: Accumulated Depreciation	422,817	41,190	7,879	456,128
Governmental Funds				
Investment in Capital Assets, Net	<u>\$ 122,477</u>	<u>\$ (21,454)</u>	<u>\$ 376</u>	<u>\$ 100,647</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$41,190 was charged to the governmental activities on the government-wide Statement of Activities for the year ended June 30, 2013. 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 \$79,187.

NOTE 9: LONG-TERM DEBT

A. Summary of Debt Transactions

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

	Telephone System	Toshiba Copy Machines	Total
Balance, July 1, 2012	\$ 1,190	\$ 32,792	\$ 33,982
Additions	-	-	-
Debt retired	(1,190)	(11,438)	(12,628)
Balance, June 30, 2013	<u>\$ -</u>	<u>\$ 21,354</u>	<u>\$ 21,354</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 9: LONG-TERM DEBT (CONCLUDED)

B. Future Debt Service Requirements

Capital Lease

Toshiba Copy Machines Lease-Purchase Agreement

Lessor: USbancorp

Dated: December 15, 2011

Maturity Date: March 25, 2015

Interest Rate: 4.70%

Original Amount: \$38,313

Monthly Payment: \$1,061

Secured By: Telephone System

<u>Year</u> <u>Ending June 30,</u>	<u>Total</u> <u>Principal</u>	<u>Total</u> <u>Interest</u>	<u>Total</u> <u>Payments</u>
2014	\$ 11,987	\$ 747	\$ 12,734
2015	9,367	186	9,553
Total	<u>\$ 21,354</u>	<u>\$ 933</u>	<u>\$ 22,287</u>

NOTE 10: RISK MANAGEMENT

The Regional Office of Education #21 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Regional Office of Education #21 has purchased commercial insurance to cover these risks. During the year ended June 30, 2013, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

NOTE 11: ON-BEHALF PAYMENTS

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

Regional Superintendent Salary	\$ 107,640
Regional Superintendent Fringe Benefits (Includes State paid insurance)	24,599
Assistant Regional Superintendent Salaries	96,888
Assistant Regional Superintendent Fringe Benefits (Includes State paid insurance)	34,347
TRS Pension Contributions	280,407
THIS Fund Contributions	8,355
Total	<u>\$ 552,236</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 11: ON-BEHALF PAYMENTS (CONCLUDED)

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

Franklin and Williamson Counties provide the Regional Office of Education #21 with staff on behalf of the Regional Office of Education #21. These amounts have been recorded in the accompanying governmental fund financial statements as local revenue and expenditures. The expenditures paid on Regional Office of Education #21's behalf for the year ended June 30, 2013 were as follows:

Salaries	\$	159,166
Benefits		66,444
Total	<u>\$</u>	<u>225,610</u>

NOTE 12: INTERFUND TRANSFERS

Interfund transfers in/out to other funds at June 30, 2013 consisted of the following individual transfers in/out to other funds in the fund statements. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities; however, the transfers between the governmental funds and the business-type funds were not eliminated.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
ECHO	\$ 6,099	\$ 43,707
Enterprise/Workshop	700	-
General Operating	9,517	628
School Facility Occupation Tax Interest Allocation	9	-
Interest Allocation	-	19,005
Prevention Social Marketing	4	-
Academic Achievement	91	-
General State Aid Safe Schools	1,857	398
Williamson County Film Library	-	17,088
Special Revenue Fund – Education Funds		
New Principal Mentoring Program	31	-
FY12 System of Support	7,404	-
WIA Youth Activities	36,303	-
ROE/ISC Operations	628	-
Regional Safe Schools	398	-
Nonmajor Special Revenue Funds		
Bus Driver Permit	37	-
General Education Development	1	-
Institute - Certification	1	-
Institute - Institute	346	-
Institute - Technology	17,400	-
Total	<u>\$ 80,826</u>	<u>\$ 80,826</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 13: OPERATING LEASES

Lease 1: During the fiscal year ended June 30, 2010, the Regional Office of Education #21 entered into a lease agreement for office space for their Project ECHO and S.T.A.R. Quest location at 17466 Route 37 Marion, Illinois in Williamson County. This lease called for an advanced rent payment of \$50,000, upon execution of the lease, and monthly payments of \$3,140 beginning July 1, 2009 and extending through June 30, 2014. Lease expense for fiscal year 2013 was \$37,680.

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

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

Fiscal Year	
2014	\$ <u>38,774</u>

NOTE 14: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Generally accepted accounting principles require disclosure of certain information concerning individual funds which are presented only in combination on the financial statements. Funds having deficit fund balances/net 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, 2013:

General Funds		
Academic Achievement	\$	1,310
Nonmajor Special Revenue Funds		
General Education Development	\$	3,160
Institute Fund – Certification Fund	\$	1,985

NOTE 15: PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2013, it was determined that a building owned by the Regional Office of Education #21 had been disposed of during the prior year, but the recording of the disposal had been inadvertently omitted from the financial statements. A prior period adjustment was necessary to properly remove the building and related accumulated depreciation. Following is the effect of this prior period adjustment on beginning net position for Governmental Activities in the Statement of Activities:

Governmental Activities		
Net Position, July 1, 2012	\$	1,012,414
Effect of removing capital asset (building)		(47,000)
Effect of removing related accumulated depreciation		<u>15,275</u>
Net Position, July 1, 2012, Restated	\$	<u>980,689</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 16: SUBSEQUENT EVENT

As a result of Public Act 97-703, the State of Illinois will reduce the number of regional offices of education through consolidation. The Regional Office of Education #21 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.

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
June 30, 2013**

UNAUDITED

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/12	\$1,012,873	\$1,050,257	\$37,384	96.44%	\$352,812	10.60%
12/31/11	900,962	954,792	53,830	94.36%	349,817	15.39%
12/31/10	842,195	917,426	75,231	91.80%	372,796	20.18%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$1,037,217. On a market basis, the funded ratio would be 98.76%.

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

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS
SCHEDULE OF FUNDING PROGRESS
June 30, 2013**

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)
6/30/13	\$ -	\$ 9,664	\$ 9,664	0%	\$ 361,909	2.67%
6/30/12	-	8,638	8,638	0%	348,026	2.48%
6/30/11	-	7,612	7,612	0%	347,674	2.19%

OTHER SUPPLEMENTAL INFORMATION

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2013**

	County Budget	ECHO	Enterprise/ Workshop	General Operating	School Facility Occupation Tax Interest Allocation	Interest Allocation
Assets						
Cash and cash equivalents	\$ -	\$ 55,983	\$ 67,560	\$ 92,577	\$ 12,000	\$ 19,572
Due from other funds	-	120,981	700	9,517	9	-
Accounts receivable	-	-	100	992	-	-
Due from other governments	-	75,871	328	365	199	-
Prepaid expenses	-	10,180	50	17,075	-	-
Total Assets	<u>\$ -</u>	<u>\$ 263,015</u>	<u>\$ 68,738</u>	<u>\$ 120,526</u>	<u>\$ 12,208</u>	<u>\$ 19,572</u>
Liabilities						
Accounts payable	\$ -	\$ 1,400	\$ 294	\$ 1,977	\$ -	\$ -
Accrued wages and benefits	-	76,365	-	-	-	-
Due to other funds	-	-	-	-	-	19,005
Due to other governments	-	43,801	-	-	-	567
Unearned revenue	-	-	100	294	-	-
Total Liabilities	<u>-</u>	<u>121,566</u>	<u>394</u>	<u>2,271</u>	<u>-</u>	<u>19,572</u>
Fund Balance						
Nonspendable	-	10,180	50	17,075	-	-
Assigned	-	131,269	-	-	-	-
Unassigned	-	-	68,294	101,180	12,208	-
Total Fund Balances (Deficits)	<u>-</u>	<u>141,449</u>	<u>68,344</u>	<u>118,255</u>	<u>12,208</u>	<u>-</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ -</u>	<u>\$ 263,015</u>	<u>\$ 68,738</u>	<u>\$ 120,526</u>	<u>\$ 12,208</u>	<u>\$ 19,572</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2013**

	Prevention Social Marketing	Academic Achievement	General State Aid Safe Schools	Williamson County Film Library	Total
Assets					
Cash and cash equivalents	\$ 40	\$ -	\$ 46,522	\$ -	\$ 294,254
Due from other funds	4	91	120,157	-	251,459
Accounts receivable	-	-	-	-	1,092
Due from other governments	-	-	-	-	76,763
Prepaid expenses	-	-	3,801	-	31,106
Total Assets	<u>\$ 44</u>	<u>\$ 91</u>	<u>\$ 170,480</u>	<u>\$ -</u>	<u>\$ 654,674</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ 581	\$ -	\$ 4,252
Accrued wages and benefits	-	-	16,506	-	92,871
Due to other funds	-	1,401	-	-	20,406
Due to other governments	-	-	10	-	44,378
Unearned revenue	-	-	-	-	394
Total Liabilities	<u>-</u>	<u>1,401</u>	<u>17,097</u>	<u>-</u>	<u>162,301</u>
Fund Balance					
Nonspendable	-	-	3,801	-	31,106
Assigned	-	-	-	-	131,269
Unassigned	44	(1,310)	149,582	-	329,998
Total Fund Balances (Deficits)	<u>44</u>	<u>(1,310)</u>	<u>153,383</u>	<u>-</u>	<u>492,373</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 44</u>	<u>\$ 91</u>	<u>\$ 170,480</u>	<u>\$ -</u>	<u>\$ 654,674</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, 2013**

	County Budget	ECHO	Enterprise/ Workshop	General Operating	School Facility Occupation Tax Interest Allocation	Interest Allocation
Revenues						
Local sources	\$ -	\$ 188,076	\$ 21,612	\$ 41,707	\$ 3,333	\$ -
State sources	-	763,883	-	-	-	-
On Behalf Payments	225,610	-	-	552,236	-	-
Total Revenue	<u>225,610</u>	<u>951,959</u>	<u>21,612</u>	<u>593,943</u>	<u>3,333</u>	<u>-</u>
Expenditures						
Salaries	-	743,971	-	-	-	-
Employee benefits	-	140,353	-	-	-	-
Purchased services	-	170,569	20,112	33,489	3,108	-
Supplies and materials	-	35,894	4,302	2,425	154	-
Capital outlay	-	13,467	-	-	630	-
Other	-	-	-	25	-	567
Payments to other government units	-	66,000	-	-	-	-
Payments made on behalf of region	225,610	-	-	552,236	-	-
Total Expenditures	<u>225,610</u>	<u>1,170,254</u>	<u>24,414</u>	<u>588,175</u>	<u>3,892</u>	<u>567</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(218,295)</u>	<u>(2,802)</u>	<u>5,768</u>	<u>(559)</u>	<u>(567)</u>
Other Financing Sources (Uses)						
Transfers in	-	6,099	700	9,517	9	-
Transfers out	-	(43,707)	-	(628)	-	(19,005)
Interest	-	-	-	-	-	1,227
Total Other Financing Sources (Uses)	<u>-</u>	<u>(37,608)</u>	<u>700</u>	<u>8,889</u>	<u>9</u>	<u>(17,778)</u>
Net Change in Fund Balance	-	(255,903)	(2,102)	14,657	(550)	(18,345)
Fund Balances - Beginning	<u>-</u>	<u>397,352</u>	<u>70,446</u>	<u>103,598</u>	<u>12,758</u>	<u>18,345</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 141,449</u>	<u>\$ 68,344</u>	<u>\$ 118,255</u>	<u>\$ 12,208</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the Year Ended June 30, 2013**

	Prevention Social Marketing	Academic Achievement	General State Aid Safe Schools	Williamson County Film Library	Total
Revenues					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 254,728
State sources	-	-	70,932	-	834,815
On Behalf Payments	-	-	-	-	777,846
Total Revenue	<u>-</u>	<u>-</u>	<u>70,932</u>	<u>-</u>	<u>1,867,389</u>
Expenditures					
Salaries	-	-	74,731	-	818,702
Employee benefits	-	-	14,800	-	155,153
Purchased services	585	2,896	29,501	-	260,260
Supplies and materials	39	311	7,835	-	50,960
Capital outlay	-	-	-	-	14,097
Other	-	-	-	-	592
Payments to other government units	-	-	-	-	66,000
Payments made on behalf of region	-	-	-	-	777,846
Total Expenditures	<u>624</u>	<u>3,207</u>	<u>126,867</u>	<u>-</u>	<u>2,143,610</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(624)</u>	<u>(3,207)</u>	<u>(55,935)</u>	<u>-</u>	<u>(276,221)</u>
Other Financing Sources (Uses)					
Transfers in	4	91	1,857	-	18,277
Transfers out	-	-	(398)	(17,088)	(80,826)
Interest	-	-	-	-	1,227
Total Other Financing Sources (Uses)	<u>4</u>	<u>91</u>	<u>1,459</u>	<u>(17,088)</u>	<u>(61,322)</u>
Net Change in Fund Balance	(620)	(3,116)	(54,476)	(17,088)	(337,543)
Fund Balance - Beginning	<u>664</u>	<u>1,806</u>	<u>207,859</u>	<u>17,088</u>	<u>829,916</u>
Fund Balance - Ending	<u>\$ 44</u>	<u>\$ (1,310)</u>	<u>\$ 153,383</u>	<u>\$ -</u>	<u>\$ 492,373</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2013**

	FY12 McKinney Education for Homeless Children	FY13 McKinney Education for Homeless Children	FY12 Illinois Family Violence Prevention	Substance Abuse Prevention & Treatment Block Grant	New Principal Mentoring Program
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 5,368
Due from other funds	-	-	-	-	31
Due from other governments	-	114,101	-	46,927	-
Prepaid expenses	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 114,101</u>	<u>\$ -</u>	<u>\$ 46,927</u>	<u>\$ 5,399</u>
Liabilities					
Due to other funds	\$ -	\$ 88,127	\$ -	\$ 46,927	\$ -
Due to other governments	-	25,974	-	-	-
Total Liabilities	<u>-</u>	<u>114,101</u>	<u>-</u>	<u>46,927</u>	<u>-</u>
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	5,399
Total Fund Balance (Deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,399</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ -</u>	<u>\$ 114,101</u>	<u>\$ -</u>	<u>\$ 46,927</u>	<u>\$ 5,399</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2013**

	Other System of Support	FY12 System of Support	Title II Teacher Quality Leadership	FY12 Partnership for College and Career Success	FY13 Partnership for College and Career Success
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-
Due from other governments	-	-	4,700	-	26,755
Prepaid expenses	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,700</u>	<u>\$ -</u>	<u>\$ 26,755</u>
Liabilities					
Due to other funds	\$ -	\$ -	\$ 4,700	\$ -	\$ 26,755
Due to other governments	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>4,700</u>	<u>-</u>	<u>26,755</u>
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Total Fund Balance (Deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,700</u>	<u>\$ -</u>	<u>\$ 26,755</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2013**

	Title II Teacher Quality ECHO	Title I & Title II System of Support	WIA Youth Activities	Child Nutrition ECHO
Assets				
Cash and cash equivalents	\$ -	\$ 4,027	\$ -	\$ 3,519
Due from other funds	-	-	-	-
Due from other governments	250	2,863	-	-
Prepaid expenses	-	-	-	-
Total Assets	\$ 250	\$ 6,890	\$ -	\$ 3,519
 Liabilities				
Due to other funds	\$ 250	\$ -	\$ -	\$ -
Due to other governments	-	6,890	-	-
Total Liabilities	250	6,890	-	-
 Fund Balance				
Nonspendable	-	-	-	-
Restricted	-	-	-	3,519
Total Fund Balance (Deficit)	-	-	-	3,519
Total Liabilities and Fund Balances (Deficits)	\$ 250	\$ 6,890	\$ -	\$ 3,519

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2013**

	ROE/ISC Operations	Regional Safe Schools	Truants Alternative/ Optional Education	Total
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 12,914
Due from other funds	-	-	-	31
Due from other governments	2,472	11,676	-	209,744
Prepaid expenses	326	-	-	326
Total Assets	<u>\$ 2,798</u>	<u>\$ 11,676</u>	<u>\$ -</u>	<u>\$ 223,015</u>
Liabilities				
Due to other funds	\$ 2,472	\$ 11,676	\$ -	\$ 180,907
Due to other governments	-	-	-	32,864
Total Liabilities	<u>2,472</u>	<u>11,676</u>	<u>-</u>	<u>213,771</u>
Fund Balance				
Nonspendable	326	-	-	326
Restricted	-	-	-	8,918
Total Fund Balance (Deficit)	<u>326</u>	<u>-</u>	<u>-</u>	<u>9,244</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 2,798</u>	<u>\$ 11,676</u>	<u>\$ -</u>	<u>\$ 223,015</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, 2013**

	FY12 McKinney Education for Homeless Children	FY13 McKinney Education for Homeless Children	FY12 Illinois Family Violence Prevention	Substance Abuse Prevention & Treatment Block Grant	New Principal Mentoring Program
Revenues					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	10,486	18,162	-
Federal sources	56,030	180,626	-	201,838	-
Total Revenue	<u>56,030</u>	<u>180,626</u>	<u>10,486</u>	<u>220,000</u>	<u>-</u>
Expenditures					
Salaries	7,368	38,070	6,298	136,692	-
Employee benefits	3,826	19,742	481	25,213	-
Purchased services	2,187	10,331	3,671	36,356	-
Supplies and materials	2,402	6,924	36	13,092	-
Capital outlay	722	-	-	8,647	-
Payments to other government units	39,525	105,559	-	-	-
Total Expenditures	<u>56,030</u>	<u>180,626</u>	<u>10,486</u>	<u>220,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	31
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31</u>
Net Change in Fund Balance	-	-	-	-	31
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,368</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,399</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, 2013**

	Other System of Support	FY12 System of Support	Title II Teacher Quality Leadership	FY12 Partnership for College and Career Success	FY13 Partnership for College and Career Success
Revenues					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	10,858	93,209
Federal sources	-	23,081	4,700	-	-
Total Revenue	<u>-</u>	<u>23,081</u>	<u>4,700</u>	<u>10,858</u>	<u>93,209</u>
Expenditures					
Salaries	-	3,333	-	-	62,720
Employee benefits	-	1,527	-	-	11,842
Purchased services	-	500	4,700	180	17,573
Supplies and materials	341	-	-	53	1,074
Capital outlay	-	-	-	-	-
Payments to other government units	2,460	9,574	-	-	-
Total Expenditures	<u>2,801</u>	<u>14,934</u>	<u>4,700</u>	<u>233</u>	<u>93,209</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,801)</u>	<u>8,147</u>	<u>-</u>	<u>10,625</u>	<u>-</u>
Other Financing Sources (Uses)					
Transfers in	-	7,404	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>7,404</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(2,801)	15,551	-	10,625	-
Fund Balance (Deficit) - Beginning	<u>2,801</u>	<u>(15,551)</u>	<u>-</u>	<u>(10,625)</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2013**

	Title II Teacher Quality ECHO	Title I & Title II System of Support	WIA Youth Activities	Child Nutrition ECHO
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ 3,429
State sources	-	-	-	1,074
Federal sources	250	43,803	38,500	35,576
Total Revenue	<u>250</u>	<u>43,803</u>	<u>38,500</u>	<u>40,079</u>
Expenditures				
Salaries	-	27,775	59,722	-
Employee benefits	-	13,095	12,237	-
Purchased services	250	2,933	2,102	-
Supplies and materials	-	-	742	37,272
Capital outlay	-	-	-	-
Payments to other government units	-	-	-	-
Total Expenditures	<u>250</u>	<u>43,803</u>	<u>74,803</u>	<u>37,272</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(36,303)</u>	<u>2,807</u>
Other Financing Sources (Uses)				
Transfers in	-	-	36,303	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>36,303</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	2,807
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>712</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,519</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, 2013**

	ROE/ISC Operations	Regional Safe Schools	Truants Alternative/ Optional Education	Total
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ 3,429
State sources	29,609	70,056	39,343	272,797
Federal sources	-	-	-	584,404
Total Revenue	<u>29,609</u>	<u>70,056</u>	<u>39,343</u>	<u>860,630</u>
Expenditures				
Salaries	14,000	57,646	31,300	444,924
Employee benefits	3,474	12,205	5,061	108,703
Purchased services	11,668	603	2,928	95,982
Supplies and materials	990	-	54	62,980
Capital outlay	-	-	-	9,369
Payments to other government units	-	-	-	157,118
Total Expenditures	<u>30,132</u>	<u>70,454</u>	<u>39,343</u>	<u>879,076</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(523)</u>	<u>(398)</u>	<u>-</u>	<u>(18,446)</u>
Other Financing Sources (Uses)				
Transfers in	<u>628</u>	<u>398</u>	<u>-</u>	<u>44,764</u>
Total Other Financing Sources (Uses)	<u>628</u>	<u>398</u>	<u>-</u>	<u>44,764</u>
Net Change in Fund Balance	105	-	-	26,318
Fund Balance (Deficit) - Beginning	<u>221</u>	<u>-</u>	<u>-</u>	<u>(17,074)</u>
Fund Balance (Deficit) - Ending	<u>\$ 326</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,244</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011 to September 30, 2012)
EDUCATION FUND ACCOUNTS
FY12 MCKINNEY EDUCATION FOR HOMELESS CHILDREN
For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 170,626	\$ 197,626	\$ 56,030
Total Revenues	<u>170,626</u>	<u>197,626</u>	<u>56,030</u>
Expenditures			
Salaries	39,500	46,185	7,368
Employee benefits	18,733	22,067	3,826
Purchased services	9,974	12,270	2,187
Supplies and materials	5,419	6,419	2,402
Capital outlay	-	600	722
Payments to other government units	97,000	110,085	39,525
Total Expenditures	<u>170,626</u>	<u>197,626</u>	<u>56,030</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, 2012 to June 30, 2013)
EDUCATION FUND ACCOUNTS
FY13 MCKINNEY EDUCATION FOR HOMELESS CHILDREN
For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 170,626	\$ 180,626	\$ 180,626
Total Revenues	<u>170,626</u>	<u>180,626</u>	<u>180,626</u>
Expenditures			
Salaries	39,500	39,500	38,070
Employee benefits	21,012	21,012	19,742
Purchased services	9,372	9,572	10,331
Supplies and materials	3,742	5,209	6,924
Payments to other government units	97,000	105,333	105,559
Total Expenditures	<u>170,626</u>	<u>180,626</u>	<u>180,626</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of January 1, 2012 to December 31, 2012)
EDUCATION FUND ACCOUNTS
FY12 ILLINOIS FAMILY VIOLENCE PREVENTION
For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 19,500	\$ 19,500	\$ 10,486
Total Revenues	<u>19,500</u>	<u>19,500</u>	<u>10,486</u>
Expenditures			
Salaries	12,595	12,595	6,298
Employee benefits	1,306	1,598	481
Purchased services	5,300	5,271	3,671
Supplies and materials	299	36	36
Total Expenditures	<u>19,500</u>	<u>19,500</u>	<u>10,486</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, 2012 to June 30, 2013)
EDUCATION FUND ACCOUNTS
SUBSTANCE ABUSE PREVENTION & TREATMENT BLOCK GRANT
For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 18,162	\$ 18,162	\$ 18,162
Federal sources	201,838	201,838	201,838
Total Revenues	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>
Expenditures			
Salaries	139,876	136,692	136,692
Employee benefits	26,102	25,318	25,213
Purchased services	34,512	36,300	36,356
Supplies and materials	13,090	13,090	13,092
Capital outlay	6,420	8,600	8,647
Total Expenditures	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of June 10, 2013 to September 30, 2013)
EDUCATION FUND ACCOUNTS
TITLE II TEACHER QUALITY - LEADERSHIP
For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 4,700	\$ 4,700	\$ 4,700
Total Revenues	<u>4,700</u>	<u>4,700</u>	<u>4,700</u>
Expenditures			
Purchased services	4,700	4,700	4,700
Total Expenditures	<u>4,700</u>	<u>4,700</u>	<u>4,700</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2011 to June 30, 2012)
EDUCATION FUND ACCOUNTS
FY12 PARTNERSHIP FOR COLLEGE AND CAREER SUCCESS
For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 85,417	\$ 86,976	\$ 10,858
Total Revenues	<u>85,417</u>	<u>86,976</u>	<u>10,858</u>
Expenditures			
Salaries	61,188	61,660	-
Employee benefits	11,546	11,633	-
Purchased services	9,018	12,266	180
Supplies and materials	3,665	1,417	53
Total Expenditures	<u>85,417</u>	<u>86,976</u>	<u>233</u>
Net Change in Fund Balance	-	-	10,625
Fund Balance (Deficit) - Beginning	<u>-</u>	<u>-</u>	<u>(10,625)</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, 2012 to June 30, 2013)
EDUCATION FUND ACCOUNTS
FY13 PARTNERSHIP FOR COLLEGE AND CAREER SUCCESS
For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 86,976	\$ 93,209	\$ 93,209
Total Revenues	<u>86,976</u>	<u>93,209</u>	<u>93,209</u>
Expenditures			
Salaries	61,660	62,720	62,720
Employee benefits	11,633	11,809	11,842
Purchased services	10,018	14,015	17,573
Supplies and materials	3,665	4,665	1,074
Total Expenditures	<u>86,976</u>	<u>93,209</u>	<u>93,209</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 May 7, 2013 to August 31, 2013)
EDUCATION FUND ACCOUNTS
TITLE II TEACHER QUALITY - ECHO
For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Federal sources	\$ 1,684	\$ 1,684	\$ 250
Total Revenues	<u>1,684</u>	<u>1,684</u>	<u>250</u>
Expenditures			
Purchased services	1,100	1,100	250
Supplies and materials	584	584	-
Total Expenditures	<u>1,684</u>	<u>1,684</u>	<u>250</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, 2012 to June 30, 2013)
EDUCATION FUND ACCOUNTS
ROE/ISC OPERATIONS
For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 29,607	\$ 29,609	\$ 29,609
Total Revenues	<u>29,607</u>	<u>29,609</u>	<u>29,609</u>
Expenditures			
Salaries	14,000	14,000	14,000
Employee benefits	3,430	3,430	3,474
Purchased services	11,677	11,677	11,668
Supplies and materials	500	502	990
Total Expenditures	<u>29,607</u>	<u>29,609</u>	<u>30,132</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			<u>(523)</u>
Other Financing Sources (Uses)			
Transfers in			628
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>628</u>
Net Change in Fund Balance	-	-	105
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>221</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 326</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN AND WILLIAMSON COUNTIES
BUDGETARY COMPARISON SCHEDULE
(For the Period of July 1, 2012 to June 30, 2013)
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS
For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 70,056	\$ 70,056	\$ 70,056
Total Revenues	<u>70,056</u>	<u>70,056</u>	<u>70,056</u>
Expenditures			
Salaries	57,108	57,108	57,646
Employee benefits	9,940	9,940	12,205
Purchased services	1,661	1,661	603
Supplies and materials	1,347	1,347	-
Total Expenditures	<u>70,056</u>	<u>70,056</u>	<u>70,454</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			<u>(398)</u>
Other Financing Sources (Uses):			
Transfers in	-	-	398
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>398</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, 2012 to June 30, 2013)
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION
For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
State sources	\$ 39,326	\$ 39,326	\$ 39,343
Total Revenues	<u>39,326</u>	<u>39,326</u>	<u>39,343</u>
Expenditures			
Salaries	31,300	31,300	31,300
Employee benefits	5,099	5,099	5,061
Purchased services	2,840	2,840	2,928
Supplies and materials	87	87	54
Total Expenditures	<u>39,326</u>	<u>39,326</u>	<u>39,343</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, 2013**

	<u>Bus Driver Permit</u>	<u>General Education Development</u>	<u>Institute Fund</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 7,285	\$ -	\$ 86,819	\$ 94,104
Due from other funds	37	1	659	697
Accounts receivable	-	-	4,361	4,361
Due from other governments	-	401	-	401
Prepaid expenses	-	212	-	212
Total Assets	<u>\$ 7,322</u>	<u>\$ 614</u>	<u>\$ 91,839</u>	<u>\$ 99,775</u>
Liabilities				
Accounts payable	\$ 201	\$ -	\$ 113	\$ 314
Due to other funds	-	2,638	1,936	4,574
Due to other governments	-	1,136	-	1,136
Total Liabilities	<u>201</u>	<u>3,774</u>	<u>2,049</u>	<u>6,024</u>
Fund Balance				
Nonspendable	-	212	-	212
Restricted	7,121	-	91,775	98,896
Unassigned	-	(3,372)	(1,985)	(5,357)
Total Fund Balance (Deficit)	<u>7,121</u>	<u>(3,160)</u>	<u>89,790</u>	<u>93,751</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 7,322</u>	<u>\$ 614</u>	<u>\$ 91,839</u>	<u>\$ 99,775</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, 2013**

	Bus Driver Permit	General Education Development	Institute Fund	Total
Revenues				
Local sources	\$ 2,136	\$ 18,331	\$ 58,405	\$ 78,872
State sources	779	-	-	779
Total Revenues	<u>2,915</u>	<u>18,331</u>	<u>58,405</u>	<u>79,651</u>
Expenditures				
Purchased services	225	6,168	49,124	55,517
Supplies and materials	100	2,498	711	3,309
Other	-	62	-	62
Total Expenditures	<u>325</u>	<u>8,728</u>	<u>49,835</u>	<u>58,888</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>2,590</u>	<u>9,603</u>	<u>8,570</u>	<u>20,763</u>
Other Financing Sources (Uses)				
Transfers in	37	1	17,747	17,785
Total Other Financing Sources (Uses)	<u>37</u>	<u>1</u>	<u>17,747</u>	<u>17,785</u>
Net Change in Fund Balance	2,627	9,604	26,317	38,548
Fund Balance (Deficit) - Beginning	<u>4,494</u>	<u>(12,764)</u>	<u>63,473</u>	<u>55,203</u>
Fund Balance (Deficit) - Ending	<u>\$ 7,121</u>	<u>\$ (3,160)</u>	<u>\$ 89,790</u>	<u>\$ 93,751</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING SCHEDULE OF ACCOUNTS
INSTITUTE FUND ACCOUNTS
June 30, 2013**

	<u>Certification</u>	<u>Institute</u>	<u>Technology</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ -	\$ 35,353	\$ 51,466	\$ 86,819
Due from other funds	1	346	312	659
Accounts receivable	-	4,360	1	4,361
Total Assets	<u>\$ 1</u>	<u>\$ 40,059</u>	<u>\$ 51,779</u>	<u>\$ 91,839</u>
Liabilities				
Accounts payable	\$ 50	\$ 63	\$ -	\$ 113
Due to other funds	<u>1,936</u>	<u>-</u>	<u>-</u>	<u>1,936</u>
Total Liabilities	<u>1,986</u>	<u>63</u>	<u>-</u>	<u>2,049</u>
Fund Balance				
Restricted	-	39,996	51,779	91,775
Unassigned	<u>(1,985)</u>	<u>-</u>	<u>-</u>	<u>(1,985)</u>
Total Fund Balance (Deficit)	<u>(1,985)</u>	<u>39,996</u>	<u>51,779</u>	<u>89,790</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 1</u>	<u>\$ 40,059</u>	<u>\$ 51,779</u>	<u>\$ 91,839</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, 2013**

	<u>Certification</u>	<u>Institute</u>	<u>Technology</u>	<u>Total</u>
Revenues				
Local sources	\$ 11,764	\$ 21,050	\$ 25,591	\$ 58,405
Total Revenues	<u>11,764</u>	<u>21,050</u>	<u>25,591</u>	<u>58,405</u>
Expenditures				
Purchased services	12,285	27,813	9,026	49,124
Supplies and materials	-	649	62	711
Total Expenditures	<u>12,285</u>	<u>28,462</u>	<u>9,088</u>	<u>49,835</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(521)</u>	<u>(7,412)</u>	<u>16,503</u>	<u>8,570</u>
Other Financing Sources (Uses)				
Transfers in	<u>1</u>	<u>346</u>	<u>17,400</u>	<u>17,747</u>
Total Other Financing Sources (Uses)	<u>1</u>	<u>346</u>	<u>17,400</u>	<u>17,747</u>
Net Change in Fund Balance	(520)	(7,066)	33,903	26,317
Fund Balance (Deficit) - Beginning	<u>(1,465)</u>	<u>47,062</u>	<u>17,876</u>	<u>63,473</u>
Fund Balance (Deficit) - Ending	<u>\$ (1,985)</u>	<u>\$ 39,996</u>	<u>\$ 51,779</u>	<u>\$ 89,790</u>

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2013**

	School Facility Occupation Tax	Franklin County Regional Delivery System	Total Agency Funds
Assets			
Cash and cash equivalents	\$ 201	\$ -	\$ 201
Due from other governments	1,575,594	34,003	1,609,597
Total Assets	\$ 1,575,795	\$ 34,003	\$ 1,609,798
Liabilities			
Due to other governments	\$ 1,575,795	\$ 34,003	\$ 1,609,798
Total Liabilities	\$ 1,575,795	\$ 34,003	\$ 1,609,798

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2013**

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
<u>School Facility Occupation Tax</u>				
Assets				
Cash and cash equivalents	\$ 272	\$ 12,204,424	\$ 12,204,495	\$ 201
Due from other governments	<u>1,583,070</u>	<u>1,575,594</u>	<u>1,583,070</u>	<u>1,575,594</u>
Total Assets	<u>\$ 1,583,342</u>	<u>\$ 13,780,018</u>	<u>\$ 13,787,565</u>	<u>\$ 1,575,795</u>
Liabilities				
Due to other governments	<u>\$ 1,583,342</u>	<u>\$ 1,575,795</u>	<u>\$ 1,583,342</u>	<u>\$ 1,575,795</u>
Total Liabilities	<u>\$ 1,583,342</u>	<u>\$ 1,575,795</u>	<u>\$ 1,583,342</u>	<u>\$ 1,575,795</u>
<u>Franklin County Regional Delivery System</u>				
Assets				
Due from other governments	<u>\$ 72,581</u>	<u>\$ 34,003</u>	<u>\$ 72,581</u>	<u>\$ 34,003</u>
Total Assets	<u>\$ 72,581</u>	<u>\$ 34,003</u>	<u>\$ 72,581</u>	<u>\$ 34,003</u>
Liabilities				
Due to other governments	<u>\$ 72,581</u>	<u>\$ 34,003</u>	<u>\$ 72,581</u>	<u>\$ 34,003</u>
Total Liabilities	<u>\$ 72,581</u>	<u>\$ 34,003</u>	<u>\$ 72,581</u>	<u>\$ 34,003</u>
<u>Total</u>				
Assets				
Cash and cash equivalents	\$ 272	\$ 12,204,424	\$ 12,204,495	\$ 201
Due from other governments	<u>1,655,651</u>	<u>1,609,597</u>	<u>1,655,651</u>	<u>1,609,597</u>
Total Assets	<u>\$ 1,655,923</u>	<u>\$ 13,814,021</u>	<u>\$ 13,860,146</u>	<u>\$ 1,609,798</u>
Liabilities				
Due to other governments	<u>\$ 1,655,923</u>	<u>\$ 1,609,798</u>	<u>\$ 1,655,923</u>	<u>\$ 1,609,798</u>
Total Liabilities	<u>\$ 1,655,923</u>	<u>\$ 1,609,798</u>	<u>\$ 1,655,923</u>	<u>\$ 1,609,798</u>

FEDERAL COMPLIANCE SECTION

**REGIONAL OFFICE OF EDUCATION #21
FRANKLIN-WILLIAMSON COUNTIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013**

Federal Grantor/ Pass-Through Grantor/ <u>Program or Cluster Title</u>	<u>CFDA Number</u>	ISBE Project # (1st 8 digits) <u>or Contract #</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF EDUCATION			
passed through Illinois State Board of Education			
Improving Teacher Quality State Grants			
Title II - Teacher Quality	84.367A	13-4932-00	250
Title II - Teacher Quality - Leadership	84.367A	13-4935-02	4,700
passed through Regional Office of Education #2			
Improving Teacher Quality State Grants			
System of Support - Title II - Teacher Quality	84.367A	13-4932-SS	8,000
			<u>12,950</u>
passed through Illinois State Board of Education			
Education for Homeless Children and Youth			
McKinney Education for Homeless Children	84.196A	12-4920-00	56,030 (M)
McKinney Education for Homeless Children	84.196A	13-4920-00	180,626 (M)
			<u>236,656</u>
passed through Regional Office of Education #2			
Title I Grants to Local Educational Agencies			
System of Support - Title I - Grants to Local Educational Agencies	84.010A	12-4331-SS	7,530
System of Support - Title I - Grants to Local Educational Agencies	84.010A	13-4331-SS	35,803
			<u>43,333</u>
TOTAL US DEPARTMENT OF EDUCATION			<u>292,939</u>
U.S. DEPARTMENT OF AGRICULTURE			
passed through Illinois State Board of Education			
Child School Nutrition Cluster			
School Breakfast Program	10.553	12-4220-00	1,797
School Breakfast Program	10.553	13-4220-00	9,786
			<u>11,583</u>
National School Lunch Program			
National School Lunch Program	10.555	12-4210-00	3,203
National School Lunch Program	10.555	13-4210-00	20,790
			<u>23,993</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>35,576</u>
U.S. DEPARTMENT OF LABOR			
passed through Man-Tra-Con Corp.			
WIA Youth Activities	17.259	N/A	<u>38,500</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
passed through Illinois Department of Human Services			
Substance Abuse Prevention and Treatment Block Grant	93.959	FCSRE01399	<u>201,838 (M)</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 568,853</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, 2013**

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: \$145,084

Program Title: System of Support - Title I - Grants to Local Educational Agencies
Federal CFDA #: 84.010A
Amount provided to subrecipients: \$9,574

NOTE 3: DESCRIPTION OF MAJOR FEDERAL PROGRAMS

McKinney Education for Homeless Children

This program provides information to schools, community members, and government entities about the educational rights of homeless students.

Substance Abuse Prevention and Treatment Block Grant

This program supports prevention professionals trained to assist communities and schools with the knowledge and skills for effective alcohol, tobacco, and other drug prevention.

NOTE 4: NON-CASH ASSISTANCE

None

NOTE 5: AMOUNT OF INSURANCE

None

NOTE 6: LOANS OR LOAN GUARANTEES OUTSTANDING

None