

**State of Illinois
FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
FINANCIAL AUDIT
For the Year Ended June 30, 2009**

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

TABLE OF CONTENTS

	<u>Page</u>
Officials	4
Financial Report Summary	5
Financial Statement Report Summary	6
Independent Auditors' Report	7-8
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	9-10

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AND AUDITEE CORRECTIVE ACTION PLAN

Schedule of Findings and Questioned Costs	
Section I - Summary of Auditor's Results	11-12
Section II - Financial Statement Findings	13-14
Section III – Federal Award Findings	15
Corrective Action Plan for Current-Year Audit Findings	16
Summary Schedule of Prior Audit Findings	17

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis	18-22
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BASIC FINANCIAL STATEMENTS

Government-wide financial statements:	
Statement of Net Assets	23
Statement of Activities	24

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22

TABLE OF CONTENTS

BASIC FINANCIAL STATEMENTS - CONTINUED

Fund Financial Statements:	
Balance Sheet – Governmental Funds	25
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	26
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Funds	28
Statement of Net Assets – Proprietary Funds	29
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	30
Statement of Cash Flows – Proprietary Funds	31
 Notes to the Financial Statements	 32-45

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

Illinois Municipal Retirement Fund – Schedule of Funding Progress	46
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OTHER SUPPLEMENTARY INFORMATION

Combining Schedule of Accounts – General Fund	47
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - General Fund Accounts	48
Combining Schedule of Accounts – Education Fund	49
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Education Fund Accounts	50
Budgetary Comparison Schedules – Education Fund Accounts	51-52
Combining Balance Sheet – Nonmajor Special Revenue Funds	53
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	54

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22

OFFICIALS

Regional Superintendent

Ms. Louise Bassett
(current and during audit period)

Assistant Regional Superintendent

Ms. Barbara Closen
(during audit period)
Mr. Alan Coleman (current)

Offices are located at:

Fulton County Courthouse
257 W. Lincoln Ave.
Lewistown, Illinois 61542

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

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)			
09-1	13-14	Controls over financial reporting	Material Weakness

EXIT CONFERENCE

An informal exit conference was held on August 25, 2009. Attending were Regional Superintendent Louise Bassett and auditor Mark Reinken of Ginoli & Company Ltd. Responses to the recommendations were provided by Louise Bassett on October 30, 2009.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying basic financial statements of Fulton/Schuyler Counties Regional Office of Education #22 was performed by Ginoli & Company Ltd.

Based on their audit, the auditors expressed an unqualified opinion on the agency's basic financial statements.



INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fulton/Schuyler Counties Regional Office of Education #22, as of and for the year ended June 30, 2009, which collectively comprise the Fulton/Schuyler Counties Regional Office of Education #22's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Fulton/Schuyler Counties Regional Office of Education #22's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fulton/Schuyler Counties Regional Office of Education #22, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2010 on our consideration of Fulton/Schuyler Counties Regional Office of Education #22'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 18 through 22 and Illinois Municipal Retirement Fund Schedule of Funding Progress on page 46 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fulton/Schuyler Counties Regional Office of Education #22's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



GINOLI & COMPANY LTD
Certified Public Accountants

Peoria, Illinois
January 25, 2010



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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Fulton/Schuyler Counties Regional Office of Education #22, as of and for the year ended June 30, 2009, which collectively comprise Fulton/Schuyler Counties Regional Office of Education #22's basic financial statements and have issued our report thereon dated January 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Fulton/Schuyler Counties Regional Office of Education #22's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fulton/Schuyler Counties Regional Office of Education #22's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Fulton/Schuyler Counties Regional Office of Education #22's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 deficiencies described in finding 09-1 in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fulton/Schuyler Counties Regional Office of Education #22'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*.

Fulton/Schuyler Counties Regional Office of Education #22's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Fulton/Schuyler Counties Regional Office of Education #22's response and, accordingly, we express no opinion on it.

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

GINOLI & COMPANY LTD

GINOLI & COMPANY LTD
Certified Public Accountants

Peoria, Illinois
January 25, 2010

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified
(unqualified, qualified, adverse, disclaimer)

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es) yes X none reported
- Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
Not applicable
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported
Not applicable

Type of auditor's report issued on compliance for major programs: N/A
(unqualified, qualified, adverse, disclaimer)

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? yes no
Not applicable

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009
(CONTINUED)

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
Not applicable	

Dollar threshold used to distinguish between
Type A and Type B programs: \$ N/A

Auditee qualified as low-risk auditee yes no X n/a

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

Section II: Financial Statement Findings:

FINDING NO. 09-1 - Controls Over Financial Reporting (Repeat of prior year finding 08-1 & 07-1)

Criteria/Specific Requirement:

The Fulton/Schuyler Counties Regional Office of Education #22 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

Condition:

The Regional Office does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenues. For example, at June 30, 2009, deferred revenue of \$75,286 was not reflected in the Regional Office's accounting records.
- Numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.

Effect:

Management or employees in the normal course of performing their assigned functions may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

Cause:

According to Regional Office officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements.

Recommendation:

As part of its internal control over the preparation of financial statements, including disclosures, the Regional Office of Education #22 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

Management's Response:

The Regional Office of Education #22 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office management is currently confident with the abilities of the accounting staff to prepare cash basis financial information as needed for reporting throughout the year. Management will review year end reporting controls annually and investigate the cost of training staff to reach an appropriate level of expertise to do a comprehensive preparation and/or review of financial statements. Management will pursue additional training when it is considered cost beneficial since training costs would take away from the funds available to provide educational services for the schools in the region.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009
(Continued)

Section III – Federal Award Findings:

There were no findings for the fiscal year ended June 30, 2009.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
JUNE 30, 2009

Corrective Action Plan

Finding No: 09-1

Condition:

The Regional Office does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenues. For example, at June 30, 2009, deferred revenue of \$75,286 was not reflected in the Regional Office's accounting records.
- Numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.

Corrective Action Plan:

The Regional Office of Education #22 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office management is currently confident with the abilities of the accounting staff to prepare cash basis financial information as needed for reporting throughout the year. Management will review year end reporting controls annually and investigate the cost of training staff to reach an appropriate level of expertise to do a comprehensive preparation and/or review of financial statements. Management will pursue additional training when it is considered cost beneficial since training costs would take away from the funds available to provide educational services for the schools in the region.

Anticipated Date of Completion:

Undetermined

Contact person:

Louise Bassett, Regional Superintendent

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
08-1	Controls over financial reporting	Repeated.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

The Regional Office of Education #22 for the Counties of Fulton and Schuyler 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, 2009. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements, which follow.

2009 Financial Highlights

- Within the Governmental Funds, the General Fund revenues decreased by \$3,968 from \$345,867 in FY08 to \$341,899 in FY09. General Fund expenditures decreased by \$5,093 from \$332,406 in FY08 to \$327,313 in FY09.
- Within the Governmental Funds, the Special Revenue Funds revenue decreased by \$16,942 from \$490,149 in FY08 to \$473,207 in FY09. The Special Revenue Funds expenditures increased by \$1,412 from \$462,843 in FY08 to \$464,255 in FY09.

Using This Report

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office's financial activities.
- The Government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the Regional Office of Education as a whole and present an overall view of the Office's finances.
- 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 needed for a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements and supplementary information provides detail information about the non-major funds.

Reporting the Office as a Whole

The Statement of Net Assets and the Statement of Activities.

The Government-wide statements report information about the Regional Office of Education #22 as a whole. The Statement of Net Assets includes all of the 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, using accounting methods similar to those used by private-sector companies.

The two Government-wide statements report the Office's net assets and how they have changed. Net assets – the difference between the assets and liabilities – are one way to measure the Office's financial health or position.

- Over time, increases or decreases in the net assets can be an indicator of whether financial position is improving or deteriorating, respectively.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

- 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.

The Government-wide financial statements present all of the Office's activities as government activities. Local, state and federal aid finance most of these activities.

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 of Education #22 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

- 1) Governmental funds account for all of the Office's services. These focus on how cash and other financial assets can be readily converted to cash flow in and out and the balances left at year-end 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 Office's programs. The 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 Revenues, Expenditures and Changes in Fund Balances.
- 2) Fiduciary funds are used to account for assets held by the Regional Office of Education #22 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds required financial statements include a Statement of Fiduciary Net Assets. The Office currently has no fiduciary funds.
- 3) Proprietary funds, which include only an internal service fund, are used to account for the goods and services provided by one fund for the benefit of the school districts in the county. The proprietary funds required financial statements include a Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Fund Net Assets, and Statement of Cash Flows.

A summary reconciliation between the Government-wide financial statements and the fund financial statements follows the fund financial statements.

Office-Wide Financial Analysis

As noted earlier, net assets may serve when examined over time as one indicator of the financial position of the Regional Office. The net assets at the end of FY09 totaled \$404,570. At the end of FY08, the net assets were \$395,418. The analysis that follows provides a summary of the Office's net assets at June 30, 2009, and 2008, for the governmental activities.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

CONDENSED STATEMENT OF NET ASSETS

	2009	2008
	Governmental Activities	Governmental Activities
Current Assets	\$ 473,082	\$ 387,755
Capital Assets, being depreciated, Net	17,791	31,477
Total Assets	490,873	419,232
Current Liabilities	86,303	23,814
Long-Term Liabilities	-	-
Total Liabilities	86,303	23,814
Net Assets:		
Invested in Capital Assets, net of related debt	17,791	31,477
Unrestricted	365,024	346,246
Restricted for teacher professional development	21,755	17,695
Total Net Assets	\$ 404,570	\$ 395,418

The Regional Office of Education's net assets increased from FY08 by \$9,152. The increase occurred primarily in the General Fund. The salary and benefit expenses decreased due to an employee's mid-year resignation. General State Aid increased for the Regional Safe School Program. In addition, net assets related to the Teacher Institute Fund are considered restricted for teacher professional development. The following analysis shows the changes in net assets for the years ended June 30, 2009 and 2008.

CHANGES IN NET ASSETS

	2009	2008
	Governmental Activities	Governmental Activities
Revenues:		
Program Revenues:		
Operating grants and contributions	\$ 388,055	\$ 412,121
General revenues:		
Local sources	103,344	100,011
State sources	3,796	2,600
On-behalf payments	308,095	308,032
Loss on disposal of capital assets	-	(1,217)
Investment Income	11,816	13,252
Total Revenues	815,106	834,799
Expenses:		
Program Expenses:		
Salaries and Benefits	339,148	348,373
Purchased Services	120,282	109,851
Supplies and Materials	23,063	19,287
Depreciation Expense	15,286	17,123
Other Objects	80	1,717
Administrative Expenses:		
On-behalf payments	308,095	308,032
Total Expenses	805,954	804,383
Increase in Net Assets	9,152	30,416
Net Assets beginning of year	395,418	365,002
Net Assets end of year	\$ 404,570	\$ 395,418

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

Governmental Activities

For FY09, revenues for governmental activities were \$815,106 which is less than FY08 amounts, and expenses were \$805,954 which is more than FY08 amounts. The Regional Office of Education #22 determined the decrease in revenue resulted from decreased State Aid for Spoon River Academy and decreased TAOEP funding. The increase in expenses was due to the purchase of two new computers.

Financial Analysis of the Regional Office of Education #22 Funds

As previously noted, the Regional Office of Education #22 uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The Agency's Governmental Funds reported combined fund balances of \$385,716.

Governmental Fund Highlights:

- The dollar return on investments (savings and checking accounts), was decreased because of declining interest rates.
- County support for the Regional Office of Education #22 County Budget FY09 remained relatively the same. The Regional Office faced no county-related changes in status during FY09.
- There was an increase in the state aid foundation level to \$5,959 per student from \$5,734.
- Several payments for TAOEP and Alternative School funding were delayed and received after June 30, 2009.

Budgetary Highlights:

The Regional Office of Education #22 annually adopts budgets for several funds. The Education Account and the Special Funds Budgets are prepared by the Regional Superintendent and serve as a guideline for activities and expenditures. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the two County Boards for their approval. The Office Operations Budget covers a fiscal year, which runs from December 1 to November 30. All grant budgets are prepared by the Regional Office of Education #22 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Schedules showing the budget amounts compared to the Office's actual financial activity are included in the supplementary information of this report.

Capital Assets

Capital Assets of the Regional Office of Education #22 include office equipment, computers, audio-visual equipment and office furniture. The Regional Office of Education #22 maintains an inventory of capital assets, which have been accumulated over time. The increase for FY09 was \$1,600 and came as a result of purchasing two computers for the Regional Office. In addition, the Regional Office of Education #22 has adopted a depreciation schedule, which reflects the level of Net Governmental Activities Capital Assets. More detailed information about capital assets is available in Note #5 to the financial statements.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

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 affect its financial health in the future:

- The State of Illinois Foundation level used in the General State Aid calculation has increased to \$6,119 per student.
- The interest rate on investments remains low and will impact interest earned.
- Several grants have remained near or below previous levels. The Regional Office will continue minimal Gifted funding for special projects only.
- The TAOEP grant funding for FY09 increased over the previous year's grant. The TAOEP and RSSP grant funding decreased for FY2010.
- The Regional Office submitted a budget for county support that was greater than the amount requested in FY09 due to increasing travel expenses and cost of living raises for county employees. County budget appropriations have not reached final approval at this time.
- The Regional Office is not receiving FY2010 state grant money in a timely manner.
- Network equipment and computers in the alternative schools will need to be upgraded.
- Additional expenses are expected as a result of The Regional Office being relocated toward the end of the county fiscal year 2009.
- The State of Illinois is in a financial crisis and the Regional Office may see severe cuts in funding for education programs.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Offices' 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 Regional Office of Education #22 at 257 W. Lincoln Avenue, Lewistown, IL 61542.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22

BASIC FINANCIAL STATEMENTS

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
STATEMENT OF NET ASSETS
JUNE 30, 2009

	<u>Primary Government Governmental Activities</u>
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 426,664
Due from other governmental units:	
State	42,374
Federal	172
Other receivable	2,808
Prepaid insurance	1,064
Total current assets	<u>\$ 473,082</u>
Noncurrent assets:	
Capital assets, being depreciated, net	\$ 17,791
Total noncurrent assets	<u>\$ 17,791</u>
Total Assets	<u><u>\$ 490,873</u></u>
<u>LIABILITIES</u>	
Current liabilities:	
Due to other governmental units:	
State	\$ 11,017
Deferred revenue	75,286
Total current liabilities	<u>\$ 86,303</u>
<u>NET ASSETS</u>	
Investment in capital assets	\$ 17,791
Unrestricted	365,024
Restricted for teacher professional development	21,755
Total Net Assets	<u><u>\$ 404,570</u></u>

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

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenue Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>	
			<u>Primary Government</u>	
			<u>Governmental Activities</u>	<u>Total</u>
Primary government:				
Governmental activities:				
Instructional services:				
Salaries	\$ 297,605	\$ 289,190	\$ (8,415)	\$ (8,415)
Benefits	41,543	41,008	(535)	(535)
Purchased services	120,282	53,990	(66,292)	(66,292)
Supplies and materials	23,063	3,867	(19,196)	(19,196)
Depreciation	15,286	-	(15,286)	(15,286)
Capital outlay	-	-	-	-
Other objects	80	-	(80)	(80)
Administrative:				
On-behalf payments	308,095	-	(308,095)	(308,095)
Total primary government	<u>\$ 805,954</u>	<u>\$ 388,055</u>	<u>\$ (417,899)</u>	<u>\$ (417,899)</u>
General Revenues:				
Local sources			\$ 103,344	\$ 103,344
State sources			3,796	3,796
On-behalf payments			308,095	308,095
Investment income			11,816	11,816
Total general revenues			<u>\$ 427,051</u>	<u>\$ 427,051</u>
Changes in net assets			<u>\$ 9,152</u>	<u>\$ 9,152</u>
Net assets, beginning			395,418	395,418
Net assets, ending			<u>\$ 404,570</u>	<u>\$ 404,570</u>

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

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

<u>ASSETS</u>	<u>General Fund</u>	<u>Education Fund</u>	<u>Institute Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 125,748	\$ 253,922	\$ 33,865	\$ 12,066	\$ 425,601
Due from other funds	28,900	-	-	-	28,900
Due from other governmental units:					
State	-	42,374	-	-	42,374
Federal	-	172	-	-	172
Other receivable	2,808	-	-	-	2,808
Prepaid Insurance	-	1,064	-	-	1,064
Total Assets	\$ 157,456	\$ 297,532	\$ 33,865	\$ 12,066	\$ 500,919
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Due to other funds	\$ -	\$ 28,900	\$ -	\$ -	\$ 28,900
Due to other governmental units	-				
State	-	11,017	-	-	11,017
Deferred revenue	-	63,176	12,110	-	75,286
Total Liabilities	\$ -	\$ 103,093	\$ 12,110	\$ -	\$ 115,203
FUND BALANCES:					
Unreserved, reported in:					
General fund	\$ 157,456	\$ -	\$ -	\$ -	\$ 157,456
Special revenue funds	-	194,439	21,755	12,066	228,260
Total Fund Balances	\$ 157,456	\$ 194,439	\$ 21,755	\$ 12,066	\$ 385,716
Total Liabilities and Fund Balances	\$ 157,456	\$ 297,532	\$ 33,865	\$ 12,066	\$ 500,919

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

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Total Fund Balances - Governmental Funds	\$ 385,716
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore are not reported in the government funds.	17,288
Internal service funds are used to charge the costs of the Video Film Library. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets.	<u>1,566</u>
Net assets of governmental activities	<u><u>\$ 404,570</u></u>

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

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>General</u> <u>Fund</u>	<u>Education</u> <u>Fund</u>	<u>Institute</u> <u>Fund</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues:					
Local sources	\$ 52,924	\$ 48,212	\$ 8,790	\$ 5,234	\$ 115,160
State sources	-	373,202	-	3,796	376,998
Federal sources	-	14,853	-	-	14,853
On-behalf payments	288,975	19,120	-	-	308,095
Total Revenues	\$ 341,899	\$ 455,387	\$ 8,790	\$ 9,030	\$ 815,106
Expenditures:					
Instructional services:					
Salaries	\$ 4,250	\$ 292,755	\$ -	\$ 600	\$ 297,605
Benefits	325	41,103	-	115	41,543
Purchased services	23,153	87,378	4,730	4,321	119,582
Supplies and materials	9,010	12,653	-	1,400	23,063
Other objects	-	-	-	80	80
On-behalf payments	288,975	19,120	-	-	308,095
Capital outlay	1,600	-	-	-	1,600
Total Expenditures	\$ 327,313	\$ 453,009	\$ 4,730	\$ 6,516	\$ 791,568
Net change in fund balances	\$ 14,586	\$ 2,378	\$ 4,060	\$ 2,514	\$ 23,538
Fund balances - beginning of year	142,870	192,061	17,695	9,552	362,178
Fund balances - end of year	\$ 157,456	\$ 194,439	\$ 21,755	\$ 12,066	\$ 385,716

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

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
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, 2009

Net change in fund balances	\$	23,538
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	\$	1,600
Depreciation expense	<u>(15,286)</u>	(13,686)
<p>Internal service funds are used by management to charge the costs of maintaining the video library. Expense, less depreciation, of the internal service fund is reported as governmental activities in its Statement of Activities.</p>		
		<u>(700)</u>
Change in net assets of governmental activities	<u>\$</u>	<u>9,152</u>

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

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Governmental Activities- Internal Service <u>Film Library Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,063
Noncurrent assets:	
Equipment, net	503
Total Assets	<u>\$ 1,566</u>
NET ASSETS	
Invested in capital assets	\$ 503
Unrestricted	1,063
Total Net Assets	<u>\$ 1,566</u>

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

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Governmental Activities- Internal Service Film Library Fund
Revenues:	
District fees	\$ -
Expenditures:	
Salaries	\$ -
Benefits	-
Purchased services	700
Supplies and materials	-
Depreciation	873
Total Expenses	\$ 1,573
Change in Net Assets	\$ (1,573)
Net Assets - beginning of year	3,139
Net Assets - end of year	\$ 1,566

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

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Governmental Activities- Internal Service Film Library Fund
Cash flows from operating activities:	
Receipts from customers	\$ -
Payments to suppliers and providers of goods and services	(700)
Net cash provided by (used for) operating activities	\$ (700)
 Net decrease in cash	 \$ (700)
 Cash and cash equivalents - beginning of year	 <u>1,763</u>
 Cash and cash equivalents - end of year	 <u><u>\$ 1,063</u></u>
 Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (1,573)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	873
Net cash provided by (used for) operating activities	\$ (700)

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education's (ROE) accounting policies conform to generally accepted accounting principles which are appropriate for local governmental units of this type.

A. Financial Reporting Entity

The Fulton/Schuyler Counties Regional Office of Education #22 was formed as a result of an Educational Service Region becoming a Regional Office of Education on August 7, 1995. The ROE operates under the School Code (105 ILCS 5/3 and 5/3A). Regional Office of Education #22 encompasses Fulton and Schuyler Counties in Illinois. A Regional Superintendent of Schools serves as chief administrative officer of the ROE and is elected pursuant to 105 ILCS 5/3 and 5/3a of The School Code. The principal financial duty of the Regional Superintendent is to receive and distribute monies due to school districts from general State aid, State categorical grants, and various other sources.

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

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of any monies 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 #22'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 by law.

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

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the region, or see that no payments are made unless the treasurer has filed or renewed appropriate bonds 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, 2009, the Regional Office of Education #22 applied for, received, and administered numerous State and federal programs and grants in assistance of the educational activities of the school districts in the region. Such activities are reported as a single major special revenue fund (Education Fund).

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Scope of the Reporting Entity

The ROE's reporting entity includes all related organizations for which it exercises oversight responsibility in accordance with Statement No. 14 of the Governmental Accounting Standards Board.

The ROE has developed criteria to determine whether outside agencies with activities which benefit the citizens of the ROE's geographic responsibility, including joint agreements which serve pupils from numerous school districts, should be included within its financial entity. The criteria include but are not limited to, whether the ROE exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The ROE is not aware of any entity, which would exercise such oversight as to result in the ROE being considered a component unit of the entity. Also applying the criteria, no other entity is considered a component unit of the ROE.

C. Basis of Presentation and Basis of Accounting

The financial activities of the Regional Office of Education #22 consist only of governmental activities. For its reporting purposes, the ROE has separate fund and government-wide financial statements and reconciles individual line items of fund financial data to government-wide data. A brief description of the ROE's government-wide and fund financial statements is as follows:

Government-wide Statements: The government-wide Statement of Net Assets and Statement of Activities report the overall financial activity of the ROE. The financial activities of the ROE consist only of governmental activities, which are primarily supported by State and Federal revenues.

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 at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the ROE gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. On an accrual basis, revenue from grants, entitlements, and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (i.e. general government) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Basis of Presentation and Basis of Accounting- continued

Fund Financial Statements: The fund financial statements provide information about the ROE's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining funds are aggregated and reported in a single column.

Governmental Funds – The Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accounting records and reports made by ROE officials are maintained on the cash basis of accounting. Under this method, revenue is recorded when collected and expenditures are recorded when disbursements are made. For purposes of these financial statements, the accounting for all the funds has been converted to the modified accrual basis, as required by generally accepted accounting principles. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current 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 ROE; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable 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.

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Major Funds - Generally accepted accounting principles require that the general fund be reported as a major fund and that all other governmental funds whose assets, liabilities, revenues, or expenditures exceed 10% of the total for all governmental funds also be reported as major funds. Accordingly, the ROE administers the following major governmental funds:

General Funds - General Funds are the general operating funds of the ROE. These funds account for all financial resources except those required to be accounted for in another fund. The ROE's General Fund accounts include the following:

General Fund – to account for the ROE's on-behalf payments from the State of Illinois and the counties to pay the salary and benefits of the Regional Superintendent, Assistant Regional Superintendent and clerical staff. It also funds programs not accounted for in another fund.

County Fund – used to account for funds provided by the County Boards of Fulton and Schuyler counties for the general office operations and maintenance.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Basis of Presentation and Basis of Accounting- continued

Education Funds - to account for grant funds administered by the Regional Office of Education. Revenue is provided by federal and State of Illinois grant funds. A description of the ROE's Educational funds follows:

Gifted Program – to provide funds for programs to meet the unique needs of intellectually gifted students.

Regional Safe Schools – to provide funds for programs to increase safety and promote the learning environment in schools and to meet the particular educational needs of disruptive students more appropriately and individually in alternative educational environments.

Spoon River Academy – to provide schools funding for students that have a difficulty in learning in a standard school environment.

McCall Summer School – to provide funds for summer programs to increase safety and promote the learning environment in schools and to meet the particular educational needs of disruptive students more appropriately and individually in alternative educational environments.

Truants Alternative Education – to establish and expand program options outside of regular school attendance to prevent students from becoming chronic truants or dropping out of school and to focus on employability skills for those 16-21 years old.

Illinois Violence Prevention – to provide funds to prepare and administer workshops for teachers.

McKinney Homeless Children and Youth Program – to provide services to all homeless children and youths through a designated Homeless Liaison.

School & Community Assistance Team – a program that trains individuals for crisis management.

Institute Fund – This fund accounts for the ROE's stewardship of the assets held in trust for the benefit of the ROE's teachers. Fees are collected from registration of teachers' certificates of qualification. Monies are expended to conduct teachers' institutes, conferences and workshops.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Basis of Presentation and Basis of Accounting- continued

Nonmajor Funds – All nonmajor funds are aggregated and reported in a single column. The ROE administers the following nonmajor governmental funds:

General Educational Development Fund - to account for the ROE's administration of the GED Testing Program. Revenues are received from testing and diploma fees.

Bus Driver Fund - to account for the ROE's stewardship of the assets held in trust in connection with the Bus Driver Training Program.

Supervisory Fund - to account for monies from the State of Illinois for expenditures incurred providing supervisory services in the Counties.

Proprietary Funds – The Proprietary Fund financial statements include a Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Fund Net Assets and Statement of Cash Flows. The ROE does not have any business-type enterprise funds but does have an internal service fund. Internal service funds are used to account for the goods and services provided by one fund for the benefit of the school districts in the county, rather than to the general public.

Internal Service Fund Types – The Regional Office of Education operates a film library which benefits the school districts in the counties it serves.

D. Budget and Budgetary Accounting

The ROE does not adopt and is not legally required to adopt a formal budget for all revenues and expenditures of the governmental funds. The Regional Office of Education funds are controlled by the Regional Superintendent of Education and the State of Illinois. Certain programs administered by the ROE are subject to budget approval by the State of Illinois. These include Regional Safe Schools and Truants Alternative Education. Other programs with grant driven or internal budgets include the Spoon River Academy and McKinney Homeless Children and Youth Program.

E. Assets, Liabilities and Net Assets

Deposits and investments

The ROE's cash and cash equivalents are considered to be demand deposits and short term investments. All interest income is recognized as revenue in the appropriate fund's Statement of Revenues, Expenditures and Changes in Fund Balance.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

E. Assets, Liabilities and Net Assets - continued

Receivables and payables

Transactions between funds and other entities that are representative of the recognition of revenues or expenditures are referred to as “due to/from” the other funds or entities. “Other Funds” are funds managed by the ROE. “Other Governmental Units” include the Federal Government or political subdivisions of the State of Illinois.

Accounts payable represents amounts owed at the end of the year that will be paid in the next year. These are amounts due to vendors and others.

Capital assets

Capital assets, which include equipment, are reported in the government-wide financial statements. Capital assets, such as equipment, are defined as assets with a cost of \$500 or more. Capital assets are recorded at historical costs if purchased.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated over their estimated useful lives using the straight line method. Equipment is depreciated from 5-7 years and building improvements over 15 years.

Deferred revenue

Deferred revenue arises when resources are received by the ROE before it has a legal claim to them, as when monies are received prior to incurring qualifying expenditures (unearned). In subsequent periods, when both revenue recognition criteria are met, or when the ROE has a legal claim to the resources, revenue is recognized.

Net assets

In the government-wide financial statements, equity is displayed in three components as follows:

Investment in capital assets – This category groups all capital assets into one component of net assets. Accumulated depreciation on these assets reduces this category.

Unrestricted net assets – This category represents the net assets of the ROE that are not restricted for any project or other purpose.

Restricted for teacher professional development – Teacher registration fees are to be used to defray expenses connected with improving the technology necessary for the efficient processing of certificates as well as any expenses incidental to teacher institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers. All funds generated remain restricted until expended only on these activities.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

F. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Intergovernmental Agreement

On July 1, 2003, the Regional Office of Education #22 entered into an Intergovernmental Agreement executed pursuant to the provisions of the Intergovernmental Cooperation Clause of the Illinois Constitution as well as the provisions of the Intergovernmental Cooperation Act of 1973 and the Illinois Admin. Code 525.110.

The name of the Educational Service delivery system formed is known as the Mid-Illini Educational Cooperative. The Tazewell County Regional Office of Education was designated as Administrative Agent and as Director.

H. New Accounting Pronouncements

Effective June 30, 2009, the ROE adopted Governmental Accounting Standards Board Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations. There was no impact on the ROE's financial statements as a result of adopting this statement.

Effective June 30, 2009, the ROE adopted Governmental Accounting Standards Board Statement No. 52, Land and Other Real Estate Held as Investments by Endowments. There was no impact on the ROE's financial statements as a result of adopting this statement.

NOTE 2: DEPOSITS AND INVESTMENTS

The investment and deposit of ROE monies is governed by the provisions of the Illinois Revised Statutes. The ROE has no policy regarding custodial credit risk for deposits.

At June 30, 2009, the carrying amount of the ROE's deposits was \$426,664 and the bank balances were \$454,884. Included in the bank balance is \$24,301 invested in the Illinois Funds. Of these balances, \$250,000 was covered by federal depository insurance and \$204,884 was collateralized with securities held in trust in the ROE's name.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units for unpaid portion of various programs consists of the following at June 30, 2009:

Illinois State Board of Education:	
State Free Lunch and Breakfast	\$ 95
School Breakfast Incentive	79
Truants Alternative Education	27,300
Regional Safe Schools	14,900
National School Lunch Program	153
School Breakfast Program	<u>19</u>
Total	<u>\$42,546</u>

NOTE 4: OTHER RECEIVABLES

Other receivables consists of support for maintenance of the Regional Office due from Fulton County.

NOTE 5: CAPITAL ASSETS

Capital asset activity during the 2009 fiscal year was as follows:

	Balance <u>7-1-08</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6-30-09</u>
Equipment	\$171,683	\$ 1,600	\$ -	\$173,283
Less accumulated depreciation	<u>141,582</u>	<u>14,413</u>	<u>-</u>	<u>155,995</u>
Total	<u>\$ 30,101</u>	<u>\$(12,813)</u>	<u>\$ -</u>	<u>\$ 17,288</u>

A summary of the Film Library Fund capital assets and related depreciation follows:

	Balance <u>7-1-08</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6-30-09</u>
Videos and films	\$45,318	\$ -	\$ -	\$45,318
Furniture & equipment	<u>3,495</u>	<u>-</u>	<u>-</u>	<u>3,495</u>
Total	\$48,813	\$ -	\$ -	\$48,813
Accumulated depreciation	<u>47,437</u>	<u>873</u>	<u>-</u>	<u>48,310</u>
Total	<u>\$ 1,376</u>	<u>\$(873)</u>	<u>\$ -</u>	<u>\$ 503</u>
Total capital assets	<u>\$31,477</u>	<u>\$(13,686)</u>	<u>\$ -</u>	<u>\$17,791</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

The ROE 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 the funding of 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 through June 30, 2009 was 9.4 percent of creditable earnings. 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 percent for the years ended June 30, 2008 and 2007.

In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not part of this retirement plan. The employer THIS Fund contribution was 0.63 percent during the year ended June 30, 2009 and the member THIS Fund health insurance contribution was 0.84 percent.

The State of Illinois makes contributions directly to TRS on behalf of the ROE's TRS-covered employee.

- **On-behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2009, State of Illinois contributions were based on 17.08 percent of creditable earnings not paid from federal funds, and the ROE recognized revenue and expenditures of \$19,120 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2008 and June 30, 2007, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 13.11 percent (\$14,231) and 9.78 percent (\$13,147), respectively.

The state contributions to TRS for the years ended June 30, 2009 and June 30, 2008 were based on an actuarial formula. The state contributions for the year ended June 30, 2007 was based on a dollar amount specified by the statute and was not actuarially determined.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: RETIREMENT FUND COMMITMENTS – continued

A. Teachers' Retirement System of the State of Illinois - continued

The ROE makes other types of employer contributions directly to TRS:

- **2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ending June 30, 2009 were \$649. Contributions for the years ended June 30, 2008 and June 30, 2007 were \$630 and \$780, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the ROE, there is a statutory requirement for the ROE to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in 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.

For the year ended June 30, 2009, the employer pension contribution was 17.08 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2008 and 2007, the employer contribution was 13.11 and 9.78 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2009, salaries totaling \$-0- were paid from federal and special trust funds that required employer contributions of \$-0-. For the years ended June 30, 2008 and June 30, 2007, required ROE contributions were \$-0- and \$-0-, respectively.

- **Early Retirement Option.** The ROE 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.

Under Public Act 94-0004, a "Pipeline ERO" program was provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they met certain conditions and retire on or before July 1, 2007. If members did not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualified for the Pipeline ERO).

Under the Pipeline ERO, the maximum employer contribution was 100 percent of the member's highest salary used in the final average salary calculation.

Under the Modified ERO, the maximum employer contribution is 117.5 percent.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: RETIREMENT FUND COMMITMENTS – continued

A. Teachers' Retirement System of the State of Illinois – continued

Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement.

For the year ended June 30, 2009, the district paid \$-0- to TRS for employer contributions under the ERO program. For the years ended June 30, 2008 and June 30, 2007, the district paid \$-0- and \$-0- in employer contributions, respectively.

- **Salary Increased Over 6 Percent and Excess Sick Leave.** Public Act 94-0004 added two additional employer contributions to TRS.
 - If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer 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 percent.

For the year ended June 30, 2009, the district paid \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2008 and June 30, 2007, the ROE paid \$-0- and \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent, respectively.

- If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.67 percent of salary during the year ended June 30, 2009).

For the year ended June 30, 2009, the ROE paid \$-0- to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2008 and June 30, 2007, the ROE paid \$-0- and \$-0- in employer contributions granted for sick leave days, respectively.

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, 2008. The report for the year ended June 30, 2009 is expected to be available in late 2009.

The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P. O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS Website at trs.illinois.gov.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: RETIREMENT FUND COMMITMENTS – continued

B. Illinois Municipal Retirement Fund

Plan Description. The ROE’s defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. Your employer 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.

Funding Policy. As set by statute, ROE regular plan members are required to contribute 4.50 percent 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 employer contribution rate for calendar year 2008 was 14.77 percent of annual covered payroll. The ROE 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. For 2008, the ROE’s annual pension cost of \$15,436 for the regular plan was equal to the ROE’s required and actual contributions.

Three-Year Trend Information for the Regular Plan

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Ending 12/31/08	\$ 15,436	100%	\$ -
12/31/07	2,738	100%	-
12/31/06	8,956	100%	-

The required contribution was determined as part of the December 31, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2006 included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of 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 regular plan’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2006 was 5 years.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: RETIREMENT FUND COMMITMENTS – continued

B. Illinois Municipal Retirement Fund - continued

Funded Status and Funding Progress. As of December 31, 2008, the most recent actuarial valuation date, the regular plan was 89.31 percent funded. The actuarial accrued liability for benefits was \$299,593 and the actuarial value of assets was \$267,552, resulting in an underfunded actuarial accrued liability (UAAL) of \$32,041. The covered payroll (annual payroll of active employees covered by the plan) was \$104,513 and the ratio of the UAAL to the covered payroll was 31 percent.

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

NOTE 7: ON-BEHALF PAYMENTS

The following 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:

Regional Superintendent salary	\$ 90,871
Assistant Regional Superintendent salary	81,784
Regional Superintendent benefits (Includes State paid insurance)	13,002
Assistant Regional Superintendent benefits (Includes State paid insurance)	11,158
TRS contributions	<u>19,120</u>
 Total	 <u>\$215,935</u>

The following salaries and benefit data for other employees of the ROE was calculated on data provided by Fulton County:

Salaries	\$60,509
Benefits	<u>31,651</u>
 Total	 <u>\$92,160</u>

NOTE 8: RISK MANAGEMENT

The Regional Office of Education #22 is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Regional Office has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with prior years. During the year ended June 30, 2009 and the two previous fiscal years, no settlement exceeded insurance coverage.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: INTERFUND RECEIVABLES AND PAYABLES

Funds periodically borrow from other funds to cover temporary cash shortages. These loans are usually paid in full within a few months and accordingly no interest is charged on these loans outstanding. Following is a summary of the outstanding amounts due from (to) other funds as of June 30, 2009:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$28,900	\$ -
Education Fund (Truants Alternative Education)	-	28,900

NOTE 10: DUE TO OTHER GOVERNMENTAL UNITS

Due to other governmental units for unspent program funding consists of the following at June 30, 2009:

Illinois State Board of Education:	
Truants Alternative Education	\$11,017

NOTE 11: COMMON BANK ACCOUNT

The ROE does not maintain separate bank accounts for all funds. The accounting records being maintained show the portion of the common checking account balance attributable to each participating fund.

NOTE 12: USE OF FUNDING RESOURCES

Under the terms of grant agreements, the ROE 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 funding resources available to finance the program. It is the policy of the ROE to first apply cost-reimbursement grant resources to such programs and then general revenues.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22

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

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
REQUIRED SUPPLEMENTARY INFORMATION
ILLINOIS MUNICIPAL RETIREMENT FUND - SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2009
(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)
12/31/08	\$ 267,552	\$ 299,593	\$ 32,041	89.31%	\$ 104,513	30.66%
12/31/07	265,712	272,359	6,647	97.56%	98,848	6.72%
12/31/06	244,730	265,702	20,972	92.11%	89,555	23.42%

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22

OTHER SUPPLEMENTARY INFORMATION

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2009

	General Fund	County Fund	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 99,111	\$ 26,637	\$ 125,748
Due from other funds	28,900	-	28,900
Other receivables	-	2,808	2,808
Total Assets	\$ 128,011	\$ 29,445	\$ 157,456
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Deferred revenue	\$ -	\$ -	\$ -
Total Liabilities	\$ -	\$ -	\$ -
Fund Balance:			
Fund Balances:			
Unreserved	\$ 128,011	\$ 29,445	\$ 157,456
Total Liabilities and Fund Balance	\$ 128,011	\$ 29,445	\$ 157,456

See accompanying Independent Auditors' Report.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>General Fund</u>	<u>County Fund</u>	<u>Total</u>
Revenues:			
Local sources	\$ 19,191	\$ 33,733	\$ 52,924
On-behalf payments	<u>288,975</u>	<u>-</u>	<u>288,975</u>
Total Revenues	<u>\$ 308,166</u>	<u>\$ 33,733</u>	<u>\$ 341,899</u>
Expenditures			
Salaries	\$ -	\$ 4,250	\$ 4,250
Benefits	-	325	325
Purchased services	9,019	14,134	23,153
Supplies and materials	376	8,634	9,010
Capital outlay	-	1,600	1,600
On-behalf payments	<u>288,975</u>	<u>-</u>	<u>288,975</u>
Total Expenditures	<u>\$ 298,370</u>	<u>\$ 28,943</u>	<u>\$ 327,313</u>
Net change in fund balance	\$ 9,796	\$ 4,790	\$ 14,586
Fund Balances, beginning of year	118,215	24,655	142,870
Fund Balances, end of year	<u><u>\$ 128,011</u></u>	<u><u>\$ 29,445</u></u>	<u><u>\$ 157,456</u></u>

See accompanying Independent Auditors' Report.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
 COMBINING SCHEDULE OF ACCOUNTS
 EDUCATION FUND
JUNE 30, 2009

	<u>Gifted Program</u>	<u>Regional Safe Schools</u>	<u>Spoon River Academy</u>	<u>McCall Summer School</u>	<u>Truants Alternative Education</u>	<u>Illinois Violence Prevention</u>	<u>McKinney Homeless Children and Youth Program</u>	<u>School & Community Assistance Team</u>	<u>Total</u>
<u>ASSETS</u>									
Cash and cash equivalents	\$ 11,895	\$ 137,973	\$ 84,853	\$ 3,102	\$ 12,617	\$ 2,712	\$ 556	\$ 214	\$ 253,922
Due from other governmental units:									
State	-	15,074	-	-	27,300	-	-	-	42,374
Federal	-	172	-	-	-	-	-	-	172
Prepaid insurance	-	1,064	-	-	-	-	-	-	1,064
Total Assets	\$ 11,895	\$ 154,283	\$ 84,853	\$ 3,102	\$ 39,917	\$ 2,712	\$ 556	\$ 214	\$ 297,532
<u>LIABILITIES AND FUND BALANCES</u>									
LIABILITIES:									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 28,900	\$ -	\$ -	\$ -	\$ 28,900
Due to other governmental units:									
State	-	-	-	-	11,017	-	-	-	11,017
Deferred revenue	-	24,271	35,637	-	-	2,712	556	-	63,176
Total Liabilities	\$ -	\$ 24,271	\$ 35,637	\$ -	\$ 39,917	\$ 2,712	\$ 556	\$ -	\$ 103,093
FUND BALANCES:									
Unreserved	\$ 11,895	\$ 130,012	\$ 49,216	\$ 3,102	\$ -	\$ -	\$ -	\$ 214	\$ 194,439
Total Fund Balances	\$ 11,895	\$ 130,012	\$ 49,216	\$ 3,102	\$ -	\$ -	\$ -	\$ 214	\$ 194,439
Total Liabilities and Fund Balances	\$ 11,895	\$ 154,283	\$ 84,853	\$ 3,102	\$ 39,917	\$ 2,712	\$ 556	\$ 214	\$ 297,532

See accompanying Independent Auditors' Report.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Gifted Program</u>	<u>Regional Safe Schools</u>	<u>Spoon River Academy</u>	<u>McCall Summer School</u>	<u>Truants Alternative Education</u>	<u>Illinois Violence Prevention</u>	<u>McKinney Homeless Children and Youth Program</u>	<u>School & Community Assistance Team</u>	<u>Total</u>
REVENUES:									
Local sources	\$ 138	\$ 25,274	\$ 18,000	\$ 4,800	\$ -	\$ -	\$ -	\$ -	\$ 48,212
State sources	-	167,901	120,548	-	84,753	-	-	-	373,202
Federal sources	-	7,879	-	-	-	-	6,974	-	14,853
On-behalf payments	-	11,397	7,114	609	-	-	-	-	19,120
Total Revenues	\$ 138	\$ 212,451	\$ 145,662	\$ 5,409	\$ 84,753	\$ -	\$ 6,974	\$ -	\$ 455,387
EXPENDITURES:									
Salaries	\$ -	\$ 120,254	\$ 103,111	\$ 3,565	\$ 61,825	\$ -	\$ 4,000	\$ -	\$ 292,755
Benefits	-	22,046	6,914	95	11,687	-	361	-	41,103
Purchased services	1,103	49,263	24,530	738	9,640	-	2,104	-	87,378
Supplies and materials	-	7,219	3,324	-	1,601	-	509	-	12,653
Capital outlay	-	-	-	-	-	-	-	-	-
Other objects	-	-	-	-	-	-	-	-	-
On-behalf payments	-	11,397	7,114	609	-	-	-	-	19,120
Total Expenditures	\$ 1,103	\$ 210,179	\$ 144,993	\$ 5,007	\$ 84,753	\$ -	\$ 6,974	\$ -	\$ 453,009
Net change in fund balances	\$ (965)	\$ 2,272	\$ 669	\$ 402	\$ -	\$ -	\$ -	\$ -	\$ 2,378
Fund balances - beginning of year	12,860	127,740	48,547	2,700	-	-	-	214	192,061
Fund balances - end of year	\$ 11,895	\$ 130,012	\$ 49,216	\$ 3,102	\$ -	\$ -	\$ -	\$ 214	\$ 194,439

See accompanying Independent Auditors' Report.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
 BUDGETARY COMPARISON SCHEDULES
 EDUCATION FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2009

	Regional Safe Schools				Spoon River Academy			
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
REVENUES:								
Local sources	\$ -	\$ -	\$ 25,274	\$ 25,274	\$ 18,000	\$ 18,000	\$ 18,000	\$ -
State sources	85,205	85,257	167,901	82,644	156,185	156,185	120,548	(35,637)
Federal sources	-	-	7,879	7,879	-	-	-	-
On-behalf payments	-	-	11,397	11,397	-	-	7,114	7,114
Total Revenues	\$ 85,205	\$ 85,257	\$ 212,451	\$ 127,194	\$ 174,185	\$ 174,185	\$ 145,662	\$ (28,523)
EXPENDITURES:								
Salaries	\$ 62,000	\$ 61,000	\$ 120,254	\$ (59,254)	\$ 116,380	\$ 116,380	\$ 103,111	\$ 13,269
Benefits	12,500	12,500	22,046	(9,546)	26,000	26,000	6,914	19,086
Purchased services	9,000	10,000	49,263	(39,263)	24,000	24,000	24,530	(530)
Supplies and materials	1,705	1,757	7,219	(5,462)	19,256	19,256	3,324	15,932
Capital outlay	-	-	-	-	22,000	22,000	-	22,000
Other objects	-	-	-	-	-	-	-	-
On-behalf payments	-	-	11,397	(11,397)	-	-	7,114	(7,114)
Total Expenditures	\$ 85,205	\$ 85,257	\$ 210,179	\$ (124,922)	\$ 207,636	\$ 207,636	\$ 144,993	\$ 62,643
Net change in fund balances	\$ -	\$ -	\$ 2,272	\$ 2,272	\$ (33,451)	\$ (33,451)	\$ 669	\$ 34,120
Fund balances - beginning of year	127,740	127,740	127,740	-	48,547	48,547	48,547	-
Fund balances - end of year	\$ 127,740	\$ 127,740	\$ 130,012	\$ 2,272	\$ 15,096	\$ 15,096	\$ 49,216	\$ 34,120

Note: The budget amounts for Regional Safe Schools reflect only the amounts pertaining to the Regional Safe Schools Grant. The actual amounts reflect grant funds as well as other state and federal funds plus local monies which are not subject to grant budget requirements.

See accompanying Independent Auditors' Report.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
BUDGETARY COMPARISON SCHEDULES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Truants Alternative Education</u>				<u>McKinney Homeless Children and Youth Program</u>			
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
REVENUES:								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	96,882	95,770	84,753	(11,017)	-	-	-	-
Federal sources	-	-	-	-	7,530	7,530	6,974	(556)
On-behalf payments	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 96,882</u>	<u>\$ 95,770</u>	<u>\$ 84,753</u>	<u>\$ (11,017)</u>	<u>\$ 7,530</u>	<u>\$ 7,530</u>	<u>\$ 6,974</u>	<u>\$ (556)</u>
EXPENDITURES:								
Salaries	\$ 70,500	\$ 70,500	\$ 61,825	\$ 8,675	\$ 4,000	\$ 4,000	\$ 4,000	\$ -
Benefits	15,806	13,125	11,687	1,438	356	356	361	(5)
Purchased services	10,176	11,445	9,640	1,805	2,844	2,844	2,104	740
Supplies and materials	400	700	1,601	(901)	330	330	509	(179)
Capital outlay	-	-	-	-	-	-	-	-
Other objects	-	-	-	-	-	-	-	-
On-behalf payments	-	-	-	-	-	-	-	-
Total Expenditures	<u>\$ 96,882</u>	<u>\$ 95,770</u>	<u>\$ 84,753</u>	<u>\$ 11,017</u>	<u>\$ 7,530</u>	<u>\$ 7,530</u>	<u>\$ 6,974</u>	<u>\$ 556</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning of year	-	-	-	-	-	-	-	-
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2009

<u>ASSETS</u>	<u>G.E.D.</u> <u>Fund</u>	<u>Bus Driver</u> <u>Fund</u>	<u>Supervisory</u> <u>Fund</u>	<u>Total</u>
Cash and cash equivalents	\$ 8,744	\$ 3,312	\$ 10	\$ 12,066
Total Assets	\$ 8,744	\$ 3,312	\$ 10	\$ 12,066
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	\$ -	\$ -	\$ -	\$ -
 FUND BALANCES:				
Unreserved	\$ 8,744	\$ 3,312	\$ 10	\$ 12,066
Total Fund Balances	\$ 8,744	\$ 3,312	\$ 10	\$ 12,066
Total Liabilities and Fund Balances	\$ 8,744	\$ 3,312	\$ 10	\$ 12,066

See accompanying Independent Auditors' Report.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>G.E.D.</u> <u>Fund</u>	<u>Bus Driver</u> <u>Fund</u>	<u>Supervisory</u> <u>Fund</u>	<u>Total</u>
REVENUES:				
Local sources	\$ 3,930	\$ 1,304	\$ -	\$ 5,234
State sources	1,000	796	2,000	3,796
Total Revenues	<u>\$ 4,930</u>	<u>\$ 2,100</u>	<u>\$ 2,000</u>	<u>\$ 9,030</u>
EXPENDITURES:				
Salaries	\$ 600	\$ -	\$ -	\$ 600
Benefits	115	-	-	115
Purchased services	989	1,342	1,990	4,321
Supplies and materials	1,338	62	-	1,400
Capital outlay	-	-	-	-
Other objects	80	-	-	80
Total Expenditures	<u>\$ 3,122</u>	<u>\$ 1,404</u>	<u>\$ 1,990</u>	<u>\$ 6,516</u>
Net change in fund balance	\$ 1,808	\$ 696	\$ 10	\$ 2,514
Fund balances - beginning of year	6,936	2,616	-	9,552
Fund balances - end of year	<u>\$ 8,744</u>	<u>\$ 3,312</u>	<u>\$ 10</u>	<u>\$ 12,066</u>

See accompanying Independent Auditors' Report.