

**State of Illinois  
FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
FINANCIAL AUDIT  
For the Year Ended June 30, 2012**

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

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

OFFICIALS

Regional Superintendent (Current, and During the Audit Period)	Mr. David Demler
Assistant Regional Superintendent (Current, Acting Effective February 16, 2012)	Mr. Alan Coleman
Assistant Regional Superintendent (February 1, 2012 through February 15, 2012)	No Assistant Regional Superintendent
Assistant Regional Superintendent (September 16, 2011 through January 31, 2012)	Mr. Warren Baxter
Assistant Regional Superintendent (August 16, 2011 through September 15, 2011)	No Assistant Regional Superintendent
Assistant Regional Superintendent (July 1, 2011 through August 15, 2011)	Ms. Kellee Sullivan

Office is located at:

Fulton/Schuyler Counties Regional Office of Education  
257 West Lincoln Avenue  
Lewistown, IL 61542

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22

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.

AUDITOR’S REPORTS

The auditor’s 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	2
Repeated audit findings	1	2
Prior recommendations implemented or not repeated	1	1

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

An additional 3 matters which are less than significant deficiencies or material weaknesses but more than inconsequential have been reported in a Management Letter of Comments to the Regional Superintendent. In prior years, these issues may have been included as immaterial findings in the auditors’ reports.

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
12-01	10a	Controls Over Financial Statement Preparation	Material Weakness
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)			
11-02	12	Expenditure Reporting	Significant Deficiency/Noncompliance

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22

FINANCIAL REPORT SUMMARY (Concluded)

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on August 29, 2012. Attending were David Demler, Regional Superintendent, Deb Wright, Bookkeeper, and Matt Price, Kemper CPA Group LLP. Responses to the recommendations were provided by Dave Demler, Regional Superintendent.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Fulton/Schuyler Counties Regional Office of Education #22 was performed by Kemper CPA Group LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Fulton/Schuyler Counties Regional Office of Education #22's basic financial statements.



## INDEPENDENT AUDITOR'S 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #22, as of and for the year ended June 30, 2012, which collectively comprise the Regional Office of Education #22's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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, assessing the accounting principles used and the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #22, as of June 30, 2012, and the respective changes in financial position and, where applicable, 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 a report dated, May 1, 2013 on our consideration of the 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 13a-13f, and 46 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 an assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Office of Education #22's financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 Disbursements to School District Treasurers and Other Entities – Distributive Fund are fairly stated in all material respects in relation to the financial statements taken as a whole.

*Kemper CPA Group LLP*

*Certified Public Accountants and Consultants*

Mattoon, Illinois  
May 1, 2013

INDEPENDENT AUDITOR'S 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #22, as of and for the year ended June 30, 2012, which collectively comprise the Regional Office of Education #22's basic financial statements and have issued our report thereon dated May 1, 2013. 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

Management of the Regional Office of Education #22 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the 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 the Regional Office of Education #22's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 Responses, we identified a deficiency in internal control over financial reporting 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 finding 12-01 in the accompanying Schedule of Findings and Responses to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 matter that are required to be reported under *Government Auditing Standards*.

We also noted certain matters which we have reported to management of the Regional Office of Education #22 in a separate letter dated May 1, 2013.

The Regional Office of Education #22's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit the Regional Office of Education #22's response and, accordingly, 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 entity, and Illinois State Board of Education and is not intended to be and should not be used by anyone other than these specified parties.

*Kemper CPA Group LLP*

*Certified Public Accountants and Consultants*

Mattoon, Illinois  
May 1, 2013

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 SCHEDULE OF FINDINGS AND RESPONSES  
 FOR THE YEAR ENDED JUNE 30, 2012

**SECTION 1 – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
● Material weakness(es) identified?	Yes
● Significant deficiency(ies) identified?	No
● Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
● Material weakness(es) identified?	N/A
● Significant deficiency(ies) identified?	N/A
Type of auditor’s report issued on compliance for major programs:	N/A
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	N/A
Identification of major programs:	
<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
N/A	
Dollar threshold used to distinguish between Type A and Type B programs:	N/A
Auditee qualified as a low-risk auditee?	N/A

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2012

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding No. 12-01 – Controls Over Financial Statement Preparation (Repeat of Prior Year Findings 11-01, 10-01, 09-01, 08-01 & 07-01)**

**Criteria/Specific Requirement:**

The 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). The Regional Office's 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 they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

**Condition:**

The Regional Office of Education #22 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains its 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's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenue. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenue, no entries were provided to reconcile the Regional Office of Education #22's grant activity, such as posting grant receivables and deferred revenue.

**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.

**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.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2012

**SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)**

**Finding No. 12-01 – Controls Over Financial Statement Preparation (Repeat of Prior Year Findings 11-01, 10-01, 09-01, 08-01 & 07-01) (Concluded)**

**Auditor’s 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 accepts the degree of risk associated with this condition because the added expense of seeking additional accounting expertise to prepare and/or review financial statements 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  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

**CORRECTIVE ACTION PLAN**

**Finding No. 12-01 – Controls Over Financial Statement Preparation**

**Condition:**

The Regional Office of Education #22 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's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenue. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenue, no entries were provided to reconcile the Regional Office of Education #22's grant activity, such as posting grant receivables and deferred revenue.

**Plan:**

The Regional Office of Education #22 accepts the degree of risk associated with this condition because the additional expense to seek outside accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region. The Regional Office of Education #22 will review, approve, and accept responsibility for the audit adjustments, financial statements and related notes provided by the auditors.

The Regional Office of Education #22 will continue to work with the other Regional Offices of Education to determine the most effective method of ensuring that our employees possess the knowledge required to compile the necessary GAAP-based financial statements.

**Anticipated Date of Completion:**

Not Applicable

**Contact Person Responsible for Corrective Action:**

Mr. David Demler, Regional Superintendent

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

<b><u>Finding No.</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
11-01	Controls Over Financial Reporting	Repeated as Finding 12-01
11-02	Expenditure Reporting	Corrected

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012

The Fulton/Schuyler Counties Regional Office of Education #22 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, 2012. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements, which follow.

**2012 Financial Highlights**

- Within the Governmental Funds, the total general fund revenues and other financing sources decreased by \$40,470 from \$866,552 in FY11 to \$826,082 in FY12. Revenues from local and on-behalf source payments increased. But, State and federal sources decreased significantly due to grant cuts and availability, and fewer General State Aid payments as a result of a statewide proration of approximately 95% to GSA. Total general fund expenditures increased by \$41,068 from \$741,704 in FY11 to \$782,772 in FY12. Salary and benefit amounts increased, purchased services, and supplies and materials increased.
- Within the Governmental Funds, the total special revenue funds revenues and other financing sources decreased by \$24,451 from \$115,560 in FY11 to \$91,109 in FY12. Revenues from State and Federal sources decreased. The total special revenue funds expenditures decreased by \$21,897 from \$101,258 in FY11 to \$79,361 in FY12. Expenditures for salaries and benefits, purchased services and supplies and materials decreased.

**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 as a whole and present an overall view of the Regional 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 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.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012

**Reporting the Office as a Whole (Concluded)**

The two Government-wide statements report the Regional Office's net assets and how they have changed. Net assets – the difference between the assets and liabilities – are one way to measure the Regional 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.
- 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 Regional Office's activities as governmental and business-type 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 established other funds to control and manage money for particular purposes.

The Regional Office has three kinds of funds:

- 1) Governmental funds account for all of the Regional 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 Regional Office's programs. The Regional Office's Governmental Funds include: the general funds 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 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.
- 3) Proprietary funds, which include only a business-type 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.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012

**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 FY12 totaled \$722,200. At the end of FY11, the net assets were \$675,570. The analysis that follows provides a summary of the Regional Office's net assets at June 30, 2012 and 2011, for the governmental and business-type activities.

**CONDENSED STATEMENT OF NET ASSETS**

June 30, 2012 and 2011

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>ASSETS:</b>						
Current assets	\$ 730,367	\$ 660,017	\$ 1,576	\$ 2,611	\$ 731,943	\$ 662,628
Capital assets being depreciated, net	22,478	30,869	-	-	22,478	30,869
<b>TOTAL ASSETS</b>	<b>752,845</b>	<b>690,886</b>	<b>1,576</b>	<b>2,611</b>	<b>754,421</b>	<b>693,497</b>
<b>LIABILITIES:</b>						
Current liabilities	32,221	17,927	-	-	32,221	17,927
<b>NET ASSETS:</b>						
Invested in capital assets	22,478	30,869	-	-	22,478	30,869
Unrestricted	606,294	561,986	1,576	2,611	607,870	564,597
Restricted for educational purposes	91,852	80,104	-	-	91,852	80,104
<b>TOTAL NET ASSETS</b>	<b>\$ 720,624</b>	<b>\$ 672,959</b>	<b>\$ 1,576</b>	<b>\$ 2,611</b>	<b>\$ 722,200</b>	<b>\$ 675,570</b>

The Regional Office's net assets increased from FY11 by \$46,630. The increase occurred primarily in the Governmental Fund, and reflects a closer relationship between receiving less revenue, resulting in prudent spending to decrease expenditures. General State Aid also decreased for both Alternative School Programs. In addition, restricted net assets are net assets that are restricted by grant agreements, contracts, or statute for educational purposes. The following analysis shows the changes in net assets for the years ended June 30, 2012 and 2011.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012

CHANGES IN NET ASSETS

For the Years Ended June 30, 2012 and 2011

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>REVENUES:</b>						
Program revenues:						
Operating grants and contributions	\$ 133,682	\$ 187,627	\$ -	\$ -	\$ 133,682	\$ 187,627
Charges for services	-	-	2,500	499	2,500	499
General revenues:						
Local sources	102,500	101,864	-	-	102,500	101,864
State sources	297,204	286,021	-	-	297,204	286,021
On-behalf payments	383,779	384,693	-	-	383,779	384,693
Transfers in (out)	-	(2,593)	-	2,593	-	-
Interest	1,024	1,745	-	-	1,024	1,745
<b>TOTAL REVENUES</b>	<b>918,189</b>	<b>959,357</b>	<b>2,500</b>	<b>3,092</b>	<b>920,689</b>	<b>962,449</b>
<b>EXPENSES:</b>						
Programs expenses:						
Salaries and benefits	328,211	326,395	-	-	328,211	326,395
Purchased services	106,952	101,337	-	-	106,952	101,337
Supplies and materials	18,685	21,186	-	-	18,685	21,186
Depreciation	8,391	9,545	-	-	8,391	9,545
Other objects	-	50	-	-	-	50
Payments to other governments	24,506	700	-	-	24,506	700
Administrative expenses:						
On-behalf payments	383,779	384,693	-	-	383,779	384,693
Business-type activities:						
Operating	-	-	3,535	1,013	3,535	1,013
<b>TOTAL EXPENSES</b>	<b>870,524</b>	<b>843,906</b>	<b>3,535</b>	<b>1,013</b>	<b>874,059</b>	<b>844,919</b>
Changes in net assets	47,665	115,451	(1,035)	2,079	46,630	117,530
Net assets, beginning of year	672,959	557,508	2,611	532	675,570	558,040
Net assets, end of year	<u>\$ 720,624</u>	<u>\$ 672,959</u>	<u>\$ 1,576</u>	<u>\$ 2,611</u>	<u>\$ 722,200</u>	<u>\$ 675,570</u>

**Governmental Activities**

For FY12, revenues for governmental activities were \$918,189, which is less than FY11 amounts, and expenses were \$870,524, which is more than FY11 amounts. The Regional Office determined the decrease in revenue resulted from decreases in operating grant contributions and federal source revenue. The increase in expenses reflects salary and benefit increases and rising costs for purchased services and rent increases. The decrease in revenues approximates a 4% decrease while the increase in expenses was 3%.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012

**Business-Type Activities**

The Regional Office's business-type activity is related to a Background Checks program.

**Financial Analysis of the Regional Office Funds**

**Governmental Fund Highlights:**

- The dollar return on investments (savings and checking accounts) decreased because of declining interest rates.
- County support for the Regional Office County Budget FY12 increased slightly. The Regional Office requested additional funding due to increases in county salaries and benefits.
- State Aid foundation level remains at \$6,119 per student with a proration of approximately 95%.
- Several payments for Truants Alternative Optional Education and Alternative School funding continued to be delayed once again for FY12.

**Budgetary Highlights**

The Regional Office annually adopts budgets for several funds. The Education Fund and the Nonmajor Special Revenue Fund 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 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 Regional Office's actual financial activity are included in the supplementary information of this report.

**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. There was no increase in FY12 for the Regional Office. In addition, the Regional Office 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 9 to the financial statements.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012

**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 would remain at \$6,119 per student, with the number of payments reduced as a result of approximately 89% proration to GSA.
- The interest rate on investments remains low and will impact interest earned.
- The Regional Office will continue minimal Gifted funding for special projects only.
- The Regional Office repaired telephone/fax lines as a result of a remodeling effort at one of the alternative school locations.
- The Truants Alternative Optional Education and Regional Safe School's grant funding decreased for FY13.
- The Regional Office has agreed to start purchasing their own janitorial supplies at one of the alternative schools.
- Truants Alternative Optional Education Grant was written as a separate application for Fulton/Schuyler Counties in FY13. Tazewell County applied separately as well. In the past, Fulton/Schuyler has managed the grant application and executed the grant that covered both offices.
- The Regional Office was instructed to submit a budget for county support (significantly less than the amount requested in FY12) due to County Board cuts. Therefore, Schuyler County's contribution will be less. There will be no salary increases/raises for county employees for FY13.
- The Regional Office is not receiving FY13 State grant money in a timely manner.
- The State of Illinois remains in a financial crisis and the Regional Office continues to see severe cuts in funding for education programs.
- In addition, FY13 began with the salaries for all Regional Superintendents and Assistants in the State of Illinois being paid out of the CPPRT (Corporate Personal Property Replacement Tax). The restructuring of the Regional Offices in the state of Illinois will be determined before the end of FY14. In addition, the Fulton/Schuyler Regional Office will definitely consolidate with another region.

**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 Fulton/Schuyler Counties Regional Office of Education #22 at 257 W. Lincoln Avenue, Lewistown, IL 61542.

## BASIC FINANCIAL STATEMENTS

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 713,714	\$ 1,576	\$ 715,290
Due from other governments:			
State	16,653	-	16,653
Federal	-	-	-
Total Current Assets	<u>730,367</u>	<u>1,576</u>	<u>731,943</u>
Noncurrent Assets:			
Capital assets, being depreciated, net	22,478	-	22,478
Total Noncurrent Assets	<u>22,478</u>	<u>-</u>	<u>22,478</u>
<b>TOTAL ASSETS</b>	<u>752,845</u>	<u>1,576</u>	<u>754,421</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accrued expenses	28,423	-	28,423
Deferred revenue	3,798	-	3,798
Total Current Liabilities	<u>32,221</u>	<u>-</u>	<u>32,221</u>
<b>NET ASSETS</b>			
Invested in capital assets	22,478	-	22,478
Restricted for educational purposes	91,852	-	91,852
Unrestricted	606,294	1,576	607,870
<b>TOTAL NET ASSETS</b>	<u>\$ 720,624</u>	<u>\$ 1,576</u>	<u>\$ 722,200</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, 2012

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
Instructional Services						
Salaries and benefits	\$ 328,211	\$ -	\$ 95,647	\$ (232,564)	\$ -	\$ (232,564)
Purchased services	106,952	-	10,163	(96,789)	-	(96,789)
Supplies and materials	18,685	-	4,066	(14,619)	-	(14,619)
Depreciation expense	8,391	-	-	(8,391)	-	(8,391)
Payments to other governments	24,506	-	23,806	(700)	-	(700)
Administrative:						
On-behalf payments - Local	121,327	-	-	(121,327)	-	(121,327)
On-behalf payments - State	262,452	-	-	(262,452)	-	(262,452)
Total Governmental Activities	<u>870,524</u>	<u>-</u>	<u>133,682</u>	<u>(736,842)</u>	<u>-</u>	<u>(736,842)</u>
Business-Type Activities:						
Operating	3,535	2,500	-	-	(1,035)	(1,035)
Total Business-Type Activities	<u>3,535</u>	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>(1,035)</u>	<u>(1,035)</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 874,059</u>	<u>\$ 2,500</u>	<u>\$ 133,682</u>	<u>(736,842)</u>	<u>(1,035)</u>	<u>(737,877)</u>
GENERAL REVENUES:						
Local sources				102,500	-	102,500
State sources				297,204	-	297,204
On-behalf payments - Local				121,327	-	121,327
On-behalf payments - State				262,452	-	262,452
Interest				1,024	-	1,024
Total General Revenues				<u>784,507</u>	<u>-</u>	<u>784,507</u>
CHANGE IN NET ASSETS				47,665	(1,035)	46,630
NET ASSETS - BEGINNING				672,959	2,611	675,570
NET ASSETS - ENDING				<u>\$ 720,624</u>	<u>\$ 1,576</u>	<u>\$ 722,200</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, 2012

	General Fund	Education Fund	Non-Major Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 618,064	\$ 14,013	\$ 81,637	\$ -	\$ 713,714
Due from other funds	5,613	-	-	(5,613)	-
Due from other governments:					
State	11,040	5,613	-	-	16,653
<b>TOTAL ASSETS</b>	<b>\$ 634,717</b>	<b>\$ 19,626</b>	<b>\$ 81,637</b>	<b>\$ (5,613)</b>	<b>\$ 730,367</b>
<b>LIABILITIES</b>					
Accrued expenses	\$ 28,423	\$ -	\$ -	\$ -	\$ 28,423
Due to other funds	-	5,613	-	(5,613)	-
Deferred revenue	-	3,798	-	-	3,798
<b>Total Liabilities</b>	<b>28,423</b>	<b>9,411</b>	<b>-</b>	<b>(5,613)</b>	<b>32,221</b>
<b>FUND BALANCE</b>					
Restricted	-	10,215	81,637	-	91,852
Assigned	465,176	-	-	-	465,176
Unassigned	141,118	-	-	-	141,118
<b>Total Fund Balance</b>	<b>606,294</b>	<b>10,215</b>	<b>81,637</b>	<b>-</b>	<b>698,146</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 634,717</b>	<b>\$ 19,626</b>	<b>\$ 81,637</b>	<b>\$ (5,613)</b>	<b>\$ 730,367</b>

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

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

TOTAL FUND BALANCE — GOVERNMENTAL FUNDS	\$ 698,146
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>22,478</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 720,624</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, 2012

	General Fund	Education Fund	Non-Major Funds	Total Governmental Funds
<b>REVENUES</b>				
Local sources	\$ 82,332	\$ -	\$ 20,168	\$ 102,500
On-behalf payments - Local	121,327	-	-	121,327
State sources	350,879	60,653	796	412,328
On-behalf payments - State	262,452	-	-	262,452
Federal sources	9,092	9,466	-	18,558
Total Revenues	<u>826,082</u>	<u>70,119</u>	<u>20,964</u>	<u>917,165</u>
<b>EXPENDITURES</b>				
Instructional Services:				
Salaries and benefits	293,824	33,649	738	328,211
Purchased services	91,584	9,138	6,230	106,952
Supplies and materials	13,585	3,420	1,680	18,685
Payments to other governments	-	24,506	-	24,506
On-behalf payments - Local	121,327	-	-	121,327
On-behalf payments - State	262,452	-	-	262,452
Total Expenditures	<u>782,772</u>	<u>70,713</u>	<u>8,648</u>	<u>862,133</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>43,310</u>	<u>(594)</u>	<u>12,316</u>	<u>55,032</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interest	998	26	-	1,024
Total Other Financing Sources (Uses)	<u>998</u>	<u>26</u>	<u>-</u>	<u>1,024</u>
NET CHANGE IN FUND BALANCE	44,308	(568)	12,316	56,056
FUND BALANCE - BEGINNING	<u>561,986</u>	<u>10,783</u>	<u>69,321</u>	<u>642,090</u>
FUND BALANCE - ENDING	<u>\$ 606,294</u>	<u>\$ 10,215</u>	<u>\$ 81,637</u>	<u>\$ 698,146</u>

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, 2012

NET CHANGE IN FUND BALANCE — GOVERNMENTAL FUNDS	\$ 56,056
Amounts reported for governmental activities in the Statement of Activities are different because:	
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.	
Depreciation expense	<u>(8,391)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 47,665</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 FUND  
 JUNE 30, 2012

	Business-Type Activities - Enterprise Funds	
	Background Checks	TOTALS
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,576	\$ 1,576
TOTAL ASSETS	1,576	1,576
NET ASSETS		
Unrestricted	1,576	1,576
TOTAL NET ASSETS	\$ 1,576	\$ 1,576

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 FUND  
 FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds	
	Background Checks	TOTALS
REVENUES		
Charges for services	\$ 2,500	\$ 2,500
Total Revenues	2,500	2,500
EXPENSES		
Purchased services	3,535	3,535
Total Operating Expenses	3,535	3,535
OPERATING LOSS	(1,035)	(1,035)
CHANGE IN NET ASSETS	(1,035)	(1,035)
TOTAL NET ASSETS - BEGINNING	2,611	2,611
TOTAL NET ASSETS - ENDING	\$ 1,576	\$ 1,576

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 FUND  
 FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities- Enterprise Funds	
	Background Checks	TOTALS
Cash Flows from Operating Activities:		
Receipts from customers	\$ 2,500	\$ 2,500
Payments to suppliers and providers of goods and services	(3,535)	(3,535)
Net Cash Used for Operating Activities	(1,035)	(1,035)
Net Increase (Decrease) in cash and cash equivalents	(1,035)	(1,035)
Cash and cash equivalents - Beginning	2,611	2,611
Cash and cash equivalents - Ending	\$ 1,576	\$ 1,576
Operating Loss	\$ (1,035)	\$ (1,035)
Net Cash Used for Operating Activities	\$ (1,035)	\$ (1,035)

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

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education #22 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2012, the Regional Office of Education #22 implemented Governmental Accounting Standards Board (GASB) Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*; and GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. The Regional Office of Education #22 implemented these standards during the current year; however, GASB Statement No. 64 had no impact on the financial statements. The implementation of GASB Statement No. 57 amends GASB Statement No. 45, permitting an agent employer with an OPEB plan with fewer than 100 plan members to use the alternative measurement method to produce actuarially based information for purposes of financial reporting.

A. DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through May 1, 2013, the date when the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

The 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 Regional Office operates under the School Code (105 ILCS 5/3 and 5/3A). The Regional Office of Education #22 encompasses Fulton and Schuyler Counties in Illinois. A Regional Superintendent of Schools serves as chief administrative officer of the Regional Office 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; 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; to evaluate the schools in the region; to examine evidence of indebtedness; to file and keep the 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.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #22's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and take related action as may be required; maintaining a list of unfilled teaching positions; and carrying out other related duties required or permitted 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 Regional Office of Education #22, 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, 2012, the Regional Office of Education #22 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 Fulton and Schuyler counties. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #22 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education #22 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #22 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.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. SCOPE OF THE REPORTING ENTITY (Concluded)

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the criteria of manifesting of oversight, scope of public service, and special financing relationships and are therefore excluded from the accompanying financial statements because the Regional Office of Education #22 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #22 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #22 being considered a component unit of the entity.

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #22's activities with most of the inter-fund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education has two business-type activities that rely on fees and charges for support.

The Regional Office of Education #22's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present a summary of governmental and business-type activities for the Regional Office of Education #22 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Regional Office of Education #22's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Assets. 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 for services, and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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 governmental funds are reported as separate columns in the fund financial statements.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Concluded)

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as, payables, receivables and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Assets and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Assets. All interfund transactions between governmental funds will be eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds will remain as due to/due from on the government-wide financial statements. All internal balances in the Statement of Net Assets will be eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities those transactions between governmental and business-type activities have not been eliminated.

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

E. PROPRIETARY FUND FINANCIAL STATEMENTS

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

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 Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets present increases (revenues) and decreases (expenses) in total net assets. 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 are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences between fund balances and changes in fund balances presented in these statements and the net assets and changes in net assets presented in the government-wide financial statements.

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under the 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. 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 prepaid expenses, and other long-term obligations, which are recognized when paid.

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

The governmental funds financial statements focus on the measurement of spending, or "financial flow," and the determination of changes in financial position, rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) 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 assets. 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 Regional Office of Education #22; therefore, revenues are recognized based upon the expenditures recorded. 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.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

Under the terms of grant agreements, Regional Office of Education #22 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 Regional Office of Education #22's policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned funds if any.

H. FUND ACCOUNTING

The Regional Office of Education #22 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 #22 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are reported. Governmental funds reporting 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 fund balance.

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets, 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 #22 has presented all major funds that met the above qualifications. The Fulton/Schuyler Counties Regional Office of Education #22 reports the following major governmental funds:

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund - The General Fund is used to account for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted and reported for in another fund. The General Fund is always considered a major fund. The following accounts are included in the General Fund:

General Fund - to account for the Regional Office's on-behalf payments from the State of Illinois to pay the salary, benefits, and TRS of the Regional Superintendent, Assistant Regional Superintendent, and TRS and THIS on certified employees. It also funds programs not accounted for in another fund.

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

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 the alternative educational environments. This program also accounts for General State Aid received from the Illinois State Board of Education based on the average daily attendance at the Regional Safe School and accounts for federal and State nutrition reimbursements.

Spoon River Academy - to provide schools funding for students that have difficulty in learning in a standard school environment. This program accounts for General State Aid received from the Illinois State Board of Education based on the average daily attendance at the Spoon River Academy.

Major Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects. 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 specified purposes supporting education enhancement programs as follows:

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

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Major Special Revenue Funds (Concluded)

Education (Concluded)

McCall Summer School - 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 the alternative educational environments.

Truants Alternative Optional 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.

Safe to Learn - 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 and Community Assistance Team - a program that trains individuals for crisis management.

ROE/ISC Operations - Accounts for grant monies received for, and payment of, expenditures of the ROE/ISC Operations Fund.

The Fulton/Schuyler Counties Regional Office of Education #22 reports the following nonmajor governmental funds:

Nonmajor Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects. Nonmajor special revenue funds include the following:

General Education Development - to account for the Regional Office of Education's administration of the GED Testing Program. Revenues are received from testing and diploma fees.

FULTON/SCHUYLER COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

GOVERNMENTAL FUNDS (Concluded)

Nonmajor Special Revenue Funds (Concluded)

Bus Driver Training - this fund accounts for State and local receipts and expenses as a result of training school district bus drivers.

Institute - this fund accounts for teacher certificate registration, issuance and evaluation fees for processing certificates, and expenses of meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

PROPRIETARY FUNDS

Proprietary funds account for revenues and expenses related to services provided to organizations within the region on a cost reimbursement basis. The Regional Office of Education #22 reports the following proprietary funds:

Background Checks - The Regional Office of Education provides background checks/fingerprinting to all schools in Fulton and Schuyler Counties for new hires. The schools send requests to the Regional Office of Education, who forwards background check information to the Illinois State Police database. The fee for the background check and/or fingerprinting is paid by each school district.

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the Regional Office of Education #22 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

Agency Funds - Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds include the following:

Distributive Fund - this fund receives monies from the State Comptroller for the School Facilities Occupation Tax for Schuyler County school districts. The monies are then forwarded directly to the school districts. The Regional Office of Education #22 has agreements with all entities that receive distributions from this fund to keep all accumulated interest.

FULTON/SCHUYLER COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 assets that are not available to be spent, either short term or long term, due to either their form or legal restrictions. The Regional Office of Education #22 has no nonspendable fund balances.

Restricted Fund Balance - The portion of a Governmental Fund's net assets that are subject to external enforceable legal restrictions. The following accounts' fund balances are restricted by grant agreements or contracts: Gifted Program, McCall Summer School, and School and Community Assistance Team. The following funds are restricted by Illinois Statute: General Education Development, Bus Driver Training, and Institute Funds.

Committed Fund Balance - The portion of a Governmental Fund's net assets with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #22 has no committed fund balances.

Assigned Fund Balance - The portion of a Governmental Fund's net assets 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 Regional Office of Education #22 has assigned fund balances in the Regional Safe Schools and Spoon River Academy programs.

Unassigned Fund Balance - Available expendable financial resources in a governmental fund that are not designated for a specific purpose. Regional Office of Education #22 has unassigned fund balances in the General Fund and County Fund.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. NET ASSETS

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

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

Restricted net assets - Consists of net assets 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 assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets."

K. CASH AND CASH EQUIVALENTS

The Regional Office of Education #22'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.

L. INVENTORY

Inventory is not recorded. The cost is recorded as an expenditure at the time individual inventory items are purchased.

M. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported 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.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Equipment	5 -7 years
Building improvements	15 years

FULTON/SCHUYLER COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

N. COMPENSATED ABSENCES

The employees of the Regional Office receive 2 personal days annually and receive no vacation days. The personal days do not accumulate; therefore, no liability is accrued.

Certified employees receive up to 12 sick days annually and the unused portion is accumulated up to 170 days and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore, no liability is accrued.

O. ESTIMATES

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

P. BUDGET INFORMATION

The Fulton/Schuyler Counties Regional Office of Education #22 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education, however, none of the annual budgets have been legally adopted nor are they required to do so. Comparisons of budgeted and actual results are presented as supplemental information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Regional Safe Schools, Truants Alternative Optional Education, McKinney Homeless Children and Youth Program, and ROE/ISC Operations.

Q. INVESTMENTS

The Regional Office of Education #22 is allowed to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7.

It is the policy of the Regional Office to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all State and local statutes governing the investment of public funds. This policy includes all funds governed by the Regional Superintendent of Schools.

Funds on deposit (checking accounts, certificates of deposit, etc.) in excess of FDIC limits must be secured by some form of collateral, which are held at an independent-third party institution in the name of the Regional Office.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 2 - DEPOSITS AND INVESTMENTS

At June 30, 2012, the carrying amount of the Fulton/Schuyler Counties Regional Office of Education #22's governmental and business-type cash deposits were \$713,714 and \$1,576, respectively. The governmental and business-type bank balances were \$719,636 and \$1,576, respectively. Of the total bank balance as of June 30, 2012, \$250,000 was secured by federal depository insurance and \$471,212 was collateralized by securities pledged by the Fulton/Schuyler Counties Regional Office of Education #22's financial institution in the name of the Regional Office.

The Regional Office did not have any investments at June 30, 2012.

NOTE 3 - DEFINED BENEFIT PENSION PLAN

**Plan Description.** The Regional Office of Education #22'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 #22'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 online at [www.imrf.org](http://www.imrf.org).

**Funding Policy.** As set by statute, the Regional Office of Education #22's 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 2011 used by the employer was 15.00 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2011 was 21.52 percent. The Regional Office of Education #22 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 calendar year ending December 31, 2011, the Fulton/Schuyler Counties Regional Office of Education #22's actual contributions for pension cost for the Regular were \$11,049. Its required contribution for calendar year 2011 was \$15,852.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 3 - DEFINED BENEFIT PENSION PLAN (Concluded)

A. TREND INFORMATION

Calendar Year Ending _____	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
12/31/11	\$ 15,852	70%	\$0
12/31/10	10,253	100%	0
12/31/09	6,530	100%	0

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included a) 7.5 percent 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 Fulton/Schuyler Counties Regional Office of Education #22'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 Fulton/Schuyler Counties Regional Office of Education #22's Regular plan's unfunded actuarial accrued liability at December 31, 2009 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, 2011, the most recent actuarial valuation date, the Regular plan was 60.41 percent funded. The actuarial accrued liability for benefits was \$209,295 and the actuarial value of assets was \$126,427, resulting in an underfunded actuarial accrued liability (UAAL) of \$82,868. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$73,662 and the ratio of the UAAL to the covered payroll was 112 percent.

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.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

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

The Regional Office of Education #22 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 primary responsibility for 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 non-annuitants 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, 2012, was 9.4 percent 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 percent for the years ended June 30, 2011 and 2010.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #22's TRS-covered employees.

**On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #22. For the year ended June 30, 2012, State of Illinois contributions were based on 24.91 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #22 recognized revenue and expenditures of \$71,363 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2011 and June 30, 2010, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.10 percent (\$64,582) and 23.38 percent (\$67,151), respectively.

The Regional Office of Education #22 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 ended June 30, 2012 were \$684. Contributions for the years ending June 30, 2011, and June 30, 2010, were \$660 and \$664, 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 #22, there is a statutory requirement for the Regional Office of Education #22 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.

FULTON/SCHUYLER COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 4 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

For the year ended June 30, 2012, the employer pension contribution was 24.91 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2011 and 2010, the employer pension contribution was 23.10 and 23.38 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2012, no salaries were paid from federal and special trust funds that required employer contributions. For the years ended June 30, 2011 and June 30, 2010, required Regional Office of Education #22 contributions were \$-0- and \$-0-, respectively.

**Early Retirement Option.** The Regional Office of Education #22 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 percent and applies when the member is age 55 at retirement.

For the years ended June 30, 2012, 2011, and 2010 the Regional Office of Education #22 paid no employer contributions to TRS for employer contributions under the ERO program.

**Salary increases over 6 percent and excess sick leave.** If the Regional Office of Education #22 grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the Fulton/Schuyler Counties Regional Office of Education #22 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 increase of up to 6 percent.

For the years ended June 30, 2012, 2011, and 2010 the Regional Office of Education #22 paid no employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent.

If the Regional Office of Education #22 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Regional Office of Education #22 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.83 percent of salary during the year ended June 30, 2012).

For the years ended June 30, 2012, 2011, and 2010 the Regional Office of Education #22 paid no employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment.

FULTON/SCHUYLER COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 4 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

**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, 2011. The report for the year ended June 30, 2012, is expected to be available in late 2012.

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

NOTE 5 - TEACHERS' HEALTH INSURANCE SYSTEM

The Regional Office of Education #22 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 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. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by 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 percent 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. State contributions are intended to match contributions to THIS Fund from active members which were 0.88 percent of pay during the year ended June 30, 2012. State of Illinois contributions were \$1,037, and the Regional Office of Education #22 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2011 and June 30, 2010 were 0.88 and 0.84 percent of pay, respectively. State contributions on behalf of the Regional Office of Education #22 employees were \$1,001 and \$962, respectively.

FULTON/SCHUYLER COUNTIES  
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 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 5 - TEACHERS' HEALTH INSURANCE SYSTEM (Concluded)

**Employer contributions to THIS Fund.** The employer (Regional Office of Education #22) also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the year ended June 30, 2012. For years ending June 30, 2011 and June 30, 2010 the employer THIS contribution was 0.66 percent and 0.63 percent, respectively. For the year ended June 30, 2012, the Regional Office of Education #22 paid \$778, to the THIS Fund. For the years ended June 30, 2011 and June 30, 2010, the Regional Office paid \$751 and \$722 to the THIS Fund, respectively, which was 100 percent of the required contribution.

**Further information on THIS Fund.** The publicly available financial report of the THIS Fund may be obtained by writing to the Department of Healthcare and Family Services, 201 S. Grand Ave., Springfield, IL 62763-3838.

NOTE 6 - INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2012 consist of the following individual due to/from other funds in the governmental funds balance sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Assets.

	Due To Other Funds	Due From Other Funds
General Fund	\$ -	\$ 5,613
Education Fund	5,613	-
Totals	\$ 5,613	\$ 5,613

NOTE 7 - DUE TO/FROM OTHER GOVERNMENTS

The Fulton/Schuyler Counties Regional Office of Education #22's various grant programs have funds due from the Illinois State Board of Education which consist of the following:

Due From Other Governments:

Education Fund

Illinois State Board of Education	\$ 5,613
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General Fund

Illinois State Board of Education	\$ 11,040
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FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 8 - RISK MANAGEMENT

The Regional Office of Education #22 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. The Regional Office of Education #22 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 9 - CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Regional Office of Education #22 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2012:

	<u>Balance</u> 07/01/11	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> 06/30/12
Governmental Activities				
Capital Assets, Being Depreciated				
Computers and Equipment	\$ 126,203	\$ -	\$ 1,049	\$ 125,154
Building Improvements	8,601	-	-	8,601
Total	<u>134,804</u>	<u>-</u>	<u>1,049</u>	<u>133,755</u>
Less Accumulated Depreciation for:				
Computers and Equipment	(103,839)	(7,815)	(1,049)	(110,605)
Building Improvements	(96)	(576)	-	(672)
Total	<u>(103,935)</u>	<u>(8,391)</u>	<u>(1,049)</u>	<u>(111,277)</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 30,869</u>	<u>\$ (8,391)</u>	<u>\$ -</u>	<u>\$ 22,478</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2012 of \$8,391 was charged to governmental activities, on the government-wide Statement of Activities. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

FULTON/SCHUYLER COUNTIES  
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NOTE 10 - ON BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Regional Office of Education #22:

Regional Superintendent Salary	\$ 94,344
Assistant Regional Superintendent Salary	74,298
Regional Superintendent Fringe Benefit (Includes State paid insurance)	19,844
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	1,566
TRS Pension Contributions	71,363
THIS Contributions	<u>1,037</u>
 Total	 <u>\$ 262,452</u>

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

The Regional Office of Education #22's personnel are paid by Fulton County, Illinois, in accordance with statutes. Employees of programs funded by federal and State grants are paid by the grant funds. Some fixed assets used solely by the Regional Office of Education #22 are purchased by Fulton County. Ownership of those fixed assets remains with the County of Fulton and, accordingly, the cost of these assets is not included in the Regional Office of Education #22's financial statements. Fulton County also provides office space and some administrative expenses for the Regional Office of Education #22. The following data was calculated based on information provided by Fulton County:

These amounts have been recorded in the accompanying financial statements as Local revenue and expenditures.

Salaries and Benefits	\$ 92,168
Purchased Services	<u>29,159</u>
 Total	 <u><u>\$ 121,327</u></u>

FULTON/SCHUYLER COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS

The Regional Office of Education #22 participates in the Western Area School Health Benefit Plan (“Plan”) as a member of the Western Area School Association (“Association”). The Plan is a cost-sharing, multiple employer defined benefit postemployment health care plan that was established by certain Illinois local governmental units comprising the Association pursuant to the Illinois Intergovernmental Cooperation Act, 5 ILCS 220/1, et seq. for the benefit of certain employees (and their dependents) of the members of the Association. The Plan is funded through the Western Area School Employee Benefits Trust (“Trust”) which is also controlled by the Association. The Association, Plan, and Trust together constitute a joint insurance pool under 5 ILCS 220/6. The Association is the Plan administrator of the Plan. The MidAmerica National Bank, N.A. is the trustee of the Trust.

The Plan provides medical, dental, vision, and prescription drug benefits to employees (and their dependents) of the members of the Association. Participants may elect several different subplans with different deductibles and out-of-pocket maximums. The benefits are determined by the Association and the Plan may be amended or terminated by the Association. Some benefits are required by the Illinois Insurance Code, 215 ILCS 5/1 et seq. and the federal Public Health Code 42 USC 300gg, et seq.

Contributions to the Plan and Trust are determined by the Association board in consultation with its actuary pursuant to the terms of the Plan and Trust as allowed by the Illinois Intergovernmental Cooperation Act. Association members are required to contribute funds as assessed by the Association board in accordance with the terms of the Trust.

The following contributions are required for the Regional Office of Education #22 for the Plan year 2012-2013:

	PREMIUMS			
	Single	Employee + 1	Employee + 2	Employee + 3/more
<b>Medical &amp; Rx</b>				
The following rates include the cost for major medical and Rx card.				
\$500* Deductible Plan	\$ 612	\$ 1,407	\$ 1,422	\$ 1,540
\$1,000 Deductible Plan	591	1,292	1,303	1,401
\$2,000 Deductible Plan	572	1,149	1,155	1,237
\$3,000 Deductible Plan	562	1,081	1,085	1,153
\$5,000 Deductible Plan	511	930	941	1,023
\$3,000 HSA Plan	538	1,016	1,020	1,085
*Increases to \$750 on January 1, 2013				
<b>Dental (optional)</b>	\$ 19	\$ 35	\$ 44	\$ 57
<b>Vision (optional)</b>	\$ 7	\$ 11	\$ 14	\$ 22
<b>Basic Life Insurance &amp; AD&amp;D</b>				
\$10,000 life plus AD&D	\$1.30 per employee per month			
<b>Dependent Life Insurance</b>				
	\$5,000	\$2.98 per employee per month		
	\$2,000	\$0.78 per employee per month		

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Of these contributions, the employees or former employees must pay:

For employee Medical & Rx and dental – 0% of the contributions  
 For dependent and vision coverage – 100% of the contributions

The following contributions were required for the Regional office of Education for the Plan year 2011-2012:

	PREMIUMS			
	Single	Employee + 1	Employee + 2	Employee + 3/more
<b>Medical &amp; Rx</b>				
The following rates include the cost for major medical and Rx card.				
\$500 Deductible Plan	\$ 592	\$ 1,343	\$ 1,358	\$ 1,476
\$1,000 Deductible Plan	572	1,233	1,243	1,337
\$2,000 Deductible Plan	554	1,096	1,102	1,180
\$3,000 Deductible Plan	544	1,030	1,035	1,100
<b>Dental (optional)</b>	\$ 18	\$ 33	\$ 42	\$ 54
<b>Vision (optional)</b>	\$ 6	\$ 10	\$ 13	\$ 20
<b>Basic Life Insurance &amp; AD&amp;D</b>				
\$10,000 life plus AD&D	\$1.30 per employee per month			

Of these contributions, the employees or former employees must pay:

For employee Medical & Rx and dental – 0% of the contributions  
 For dependent and vision coverage – 100% of the contributions

The following contributions were required for the Regional Office of Education #22 for the Plan year 2010-2011:

	PREMIUMS			
	Single	Employee + 1	Employee + 2	Employee + 3/more
<b>Medical &amp; Rx</b>				
The following rates include the cost for major medical and Rx card.				
\$500 Deductible Plan	\$ 542	\$ 1,227	\$ 1,240	\$ 1,347
\$1,000 Deductible Plan	524	1,125	1,134	1,220
\$2,000 Deductible Plan	507	1,000	1,005	1,076
\$3,000 Deductible Plan	497	939	943	1,002
<b>Dental (optional)</b>	\$ 17	\$ 32	\$ 40	\$ 52
<b>Vision (optional)</b>	\$ 5	\$ 8	\$ 11	\$ 17
<b>Basic Life Insurance &amp; AD&amp;D</b>				
\$10,000 life plus AD&D	\$1.30 per employee per month			

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Concluded)

Of these contributions, the employees or former employees must pay:

- For employee Medical & Rx and dental – 0% of the contributions
- For dependent and vision coverage – 100% of the contributions

The publicly available financial report of the Plan and Trust may be obtained by writing to:

Western Area School Association  
 c/o David Thompson  
 David Thompson Insurance  
 120 W. Carroll Street  
 Macomb, IL 61455

In addition, the Regional Office of Education #22 allows IMRF employees, who retire through the Plan the option to continue to participate in the plan as required by the Illinois Compiled Statutes, with the retiree paying the full premium cost for the coverage. This has not created an implicit subsidy as defined by Governmental Accounting Standard Board (GASB) No. 45 as the Plan is considered a community rated plan. In addition, the Regional Office of Education #22 has no explicit subsidy as defined by GASB Statement No. 45.

NOTE 12 - OPERATING LEASE

The Regional Office of Education #22 is committed under a five-year noncancelable operating lease for photocopier equipment. Rent expenditures were \$3,316 for the year ended June 30, 2012. Future minimum operating lease commitments are as follows:

<u>Year ending June 30,</u>	
2013	\$ 3,316
2014	3,316
2015	<u>3,040</u>
Total	<u>\$ 9,672</u>

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

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 ILLINOIS MUNICIPAL RETIREMENT FUND  
 SCHEDULE OF FUNDING PROGRESS  
 (UNAUDITED)  
 JUNE 30, 2012

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 )
12/31/11	\$ 126,427	\$ 209,295	\$ 82,868	60.41%	\$ 73,662	112.50%
12/31/10	99,483	155,441	55,958	64.00%	86,672	64.56%
12/31/09	89,372	154,169	64,797	57.97%	77,462	83.65%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$116,584.

On a market basis, the funded ratio would be 55.70%.

OTHER SUPPLEMENTAL INFORMATION

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
JUNE 30, 2012

	General Fund	County Fund	Regional Safe Schools	Spoon River Academy	TOTALS
<b>ASSETS</b>					
Cash and cash equivalents	\$ 112,696	\$ 22,809	\$ 293,501	\$ 189,058	\$ 618,064
Due from other funds	5,613	-	-	-	5,613
Due from other governments					
State	-	-	11,040	-	11,040
<b>TOTAL ASSETS</b>	<b>\$ 118,309</b>	<b>\$ 22,809</b>	<b>\$ 304,541</b>	<b>\$ 189,058</b>	<b>\$ 634,717</b>
<b>LIABILITIES</b>					
Accrued expenses	\$ -	\$ -	\$ 11,575	\$ 16,848	\$ 28,423
Total Liabilities	-	-	11,575	16,848	28,423
<b>FUND BALANCE</b>					
Assigned	-	-	292,966	172,210	465,176
Unassigned	118,309	22,809	-	-	141,118
Total Fund Balance	118,309	22,809	292,966	172,210	606,294
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 118,309</b>	<b>\$ 22,809</b>	<b>\$ 304,541</b>	<b>\$ 189,058</b>	<b>\$ 634,717</b>

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, 2012

	General Fund	County Fund	Regional Safe Schools	Spoon River Academy	TOTALS
<b>REVENUES</b>					
Local sources	\$ 4,681	\$ 37,478	\$ 22,173	\$ 18,000	\$ 82,332
On-behalf payments - Local	-	121,327	-	-	121,327
State sources	-	-	188,518	162,361	350,879
On-behalf payments - State	262,452	-	-	-	262,452
Federal sources	-	-	9,092	-	9,092
Total Revenues	<u>267,133</u>	<u>158,805</u>	<u>219,783</u>	<u>180,361</u>	<u>826,082</u>
<b>EXPENDITURES</b>					
Salaries and benefits	-	6,475	120,144	167,205	293,824
Purchased services	11,477	21,015	49,302	9,790	91,584
Supplies and materials	2,761	5,099	4,004	1,721	13,585
On-behalf payments - Local	-	121,327	-	-	121,327
On-behalf payments - State	262,452	-	-	-	262,452
Total Expenditures	<u>276,690</u>	<u>153,916</u>	<u>173,450</u>	<u>178,716</u>	<u>782,772</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(9,557)</u>	<u>4,889</u>	<u>46,333</u>	<u>1,645</u>	<u>43,310</u>
<b>OTHER FINANCING SOURCES</b>					
Interest	998	-	-	-	998
Total Other Financing Sources	<u>998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>998</u>
NET CHANGE IN FUND BALANCE	(8,559)	4,889	46,333	1,645	44,308
FUND BALANCE - BEGINNING	<u>126,868</u>	<u>17,920</u>	<u>246,633</u>	<u>170,565</u>	<u>561,986</u>
FUND BALANCE - ENDING	<u>\$ 118,309</u>	<u>\$ 22,809</u>	<u>\$ 292,966</u>	<u>\$ 172,210</u>	<u>\$ 606,294</u>

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2011 to June 30, 2012)  
 GENERAL FUND ACCOUNT  
 REGIONAL SAFE SCHOOLS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Local	\$ -	\$ -	\$ 22,173
State	54,540	54,540	188,518
Federal	-	-	9,092
Total Revenue	<u>54,540</u>	<u>54,540</u>	<u>219,783</u>
EXPENDITURES			
Salaries and benefits	54,540	54,540	120,144
Purchased services	-	-	49,302
Supplies and materials	-	-	4,004
Total Expenditures	<u>54,540</u>	<u>54,540</u>	<u>173,450</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>46,333</u>
NET CHANGE IN FUND BALANCE	-	-	46,333
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>246,633</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 292,966</u>

Note: The budget amount 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.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2012

	Gifted Program	McCall Summer School	Truants Alternative Optional Education	Safe to Learn	McKinney Homeless Children and Youth	School and Community Assistance Team	ROE/ISC Operations	TOTALS
<b>ASSETS</b>								
Cash and cash equivalents	\$ 9,374	\$ 627	\$ -	\$ 2,712	\$ 1,086	\$ 214	\$ -	\$ 14,013
Due from other governments:								
State	-	-	5,613	-	-	-	-	5,613
<b>TOTAL ASSETS</b>	<u>\$ 9,374</u>	<u>\$ 627</u>	<u>\$ 5,613</u>	<u>\$ 2,712</u>	<u>\$ 1,086</u>	<u>\$ 214</u>	<u>\$ -</u>	<u>\$ 19,626</u>
<b>LIABILITIES</b>								
Due to other funds	\$ -	\$ -	\$ 5,613	\$ -	\$ -	\$ -	\$ -	\$ 5,613
Deferred revenue	-	-	-	2,712	1,086	-	-	3,798
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>5,613</u>	<u>2,712</u>	<u>1,086</u>	<u>-</u>	<u>-</u>	<u>9,411</u>
<b>FUND BALANCE</b>								
Restricted	9,374	627	-	-	-	214	-	10,215
<b>Total Fund Balance</b>	<u>9,374</u>	<u>627</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214</u>	<u>-</u>	<u>10,215</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 9,374</u>	<u>\$ 627</u>	<u>\$ 5,613</u>	<u>\$ 2,712</u>	<u>\$ 1,086</u>	<u>\$ 214</u>	<u>\$ -</u>	<u>\$ 19,626</u>

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, 2012

	Gifted Program	McCall Summer School	Truants Alternative Optional Education	Safe to Learn	McKinney Homeless Children and Youth	School and Community Assistance Team	ROE/ISC Operations	TOTALS
<b>REVENUES</b>								
State sources	\$ -	\$ -	\$ 36,847	\$ -	\$ -	\$ -	\$ 23,806	\$ 60,653
Federal sources	-	-	-	-	9,466	-	-	9,466
Total Revenues	-	-	36,847	-	9,466	-	23,806	70,119
<b>EXPENDITURES</b>								
Salaries and benefits	-	-	28,244	-	5,405	-	-	33,649
Purchased services	594	-	7,905	-	639	-	-	9,138
Supplies and materials	-	-	698	-	2,722	-	-	3,420
Payments to other governments	-	-	-	-	700	-	23,806	24,506
Total Expenditures	594	-	36,847	-	9,466	-	23,806	70,713
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>								
	(594)	-	-	-	-	-	-	(594)
<b>OTHER FINANCING SOURCES</b>								
Interest	26	-	-	-	-	-	-	26
Total Other Financing Sources	26	-	-	-	-	-	-	26
<b>NET CHANGE IN FUND BALANCE</b>								
	(568)	-	-	-	-	-	-	(568)
<b>FUND BALANCE - BEGINNING</b>								
	9,942	627	-	-	-	214	-	10,783
<b>FUND BALANCE - ENDING</b>								
	\$ 9,374	\$ 627	\$ -	\$ -	\$ -	\$ 214	\$ -	\$ 10,215

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2011 to June 30, 2012)  
 EDUCATION FUND ACCOUNTS  
 TRUANTS ALTERNATIVE OPTIONAL EDUCATION  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State	\$ 44,284	\$ 44,284	\$ 36,847
Total Revenue	<u>44,284</u>	<u>44,284</u>	<u>36,847</u>
EXPENDITURES			
Salaries and benefits	37,646	35,646	28,244
Purchased services	6,152	7,652	7,905
Supplies and materials	486	986	698
Total Expenditures	<u>44,284</u>	<u>44,284</u>	<u>36,847</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2011 to September 30, 2012)  
 EDUCATION FUND ACCOUNTS  
 MCKINNEY HOMELESS CHILDREN AND YOUTH PROGRAM  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal	\$ 10,552	\$ 11,052	\$ 9,466
Total Revenue	<u>10,552</u>	<u>11,052</u>	<u>9,466</u>
EXPENDITURES			
Salaries and benefits	5,461	5,461	5,405
Purchased services	1,811	1,811	639
Supplies and materials	2,580	3,080	2,722
Payments to other governments	700	700	700
Total Expenditures	<u>10,552</u>	<u>11,052</u>	<u>9,466</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2011 to June 30, 2012)  
 EDUCATION FUND ACCOUNTS  
 ROE/ISC OPERATIONS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State	\$ 23,806	\$ 23,806	\$ 23,806
Total Revenue	<u>23,806</u>	<u>23,806</u>	<u>23,806</u>
EXPENDITURES			
Salaries and benefits	23,806	-	-
Payments to other governments	-	23,806	23,806
Total Expenditures	<u>23,806</u>	<u>23,806</u>	<u>23,806</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2012

	General Education Development	Bus Driver Training	Institute	TOTALS
ASSETS				
Cash and cash equivalents	\$ 15,676	\$ 9,870	\$ 56,091	\$ 81,637
TOTAL ASSETS	<u>\$ 15,676</u>	<u>\$ 9,870</u>	<u>\$ 56,091</u>	<u>\$ 81,637</u>
FUND BALANCE				
Restricted	\$ 15,676	\$ 9,870	\$ 56,091	\$ 81,637
TOTAL FUND BALANCE	<u>\$ 15,676</u>	<u>\$ 9,870</u>	<u>\$ 56,091</u>	<u>\$ 81,637</u>

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, 2012

	General Education Development	Bus Driver Training	Institute	TOTALS
<b>REVENUES</b>				
Local sources	\$ 5,205	\$ 2,418	\$ 12,545	\$ 20,168
State sources	-	796	-	796
Total Revenues	<u>5,205</u>	<u>3,214</u>	<u>12,545</u>	<u>20,964</u>
<b>EXPENDITURES</b>				
Salaries and benefits	738	-	-	738
Purchased services	934	1,327	3,969	6,230
Supplies and materials	1,646	34	-	1,680
Total Expenditures	<u>3,318</u>	<u>1,361</u>	<u>3,969</u>	<u>8,648</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,887</u>	<u>1,853</u>	<u>8,576</u>	<u>12,316</u>
NET CHANGE IN FUND BALANCE	1,887	1,853	8,576	12,316
FUND BALANCE - BEGINNING	<u>13,789</u>	<u>8,017</u>	<u>47,515</u>	<u>69,321</u>
FUND BALANCE - ENDING	<u>\$ 15,676</u>	<u>\$ 9,870</u>	<u>\$ 56,091</u>	<u>\$ 81,637</u>

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUND  
 FOR THE YEAR ENDED JUNE 30, 2012

	Balance 07/01/11	Additions	Deductions	Balance 06/30/12
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 362,266	\$ 362,266	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 362,266</u>	<u>\$ 362,266</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Due to other governments	\$ -	\$ 362,266	\$ 362,266	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 362,266</u>	<u>\$ 362,266</u>	<u>\$ -</u>

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT  
 TREASURERS AND OTHER ENTITIES  
 DISTRIBUTIVE FUND  
 FOR THE YEAR ENDED JUNE 30, 2012

District	Schuyler County School Facility Occupation Tax
Astoria CUSD #1	\$ 11,349
VIT CUSD #2	161
Schuyler-Industry CUSD #5	336,668
Southeastern CUSD #337	14,088
<b>TOTAL</b>	<b>\$ 362,266</b>