

State of Illinois  
FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
FINANCIAL AUDIT  
For the Year Ended June 30, 2007

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

TABLE OF CONTENTS

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
AND AUDITEE CORRECTIVE ACTION PLAN

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22

TABLE OF CONTENTS

BASIC FINANCIAL STATEMENTS - CONTINUED

Fund Financial Statements:

Balance Sheet – Governmental Funds	25
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	26
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Funds	28
Statement of Net Assets – Proprietary Funds	29
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	30
Statement of Cash Flows – Proprietary Funds	31
Statement of Fiduciary Net Assets – Agency Funds	32
Notes to the Financial Statements	33-45

REQUIRED SUPPLEMENTARY INFORMATION  
(Other than Management Discussion and Analysis)

Illinois Municipal Retirement Fund – Schedule of Funding Progress	46
---	----

OTHER SUPPLEMENTARY INFORMATION

Combining Schedule of Accounts – General Fund	47
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - General Fund Accounts	48
Combining Schedule of Accounts – Education Fund	49
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Education Fund Accounts	50
Budgetary Comparison Schedules – Education Fund Accounts	51-53
Combining Balance Sheet – Nonmajor Special Revenue Funds	54
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	55
Combining Statement of Fiduciary Net Assets – Agency Funds	56
Combining Statement of Changes in Assets and Liabilities – Agency Funds	57
Schedule of Disbursements to Other Entities – Distributive Fund	58

OFFICIALS

Regional Superintendent

Mr. Alan Coleman (during audit period)  
Ms. Louise Bassett (current)

Assistant Regional Superintendent

Ms. Louise Bassett (during audit period)  
Ms. Barbara Closen (current)

Offices are located at:

Fulton County Courthouse  
100 North Main, P.O. Box 307  
Lewistown, Illinois 61542

**FINANCIAL REPORT SUMMARY**

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

**AUDITORS' REPORTS**

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

**SUMMARY OF AUDIT FINDINGS**

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

Details of audit findings are presented in a separately tabbed report section.

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)		
07-1	13-14	Controls over financial reporting
PRIOR AUDIT FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)		
06-1	17	Controls over compliance with laws and regulations

**EXIT CONFERENCE**

An exit conference was held on September 18, 2007. Attending were Regional Superintendent Louise Bassett and auditor Mark Reinken of Ginoli & Company Ltd. Responses to the recommendations were provided by Louise Bassett on December 13, 2007.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22

FINANCIAL STATEMENT REPORT

SUMMARY

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

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



**INDEPENDENT AUDITORS' REPORT**

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fulton/Schuyler Counties Regional Office of Education #22, as of and for the year ended June 30, 2007, which collectively comprise the Fulton/Schuyler Counties Regional Office of Education #22's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Fulton/Schuyler Counties Regional Office of Education #22's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fulton/Schuyler Counties Regional Office of Education #22, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2008 on our consideration of Fulton/Schuyler Counties Regional Office of Education #22's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

*GINOLI & COMPANY LTD*

GINOLI & COMPANY LTD  
Certified Public Accountants

Peoria, Illinois  
February 8, 2008





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

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Fulton/Schuyler Counties Regional Office of Education #22, as of and for the year ended June 30, 2007, which collectively comprise Fulton/Schuyler Counties Regional Office of Education #22's basic financial statements and have issued our report thereon dated February 8, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of deficiencies, that adversely affects Fulton/Schuyler Counties Regional Office of Education #22's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Fulton/Schuyler Counties Regional Office of Education #22's financial statements that is more than inconsequential will not be prevented or detected by Fulton/Schuyler Counties Regional Office of Education #22's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting, 07-1.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Fulton/Schuyler Counties Regional Office of Education #22's internal control.

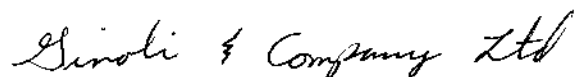
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 07-1 to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fulton/Schuyler Counties Regional Office of Education #22's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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



GINOLI & COMPANY LTD  
Certified Public Accountants

Peoria, Illinois  
February 8, 2008

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007

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Section I -- Summary of Auditor's Results

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**Financial Statements**

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

Internal control over financial reporting:

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

**Federal Awards**

Internal control over major programs:

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

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

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

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2007  
 (CONTINUED)

Identification of major programs:

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

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

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

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007

**Section II: Financial Statement Findings:**

**FINDING NO. 07-1 - Controls Over Financial Reporting**

**Criteria/Specific Requirement:**

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

**Condition:**

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

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenues. For example, at June 30, 2007, deferred revenue of \$25,942 is not reflected in the Regional Office's accounting records.
- The Regional Office did not maintain adequate internal controls over the processing of all financial transactions and numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.

**Effect:**

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

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007

**Cause:**

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

**Recommendation:**

As part of its internal control over the preparation of its 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  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007  
(Continued)

**Section III – Federal Award Findings:**

There were no findings for the fiscal year ended June 30, 2007.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
JUNE 30, 2007

Corrective Action Plan

**Finding No: 07-1**

**Condition:**

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

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenues. For example, at June 30, 2007, deferred revenue of \$25,942 is not reflected in the Regional Office's accounting records.
- The Regional Office did not maintain adequate internal controls over the processing of all financial transactions and numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.

**Corrective Action Plan:**

The Regional Office of Education #22 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office 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.

**Anticipated Date of Completion:**

Undetermined

**Contact person:**

Louise Bassett, Regional Superintendent



FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2007

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
06-01	A. Public Act 95-496 repealed the requirements of 105 ILCS 5/3- 14.11	Resolved
	B. Public Act 95-496 repealed the requirements of 105 ILCS 5/3-14.5	Resolved
	C. ROE reported all activities	Resolved.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22

MANAGEMENT'S DISCUSSION AND ANALYSIS

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007

The Regional Office of Education #22 for the Counties of Fulton and Schuyler provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements, which follow.

**2007 Financial Highlights**

- Within the Governmental Funds, the General Fund revenues decreased by \$4,585 from \$322,384 in FY06 to \$317,799 in FY07. General Fund expenditures decreased by \$11,131 from \$327,098 in FY06 to \$315,967 in FY07.
- Within the Governmental Funds, the Special Fund revenue decreased by \$29,828 from \$522,312 in FY06 to \$492,484 in FY07. The Special Fund expenditures decreased by \$49,924 from \$529,813 in FY06 to \$479,889 in FY07.

**Using This Report**

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office's financial activities.
- The Government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the Regional Office of Education as a whole and present an overall view of the Office's finances.
- Fund financial statements report the Regional Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the financial statements provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements and supplementary information provides detail information about the non-major funds.

**Reporting the Office as a Whole**

The Statement of Net Assets and the Statement of Activities.

The Government-wide statements report information about the Regional Office of Education #22 as a whole. The Statement of Net Assets includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid, using accounting methods similar to those used by private-sector companies.

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

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

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007

- To assess the Regional Office's overall health, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the state level need to be considered.

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

The fund financial statements provide detailed information about the Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices, which allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office of Education #22 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

- 1) Governmental funds account for all of the Office's services. These focus on how cash and other financial assets can be readily converted to cash flow in and out and the balances left at year-end available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Office's programs. The Office's Governmental Funds include: the General Fund and the Special Revenue Funds. The governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.
- 2) Fiduciary funds are used to account for assets held by the Regional Office of Education #22 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds required financial statements include a Statement of Fiduciary Net Assets.
- 3) Proprietary funds, which include only an internal service fund, are used to account for the goods and services provided by one fund for the benefit of the school districts in the county. The proprietary funds required financial statements include a Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Fund Net Assets, and Statement of Cash Flows.

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

#### **Office-Wide Financial Analysis**

As noted earlier, net assets may serve when examined over time as one indicator of the financial position of the Regional Office. The net assets at the end of FY07 totaled \$365,002. At the end of FY06, the net assets were \$367,282. The analysis that follows provides a summary of the Office's net assets at June 30, 2007, and 2006, for the governmental activities.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 JUNE 30, 2007

**CONDENSED STATEMENT OF NET ASSETS**

	<u>2007</u>	<u>2006</u>
	Governmental Activities	Governmental Activities
Current Assets	\$ 351,465	\$ 371,088
Capital Assets, being depreciated, Net	<u>40,143</u>	<u>52,505</u>
Total Assets	<u>391,608</u>	<u>423,593</u>
Current Liabilities	26,606	56,311
Long-Term Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>26,606</u>	<u>56,311</u>
Net Assets:		
Invested in Capital Assets, net of related debt	40,143	52,505
Unrestricted	310,592	302,694
Restricted for teacher professional development	<u>14,267</u>	<u>12,083</u>
Total Net Assets	<u>\$ 365,002</u>	<u>\$ 367,282</u>

The Regional Office of Education's net assets decreased from FY06 by \$2,280. The decrease occurred primarily in the Governmental Fund as a result of under funding of an extra clerk hire position. In addition, net assets related to the Teacher Institute Fund are considered restricted for teacher professional development. The following analysis shows the changes in net assets for the years ended June 30, 2007 and 2006.

**CHANGES IN NET ASSETS**

	<u>2007</u>	<u>2006</u>
	Governmental Activities	Governmental Activities
Revenues:		
Program Revenues:		
Operating grants and contributions	\$ 386,630	\$ 412,524
General revenues:		
Local sources	124,278	128,837
State sources	2,600	2,000
On-behalf payments – State	185,970	186,679
On-behalf payments – Local	96,168	101,809
Interest	<u>14,637</u>	<u>12,847</u>
Total Revenues	<u>810,283</u>	<u>844,696</u>
Expenses:		
Program Expenses:		
Salaries and Benefits	376,557	410,497
Purchased Services	114,222	134,206
Supplies and Materials	22,686	18,836
Depreciation Expense	16,960	18,757
Other Objects	-	372
Administrative Expenses:		
On-behalf payments -- State	185,970	186,679
On-behalf payments – Local	<u>96,168</u>	<u>101,809</u>
Total Expenses	<u>812,563</u>	<u>871,156</u>
Increase (Decrease) in Net Assets	(2,280)	(26,460)
Net Assets beginning of year	<u>367,282</u>	<u>393,742</u>
Net Assets end of year	<u>\$ 365,002</u>	<u>\$ 367,282</u>

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007

**Governmental Activities**

For FY 07, revenues for governmental activities were \$810,283 and expenses were \$812,563 which are less than FY06 amounts. The Regional Office of Education #22 determined the decrease in revenue and expenses was due to the loss of a Federal Program (FASTRAC).

**Financial Analysis of the Regional Office of Education #22 Funds**

As previously noted, the Regional Office of Education #22 uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The Agency's Governmental Funds reported combined fund balances of \$321,411.

**Governmental Fund Highlights:**

- The dollar return on investments (savings and checking accounts), was increased because of rising interest rates.
- County support for the Regional Office of Education #22 increased by \$8,988. The Regional Office requested budget levels higher than the previous year due to cost of living increases in employee salaries and benefits and increased travel expenses.
- There was an increase in the state aid foundation level to \$5,334 per student from \$5,164.

**Budgetary Highlights:**

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

**Capital Assets**

Capital Assets of the Regional Office of Education #22 include office equipment, computers, audio-visual equipment and office furniture. The Regional Office of Education #22 maintains an inventory of capital assets, which have been accumulated over time. The increase for FY07 was \$3,190 and came as a result of purchasing a copier. In addition, the Regional Office of Education #22 has adopted a depreciation schedule, which reflects the level of Net Governmental Activities Capital Assets. More detailed information about capital assets is available in Note #4 to the financial statements.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007

**Economic Factors and Next Year's Budget**

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

- The State of Illinois Foundation level used in the General State Aid calculation has increased to \$5,734 per student.
- The interest rate on investments remains low and will impact interest earned.
- Several grants have remained near or below previous levels. The Regional Office will continue minimal Gifted funding for special projects only. The Gifted Coordinator has been hired by the final school district participating in the Program, but will continue to provide limited Gifted education services for the Regional Office.
- The TAOEP grant funding for FY07 increased over last year's grant. The TAOEP grant funding also increased for FY08.
- The Regional Office submitted a budget for county support that was less than the amount requested in FY07. The increase in employees' salaries and benefits for the FY08 county budget was offset by the retirement of a part-time employee.
- The Regional Office is not receiving FY08 state grant money in a timely manner.

**Contacting the Regional Office's Financial Management**

This financial report is designed to provide the Regional Offices' citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education #22 at 100 N. Main St., Lewistown, IL 61542.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22

BASIC FINANCIAL STATEMENTS



FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
 STATEMENT OF NET ASSETS  
JUNE 30, 2007

	<u>Primary Government Governmental Activities</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 349,878
Due from other governmental units:	
State	593
Prepaid insurance	994
Total current assets	<u>\$ 351,465</u>
Noncurrent assets:	
Capital assets, being depreciated, net	<u>\$ 40,143</u>
Total noncurrent assets	<u>\$ 40,143</u>
Total Assets	<u><u>\$ 391,608</u></u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ -
Due to other governmental units	
State	664
Deferred revenue	25,942
Total current liabilities	<u>\$ 26,606</u>
<u>NET ASSETS</u>	
Investment in capital assets	\$ 40,143
Unrestricted	310,592
Restricted for teacher professional development	14,267
Total Net Assets	<u><u>\$ 365,002</u></u>

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

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007

FUNCTIONS/PROGRAMS	Program Revenue		Net (Expense) Revenue and Changes in Net Assets	
Primary government:	Expenses	Operating Grants and Contributions	Primary Government	
Governmental activities:			Governmental Activities	Total
Instructional services:				
Salaries and benefits	\$ 376,557	\$ 320,888	\$ (55,669)	\$ (55,669)
Purchased services	114,222	56,121	(58,101)	(58,101)
Supplies and materials	22,686	9,621	(13,065)	(13,065)
Capital outlay	-	-	-	-
Other objects	-	-	-	-
Depreciation expense	16,960	-	(16,960)	(16,960)
Administrative:				
On-behalf payments- State	185,970	-	(185,970)	(185,970)
On-behalf payments- Local	96,168	-	(96,168)	(96,168)
Total primary government	\$ 812,563	\$ 386,630	\$ (425,933)	\$ (425,933)
General Revenues:				
Local sources			\$ 124,278	\$ 124,278
State sources			2,600	2,600
Administrative:				
On-behalf payments- State			185,970	185,970
On-behalf payments- Local			96,168	96,168
Interest			14,637	14,637
Total general revenues			\$ 423,653	\$ 423,653
Changes in net assets			\$ (2,280)	\$ (2,280)
Net assets, beginning			367,282	367,282
Net assets, ending			\$ 365,002	\$ 365,002

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, 2007

<u>ASSETS</u>	General <u>Fund</u>	Education <u>Fund</u>	Institute <u>Fund</u>	Nonmajor <u>Funds</u>	Total Governmental <u>Funds</u>
Cash	\$ 134,759	\$ 171,385	\$ 32,147	\$ 8,139	\$ 346,430
Due from other governmental units:					
State	-	593	-	-	593
Prepaid Insurance	-	994	-	-	994
Total Assets	\$ 134,759	\$ 172,972	\$ 32,147	\$ 8,139	\$ 348,017
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governmental units	-				
State	-	664	-	-	664
Deferred revenue	5,350	2,712	17,880	-	25,942
Total Liabilities	\$ 5,350	\$ 3,376	\$ 17,880	\$ -	\$ 26,606
FUND BALANCES:					
Unreserved, reported in:					
General fund	\$ 129,409	\$ -	\$ -	\$ -	\$ 129,409
Special revenue funds	-	169,596	14,267	8,139	192,002
Total Fund Balances	\$ 129,409	\$ 169,596	\$ 14,267	\$ 8,139	\$ 321,411
Total Liabilities and Fund Balances	\$ 134,759	\$ 172,972	\$ 32,147	\$ 8,139	\$ 348,017

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

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2007

Total Fund Balances - Governmental Funds	\$ 321,411
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore are not reported in the government funds.	37,543
Internal service funds are used to charge the costs of the Video Film Library. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets.	<u>6,048</u>
Net assets of governmental activities	<u>\$ 365,002</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, 2007

	General Fund	Education Fund	Institute Fund	Nonmajor Funds	Governmental Funds	Total
<b>Revenues:</b>						
Local sources	\$ 34,373	\$ 76,169	\$ 8,753	\$ 4,983	\$	\$ 124,278
State sources	-	373,897	-	2,600		376,497
Federal sources	-	12,733	-	-		12,733
Interest	14,435	196	6	-		14,637
Administrative:						
On-behalf payments- State	172,823	13,147	-	-		185,970
On-behalf payments- Local	96,168	-	-	-		96,168
<b>Total Revenues</b>	<b>\$ 317,799</b>	<b>\$ 476,142</b>	<b>\$ 8,759</b>	<b>\$ 7,583</b>	<b>\$</b>	<b>\$ 810,283</b>
<b>Expenditures:</b>						
Instructional services:						
Salaries and benefits	\$ 17,754	\$ 355,217	\$ -	\$ 1,534	\$	\$ 374,505
Purchased services	17,985	85,745	6,519	3,254		113,503
Supplies and materials	11,237	10,048	-	1,235		22,520
Capital outlay	-	3,190	-	-		3,190
Other objects	-	-	-	-		-
Administrative:						
On-behalf payments- State	172,823	13,147	-	-		185,970
On-behalf payments- Local	96,168	-	-	-		96,168
<b>Total Expenditures</b>	<b>\$ 315,967</b>	<b>\$ 467,347</b>	<b>\$ 6,519</b>	<b>\$ 6,023</b>	<b>\$</b>	<b>\$ 795,856</b>
Excess of revenues over (under) expenditures	\$ 1,832	\$ 8,795	\$ 2,240	\$ 1,560	\$	\$ 14,427
Transfers	56	-	(56)	-		-
Net change in fund balance	\$ 1,888	\$ 8,795	\$ 2,184	\$ 1,560	\$	\$ 14,427
Fund balances - beginning	127,521	160,801	12,083	6,579		306,984
Fund balances - ending	\$ 129,409	\$ 169,596	\$ 14,267	\$ 8,139	\$	\$ 321,411

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, 2007

Net change in fund balances	\$	14,427
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	\$	3,190
Depreciation expense	<u>(16,960)</u>	(13,770)
<p>Internal service funds are used by management to charge the costs of maintaining the video library. Expense, less depreciation, of the internal service fund is reported as governmental activities in its Statement of Activities.</p>		
		<u>(2,937)</u>
Change in net assets of governmental activities	<u>\$</u>	<u>(2,280)</u>

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

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
 STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2007

	Governmental Activities- Internal Service <u>Film Library Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 3,448
Noncurrent assets:	
Equipment, net	2,600
Total Assets	\$ 6,048
 <b>NET ASSETS</b>	
Invested in capital assets	\$ 2,600
Unrestricted	3,448
Total Net Assets	\$ 6,048

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

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2007

	Governmental Activities- Internal Service <u>Film Library Fund</u>
Revenues:	
District fees	\$ -
Expenditures:	
Salaries and benefits	\$ 2,052
Purchased services	719
Supplies and materials	166
Dcpreciation	<u>1,508</u>
Total Expenses	<u>\$ 4,445</u>
Change in Net Assets	\$ (4,445)
Net Assets - Beginning of year	<u>10,493</u>
Net Assets - End of year	<u><u>\$ 6,048</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 CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

	Governmental Activities- Internal Service Film Library Fund
Cash flows from operating activities:	
Receipts from customers	\$ -
Payments to suppliers and providers of goods and services	(2,937)
Net cash used for operating activities	<u>\$ (2,937)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	\$ (1,408)
Net cash used for capital and related financing activities	<u>\$ (1,408)</u>
Net decrease in cash	\$ (4,345)
Cash - beginning of year	<u>7,793</u>
Cash - end of year	<u><u>\$ 3,448</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (4,445)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	<u>1,508</u>
Net cash provided by (used for) operating activities	<u><u>\$ (2,937)</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 FIDUCIARY NET ASSETS  
AGENCY FUNDS  
JUNE 30, 2007

	Agency Funds
ASSETS:	
Cash	\$ -
Due from other governmental units	<u>-</u>
 Total Assets	 <u><u>\$ -</u></u>
LIABILITIES:	
Due to other governmental units	<u>\$ -</u>
 Total Liabilities	 <u><u>\$ -</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of any monies distributed to treasurers, board presidents, clerks and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #22's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with State law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required by law.

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

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

For the period ended June 30, 2007, the Regional Office of Education #22 applied for, received, and administered numerous State and federal programs and grants in assistance of the educational activities of the school districts in the region. Such activities are reported as a single major special revenue fund (Education Fund).

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Scope of the Reporting Entity

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

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

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

C. Basis of Presentation and Basis of Accounting

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the ROE gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. On an accrual basis, revenue from grants, entitlements, and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Basis of Presentation and Basis of Accounting- continued

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

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the ROE; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Basis of Presentation and Basis of Accounting- continued

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Basis of Presentation and Basis of Accounting- continued

Non Major Funds -- All non-major funds are aggregated and reported in a single column. The ROE administers the following non major governmental funds:

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

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

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

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

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

Fiduciary Fund Types -- Agency Funds are used to account for assets held by the ROE in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The school districts within the ROE's geographic responsibility have signed formal agreements which allow the ROE to retain any interest earned during the year. A description of the ROE's fiduciary funds are as follows:

Distributive Fund - to account for the pass-through of State aid monies from the Regional Office of Education to the various school districts within the Region. At any given point in time, total fund assets are equally offset by related liabilities including amounts due to the parties for whom the assets are being held. Agency funds have no fund equity and do not involve measurement of revenues, expenditures, or expenses. The school districts have agreed that all interest will stay with the ROE.

D. Budget and Budgetary Accounting

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Assets, Liabilities and Net Assets

**Deposits and investments**

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

**Receivables and payables**

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

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

**Capital assets**

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

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

**Deferred revenue**

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



NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Assets, Liabilities and Net Assets - continued

**Net assets**

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

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

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

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

F. Use of Estimates

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

G. Intergovernmental Agreement

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

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

H. New Accounting Pronouncement

Effective June 30, 2007, the ROE adopted Governmental Accounting Standards Board Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. There was no impact on the ROE's financial statements as a result of adopting this statement.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: DEPOSITS AND INVESTMENTS

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

At June 30, 2007 the carrying amount of the ROE's deposits was \$349,878 and the bank balances were \$365,100. Of these balances, \$100,000 was covered by federal depository insurance and \$265,100 was collateralized with securities held in trust in the ROE's name.

NOTE 3: DUE FROM/TO OTHER GOVERNMENTAL UNITS

Due from other governmental units for unpaid portion of various programs consists of the following at June 30, 2007:

Illinois State Board of Education:	
State Free Lunch and Breakfast	\$ 13
School Breakfast Incentive	42
National School Lunch Program	428
School Breakfast Program	<u>110</u>
Total	<u>\$593</u>

Due to other governmental units consists of the following at June 30, 2007:

Hancock/McDonough ROE #26-McKinney Homeless Grant	<u>\$664</u>
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NOTE 4: CAPITAL ASSETS

Capital asset activity during the 2007 fiscal year was as follows:

	Balance <u>7-1-06</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6-30-07</u>
Equipment	\$152,405	\$ 3,190	\$ -	\$155,595
Less accumulated depreciation	<u>102,600</u>	<u>15,452</u>	<u>-</u>	<u>118,052</u>
Total	<u>\$ 49,805</u>	<u>\$(12,262)</u>	<u>\$ -</u>	<u>\$ 37,543</u>

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

	Balance <u>7-1-06</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6-30-07</u>
Videos and films	\$43,910	\$ 1,408	\$ -	\$45,318
Furniture & equipment	<u>3,495</u>	<u>-</u>	<u>-</u>	<u>3,495</u>
Total	\$47,405	\$ 1,408	\$ -	\$48,813
Accumulated depreciation	<u>44,705</u>	<u>1,508</u>	<u>-</u>	<u>46,213</u>
Total	<u>\$ 2,700</u>	<u>\$ (100)</u>	<u>\$ -</u>	<u>\$ 2,600</u>
Total capital assets	<u>\$52,505</u>	<u>\$(12,362)</u>	<u>\$ -</u>	<u>\$40,143</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

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

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

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate through June 30, 2007 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer.

In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not part of this retirement plan. The employer THIS Fund contribution was 0.60 percent during the year ended June 30, 2007 and the member THIS Fund health insurance contribution was 0.80 percent.

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

- **On-behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2007, State of Illinois contributions were based on 9.78 percent of creditable earnings, and the ROE recognized revenue and expenditures of \$13,147 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2006 and June 30, 2005, the State of Illinois contribution rates as percentages of creditable earnings were 7.06 percent (\$11,587) and 11.76 percent (\$19,771), respectively.

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

- **2.2 formula contributions.** Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ending June 30, 2007 were \$780. Contributions for the years ended June 30, 2006 and June 30, 2005 were \$952 and \$869, respectively.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: RETIREMENT FUND COMMITMENTS - continued

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

- **Federal and trust fund contributions.** When TRS members are paid from federal and trust funds administered by the ROE, there is a statutory requirement for the ROE to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2007, the employer pension contribution was 9.78 percent of salaries paid from federal and trust funds. For the year ended June 30, 2006, the employer contribution was 7.06 percent of salaries paid from federal and trust funds. For the year ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2007, salaries totaling \$-0- were paid from federal and trust funds that required employer contributions of \$-0-. For the years ended June 30, 2006 and June 30, 2005, required ROE contributions were \$2,259 and \$2,724, respectively.

- **Early Retirement Option.** The ROE is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member under which ERO program the member retires.

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

Under the ERO program that expired on June 30, 2005 and the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the calculation of final average salary calculation. Under the Modified ERO, the maximum employer contribution is 117.5 percent. Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement. There were no retirements under the Early Retirement Option during the years ended June 30, 2007, 2006 and 2005.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: RETIREMENT FUND COMMITMENTS – continued

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

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, 2006. The report for the year ended June 30, 2007 is expected to be available in late 2007.

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

B. Illinois Municipal Retirement Fund

The ROE's defined benefit pension plan, Illinois Municipal Retirement (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at [www.imrf.org/pubs/pubs\\_homepage.htm](http://www.imrf.org/pubs/pubs_homepage.htm) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The employer is required to contribute at an actuarially determined rate. The employer rate for calendar year 2006 was 10.00 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2006 was 5 years.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: RETIREMENT FUND COMMITMENTS – continued

B. Illinois Municipal Retirement Fund - continued

For December 31, 2006, the ROE’s annual pension cost of \$8,956 was equal to the ROE’s required and actual contributions. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.0% per year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2006 actuarial valuation were based on the 2002-2004 experience study.

TREND INFORMATION			
Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
12/31/06	\$ 8,956	100%	\$ -
12/31/05	9,635	100%	-
12/31/04	24,304	100%	-
12/31/03	17,767	100%	-
12/31/02	16,502	100%	-
12/31/01	14,055	100%	-
12/31/00	9,890	100%	-
12/31/99	10,561	100%	-
12/31/98	6,788	100%	-
12/31/97	4,740	100%	-

NOTE 6: ON-BEHALF PAYMENTS

The following salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education:

Regional Superintendent salary	\$ 79,848
Assistant Regional Superintendent salary	71,864
Regional Superintendent benefits (Includes State paid insurance)	12,401
Assistant Regional Superintendent benefits (Includes State paid insurance)	8,710
TRS contributions	<u>13,147</u>
Total	<u>\$185,970</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: ON-BEHALF PAYMENTS - continued

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

Salaries	\$59,481
Benefits	<u>36,687</u>
Total	<u>\$96,168</u>

NOTE 7: RISK MANAGEMENT

The Regional Office of Education #22 is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Regional Office has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with prior years. During the year ended June 30, 2007 and the two previous fiscal years, no settlement exceeded insurance coverage.

NOTE 8: COMMON BANK ACCOUNT

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

NOTE 9: TRANSFERS

The following is a summary of transfers in and out for the year ended June 30, 2007:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$56	\$ -
Institute Fund	-	56

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22

REQUIRED SUPPLEMENTARY INFORMATION  
(Other than Management Discussion and Analysis)



FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
ILLINOIS MUNICIPAL RETIREMENT FUND - SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED JUNE 30, 2007  
(UNAUDITED)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/06	\$ 244,730	\$ 265,702	\$ 20,972	92.11%	\$ 89,555	23.42%
12/31/05	216,029	195,848	(20,181)	110.30%	113,752	0.00%
12/31/04	188,559	195,308	6,749	96.54%	150,024	4.50%
12/31/03	153,946	163,138	9,192	94.37%	137,406	6.69%
12/31/02	133,926	159,171	25,245	84.14%	140,086	18.02%
12/31/01	115,434	136,558	21,124	84.53%	126,853	16.65%
12/31/00	91,876	109,163	17,287	84.16%	120,174	14.38%
12/31/99	70,139	84,431	14,292	83.07%	119,608	11.95%
12/31/98	48,802	52,817	4,015	92.40%	71,454	5.62%
12/31/97	36,380	55,495	19,115	65.56%	34,671	55.13%

On a market value basis, the actuarial value of assets as of December 31, 2006 is \$257,738. On a market basis, the funded ratio would be 97.00%.

\*Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2006 are based on the 2002-2004 Experience Study.

The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For Regular members, fewer normal and more early retirements are expected to occur.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
JUNE 30, 2007

	General Fund	County Fund	Totals
<u>ASSETS</u>			
Cash	\$ 106,796	\$ 27,963	\$ 134,759
Due from other governmental units:			
State	-	-	-
Total Assets	\$ 106,796	\$ 27,963	\$ 134,759
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Deferred revenue	-	5,350	5,350
Total Liabilities	\$ -	\$ 5,350	\$ 5,350
Fund Balance:			
Fund Balances:			
Unreserved	\$ 106,796	\$ 22,613	\$ 129,409
Total Liabilities and Fund Balance	\$ 106,796	\$ 27,963	\$ 134,759

See accompanying Independent Auditors' Report.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 GENERAL FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>General Fund</u>	<u>County Fund</u>	<u>Total</u>
Revenues:			
Local sources	\$ 3,012	\$ 31,361	\$ 34,373
State sources	-	-	-
Federal sources	-	-	-
Interest	14,435	-	14,435
Administrative:			
On-behalf payments- State	172,823	-	172,823
On-behalf payments- Local	96,168	-	96,168
 Total Revenues	 <u>\$ 286,438</u>	 <u>\$ 31,361</u>	 <u>\$ 317,799</u>
 Expenditures			
Salaries & benefits	\$ -	\$ 17,754	\$ 17,754
Purchased services	6,228	11,757	17,985
Supplies and materials	725	10,512	11,237
Capital outlay	-	-	-
Other Objects	-	-	-
Administrative:			
On-behalf payments- State	172,823	-	172,823
On-behalf payments- Local	96,168	-	96,168
 Total Expenditures	 <u>\$ 275,944</u>	 <u>\$ 40,023</u>	 <u>\$ 315,967</u>
 Excess of revenues over (under) expenditures	 \$ 10,494	 \$ (8,662)	 \$ 1,832
 Transfers	 <u>56</u>	 <u>-</u>	 <u>56</u>
 Net change in fund balance	 \$ 10,550	 \$ (8,662)	 \$ 1,888
 Fund Balance, Beginning of year	 96,246	 31,275	 127,521
 Fund Balance, End of year	 <u>\$ 106,796</u>	 <u>\$ 22,613</u>	 <u>\$ 129,409</u>

See accompanying Independent Auditors' Report.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
JUNE 30, 2007

	Gifted Program	Regional Safe Schools	Spoon River Academy	McCall Summer School	Truants Alternative Education	Illinois Violence Prevention	McKinney Homeless Children and Youth Program	School & Community Assistance Team	Total
<u>ASSETS</u>									
Cash	\$ 17,615	\$ 110,755	\$ 35,118	\$ 4,307	\$ -	\$ 2,712	\$ 664	\$ 214	\$ 171,385
Due from other governmental units:									
State	-	593	-	-	-	-	-	-	593
Prepaid insurance	-	994	-	-	-	-	-	-	994
<b>Total Assets</b>	<b>\$ 17,615</b>	<b>\$ 112,342</b>	<b>\$ 35,118</b>	<b>\$ 4,307</b>	<b>\$ -</b>	<b>\$ 2,712</b>	<b>\$ 664</b>	<b>\$ 214</b>	<b>\$ 172,972</b>
<u>LIABILITIES AND FUND BALANCES</u>									
LIABILITIES:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governmental units:									
State	-	-	-	-	-	-	664	-	664
Deferred revenue	-	-	-	-	-	2,712	-	-	2,712
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,712</b>	<b>\$ 664</b>	<b>\$ -</b>	<b>\$ 3,376</b>
FUND BALANCES:									
Unreserved	\$ 17,615	\$ 112,342	\$ 35,118	\$ 4,307	\$ -	\$ -	\$ -	\$ 214	\$ 169,596
<b>Total Fund Balances</b>	<b>\$ 17,615</b>	<b>\$ 112,342</b>	<b>\$ 35,118</b>	<b>\$ 4,307</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 214</b>	<b>\$ 169,596</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 17,615</b>	<b>\$ 112,342</b>	<b>\$ 35,118</b>	<b>\$ 4,307</b>	<b>\$ -</b>	<b>\$ 2,712</b>	<b>\$ 664</b>	<b>\$ 214</b>	<b>\$ 172,972</b>

See accompanying Independent Auditors' Report.

**FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**EDUCATION FUND ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	Gifted Program	Regional Safe Schools	Spoon River Academy	McCall Summer School	Truants Alternative Education	Illinois Violence Prevention	McKinney Homeless Children and Youth Program	School & Community Assistance Team	Total
<b>REVENUES:</b>									
Local sources	\$ 28,015	\$ 22,354	\$ 18,300	\$ 7,500	\$ -	\$ -	\$ -	\$ -	\$ 76,169
State sources	-	154,721	128,869	-	90,307	-	-	-	373,897
Federal sources	-	5,197	-	-	-	-	7,536	-	12,733
Interest	196	-	-	-	-	-	-	-	196
Administrative- On-behalf payments- State	2,778	6,233	3,667	469	-	-	-	-	13,147
<b>Total Revenues</b>	<b>\$ 30,989</b>	<b>\$ 188,505</b>	<b>\$ 150,836</b>	<b>\$ 7,969</b>	<b>\$ 90,307</b>	<b>\$ -</b>	<b>\$ 7,536</b>	<b>\$ -</b>	<b>\$ 476,142</b>
<b>EXPENDITURES:</b>									
Salaries and benefits	\$ 29,109	\$ 121,293	\$ 117,953	\$ 5,220	\$ 77,846	\$ -	\$ 3,796	\$ -	\$ 355,217
Purchased services	2,737	46,663	21,300	482	10,969	-	3,594	-	85,745
Supplies and materials	136	4,125	4,066	-	1,492	-	146	83	10,048
Capital outlay	-	-	3,190	-	-	-	-	-	3,190
Other objects	-	-	-	-	-	-	-	-	-
Administrative- On-behalf payments- State	2,778	6,233	3,667	469	-	-	-	-	13,147
<b>Total Expenditures</b>	<b>\$ 34,760</b>	<b>\$ 178,314</b>	<b>\$ 150,176</b>	<b>\$ 6,171</b>	<b>\$ 90,307</b>	<b>\$ -</b>	<b>\$ 7,536</b>	<b>\$ 83</b>	<b>\$ 467,347</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ (3,771)</b>	<b>\$ 10,191</b>	<b>\$ 660</b>	<b>\$ 1,798</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (83)</b>	<b>\$ 8,795</b>
<b>Fund balances - beginning</b>	<b>21,386</b>	<b>102,151</b>	<b>34,458</b>	<b>2,509</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>297</b>	<b>160,801</b>
<b>Fund balances - ending</b>	<b>\$ 17,615</b>	<b>\$ 112,342</b>	<b>\$ 35,118</b>	<b>\$ 4,307</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 214</b>	<b>\$ 169,596</b>

See accompanying Independent Auditors' Report.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
 BUDGETARY COMPARISON SCHEDULES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2007

	Gifted Program				Regional Safe Schools			
	<u>Budgeted Amounts</u> <u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>	<u>Budgeted Amounts</u> <u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
REVENUES:								
Local sources	\$ 32,250	\$ 32,250	\$ 28,015	\$ (4,235)	\$ -	\$ -	\$ 22,354	\$ 22,354
State sources	-	-	-	-	83,852	85,996	154,721	68,725
Federal sources	-	-	-	-	-	-	5,197	5,197
Interest	-	-	196	196	-	-	-	-
On-behalf payments - State	-	-	2,778	2,778	-	-	6,233	6,233
<b>Total Revenues</b>	<b>\$ 32,250</b>	<b>\$ 32,250</b>	<b>\$ 30,989</b>	<b>\$ (1,261)</b>	<b>\$ 83,852</b>	<b>\$ 85,996</b>	<b>\$ 188,505</b>	<b>\$ 102,509</b>
EXPENDITURES:								
Salaries and benefits	\$ 29,500	\$ 29,500	\$ 29,109	\$ 391	\$ 82,852	\$ 73,500	\$ 121,293	\$ (47,793)
Purchased services	2,050	2,050	2,737	(687)	1,000	10,000	46,663	(36,663)
Supplies and materials	700	700	136	564	-	2,496	4,125	(1,629)
Capital outlay	-	-	-	-	-	-	-	-
Other objects	-	-	-	-	-	-	-	-
On-behalf payments - State	-	-	2,778	(2,778)	-	-	6,233	(6,233)
<b>Total Expenditures</b>	<b>\$ 32,250</b>	<b>\$ 32,250</b>	<b>\$ 34,760</b>	<b>\$ (2,510)</b>	<b>\$ 83,852</b>	<b>\$ 85,996</b>	<b>\$ 178,314</b>	<b>\$ (92,318)</b>
Excess of revenues over (under) expenditures	\$ -	\$ -	\$ (3,771)	\$ (3,771)	\$ -	\$ -	\$ 10,191	\$ 10,191
Fund balances - beginning	21,386	21,386	21,386	-	102,151	102,151	102,151	-
Fund balances - ending	\$ 21,386	\$ 21,386	\$ 17,615	\$ (3,771)	\$ 102,151	\$ 102,151	\$ 112,342	\$ 10,191

Note: The budget and actual information will not reconcile to the amounts in the combining Statements of Revenues, Expenditures, and Changes in Fund Balances due to the fact that the Regional Safe Schools receives a portion of local, state, and federal money not subject to grant budget requirements.

See accompanying Independent Auditors' Report.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
 BUDGETARY COMPARISON SCHEDULES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2007

	Spoon River Academy				Truants Alternative Education			
	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
REVENUES:								
Local sources	\$ 17,500	\$ 17,500	\$ 18,300	\$ 800	\$ -	\$ -	\$ -	\$ -
State sources	129,776	129,776	128,869	(907)	84,399	90,307	90,307	-
Federal sources	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
On-behalf payments - State	-	-	3,667	3,667	-	-	-	-
Total Revenues	<u>\$ 147,276</u>	<u>\$ 147,276</u>	<u>\$ 150,836</u>	<u>\$ 3,560</u>	<u>\$ 84,399</u>	<u>\$ 90,307</u>	<u>\$ 90,307</u>	<u>\$ -</u>
EXPENDITURES:								
Salaries and benefits	\$ 127,824	\$ 127,824	\$ 117,953	\$ 9,871	\$ 74,702	\$ 77,846	\$ 77,846	\$ -
Purchased services	19,657	19,657	21,300	(1,643)	9,427	11,961	10,969	992
Supplies and materials	6,000	6,000	4,066	1,934	270	500	1,492	(992)
Capital outlay	13,000	13,000	3,190	9,810	-	-	-	-
Other objects	-	-	-	-	-	-	-	-
On-behalf payments - State	-	-	3,667	(3,667)	-	-	-	-
Total Expenditures	<u>\$ 166,481</u>	<u>\$ 166,481</u>	<u>\$ 150,176</u>	<u>\$ 16,305</u>	<u>\$ 84,399</u>	<u>\$ 90,307</u>	<u>\$ 90,307</u>	<u>\$ -</u>
Excess of revenues over (under) expenditures	\$ (19,205)	\$ (19,205)	\$ 660	\$ 19,865	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	34,458	34,458	34,458	-	-	-	-	-
Fund balances - ending	<u>\$ 15,253</u>	<u>\$ 15,253</u>	<u>\$ 35,118</u>	<u>\$ 19,865</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
 BUDGETARY COMPARISON SCHEDULES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>McKinney Homeless Children and Youth Program</u>			
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	8,200	8,200	7,536	(664)
Interest	-	-	-	-
On-behalf payments - State	-	-	-	-
Total Revenues	<u>\$ 8,200</u>	<u>\$ 8,200</u>	<u>\$ 7,536</u>	<u>\$ (664)</u>
EXPENDITURES:				
Salaries and benefits	\$ 3,567	\$ 3,797	\$ 3,796	\$ 1
Purchased services	4,243	4,013	3,594	419
Supplies and materials	390	390	146	244
Capital outlay	-	-	-	-
Other objects	-	-	-	-
On-behalf payments - State	-	-	-	-
Total Expenditures	<u>\$ 8,200</u>	<u>\$ 8,200</u>	<u>\$ 7,536</u>	<u>\$ 664</u>
Excess of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.



FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2007

<u>ASSETS</u>	<u>G.E.D. Fund</u>	<u>Bus Driver Fund</u>	<u>Supervisory Fund</u>	<u>Total</u>
Cash	\$ 6,211	\$ 1,928	\$ -	\$ 8,139
Total Assets	\$ 6,211	\$ 1,928	\$ -	\$ 8,139
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	\$ -	\$ -	\$ -	\$ -
FUND BALANCES:				
Unreserved	\$ 6,211	\$ 1,928	\$ -	\$ 8,139
Total Fund Balances	\$ 6,211	\$ 1,928	\$ -	\$ 8,139
Total Liabilities and Fund Balances	\$ 6,211	\$ 1,928	\$ -	\$ 8,139

See accompanying Independent Auditors' Report.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

	G.E.D. <u>Fund</u>	Bus Driver <u>Fund</u>	Supervisory <u>Fund</u>	<u>Total</u>
<b>REVENUES:</b>				
Local sources	\$ 3,715	\$ 1,268	\$ -	\$ 4,983
State sources	-	600	2,000	2,600
Total Revenues	\$ 3,715	\$ 1,868	\$ 2,000	\$ 7,583
<b>EXPENDITURES:</b>				
Salaries and benefits	\$ 684	\$ 850	\$ -	\$ 1,534
Purchased services	657	427	2,170	3,254
Supplies and materials	1,216	19	-	1,235
Total Expenditures	\$ 2,557	\$ 1,296	\$ 2,170	\$ 6,023
Excess of revenues over (under) expenditures	\$ 1,158	\$ 572	\$ (170)	\$ 1,560
Fund balances - beginning	5,053	1,356	170	6,579
Fund balances - ending	\$ 6,211	\$ 1,928	\$ -	\$ 8,139

See accompanying Independent Auditors' Report.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS  
JUNE 30, 2007

	<u>Distributive Fund</u>
<u>ASSETS</u>	
Cash	\$ -
Due from other governmental units	-
Total Assets	<u>\$ -</u>
<u>LIABILITIES</u>	
Due to others	\$ -
Total Liabilities	<u>\$ -</u>

See accompanying Independent Auditors' Report.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

	Balance 7/1/2006	Additions	Deductions	Balance 6/30/2007
<b><u>Distributive Fund</u></b>				
<u>ASSETS</u>				
Cash	\$ -	\$ 381,157	\$ 381,157	\$ -
Total Assets	\$ -	\$ 381,157	\$ 381,157	\$ -
<u>LIABILITIES</u>				
Due to others	\$ -	\$ 381,157	\$ 381,157	\$ -
Total Liabilities	\$ -	\$ 381,157	\$ 381,157	\$ -

See accompanying Independent Auditors' Report.

FULTON/SCHUYLER COUNTIES REGIONAL OFFICE OF EDUCATION #22  
 SCHEDULE OF DISBURSEMENTS TO OTHER ENTITIES  
 DISTRIBUTIVE FUND  
FOR THE YEAR ENDED JUNE 30, 2007

	Regional Office of Education #22
General State Aid	\$ 197,305
State Free Lunch	227
School Breakfast Incentive	8
Bus Drivers Training	600
Truants Optional Education	90,307
Regional Safe School Program	85,996
Supervisory	2,000
National School Lunch Program	4,100
School Breakfast Program	559
Interest income transferred	55
	\$ 381,157

See accompanying Independent Auditors' Report.