

**State of Illinois  
FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
FINANCIAL AUDIT  
For the Year Ended June 30, 2011**

**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, Acting Effective May 31, 2011)	Mr. David Demler
Regional Superintendent (During the Audit Period, Retired May 31, 2011)	Ms. Louise Bassett
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
Assistant Regional Superintendent (During the Audit Period, Acting Effective June 1, 2011 through June 30, 2011)	No Assistant Regional Superintendent
Assistant Regional Superintendent (During the Audit Period, Acting Effective July 1, 2010 through May 31, 2011)	Mr. David Demler

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	2	3
Repeated audit findings	2	1
Prior recommendations implemented or not repeated	1	0

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

An additional 4 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)			
11-01	10a	Controls over Financial Statement Preparation	Material Weakness
11-02	10c	Expenditure Reporting	Significant Deficiency/Noncompliance
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)			
10-02	12	Recording Obligations	Significant Deficiency

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 September 1, 2011. 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, 2011, 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. 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #22, as of June 30, 2011, 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.

The Regional Office of Education #22 adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended June 30, 2011. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on any of Regional Office of Education #22's governmental funds' assets or liabilities nor was there any effect to the total amount of any of Regional Office of Education #22's governmental fund balances as of and for the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 02, 2012, 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.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 13a-13f, and 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 Regional Office of Education #22's basic financial statements. 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 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 the Schedule of Disbursements to School District Treasurers and 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.

*Kemper CPA Group LLP*

*Certified Public Accountants and Consultants*

Mattoon, Illinois  
April 02, 2012



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 Fulton/Schuyler Counties Regional Office of Education #22, as of and for the year ended June 30, 2011, which collectively comprise the Fulton/Schuyler Counties Regional Office of Education #22's basic financial statements and have issued our report thereon dated April 02, 2012. 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 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 the 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 the Fulton/Schuyler Counties Regional Office of Education #22's internal control over financial reporting.

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

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 11-01 in the accompanying Schedule of Findings and Responses to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in finding 11-02 in the accompanying Schedule of Findings and Responses to be a significant deficiency.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 11-02.

We also noted certain matters which we have reported to management of the Fulton/Schuyler Counties Regional Office of Education #22 in a separate letter dated April 02, 2012.

Fulton/Schuyler Counties Regional Office of Education #22's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Fulton/Schuyler Counties Regional Office of Education #22's responses and, accordingly, express no opinion on them.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, others within the organization, and 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  
April 02, 2012

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 SCHEDULE OF FINDINGS AND RESPONSES  
 FOR THE YEAR ENDED JUNE 30, 2011

**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 that are not considered to be material weakness(es)?	Yes
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
● Material weakness(es) identified?	N/A
● Significant deficiency(ies) identified that are not considered to be material weakness(es)?	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 OMB Circular A-133, Section 510(a)?	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, 2011**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding No. 11-01 – Controls Over Financial Statement Preparation (Repeat of Prior Year Findings 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 that 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 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.

**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, 2011**

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

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

**Auditor’s 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.

In an attempt to correct this finding, the Regional Office will continue to send the Controller to various trainings to better understand accrual accounting and reporting under generally accepted accounting principles (GAAP). In addition, the Regional Office made an attempt to solicit help in preparing financial statements from the new County accountant. However, the County accountant has since resigned and the position has not been filled. That source is no longer available to the Regional Office.

**FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2011**

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

**Finding No. 11-02 – Expenditure Reporting (Repeat of Prior Year Finding 10-03)**

**Criteria/Specific Requirement:**

Grant agreements require the Regional Office to report actual expenditures incurred rather than reporting expenditures based on the amount budgeted in the grant agreement.

**Condition:**

Currently the Regional Office does not document the time and effort of employees that work for or are paid from multiple grants so the salary can be allocated to the grants based on actual cost.

**Effect:**

Grant programs may have over or under allocated costs for salary and benefits.

**Cause:**

The Regional Office did not formally document the time and effort of employees paid from multiple grants.

**Recommendation:**

The Regional Office should formally document the time and efforts spent on each grant for employees paid from multiple grant sources and allocate actual costs to each grant accordingly.

**Management's Response:**

The Regional Superintendent agrees with the auditor's recommendation. The Regional Office has been able to immediately implement for FY2012, the needed change of tracking method unavailable for the one grant employee for FY2011. A time and effort has been established for this employee.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011

**CORRECTIVE ACTION PLAN**

**Finding No. 11-01 – 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  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011

**CORRECTIVE ACTION PLAN (Concluded)**

**Finding No. 11-02 – Expenditure Reporting**

**Condition:**

Currently the Regional Office does not document the time and effort of employees that work for or are paid from multiple grants so the salary can be allocated to the grants based on actual cost.

**Plan:**

The Regional Office will formally document the time and effort spent on each grant for employees that are paid from multiple grant sources.

**Anticipated Date of Completion:**

June 30, 2012

**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, 2011

<b><u>Finding No.</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
10-01	Controls over Financial Reporting	Repeated as Finding 11-01
10-02	Recording Obligations	Corrected
10-03	Expenditure Reporting	Repeated as Finding 11-02

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011

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, 2011. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements, which follow.

**2011 Financial Highlights**

- During fiscal year 2011, the Regional Office of Education implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund type Definitions*, which required certain programs and funds to be reclassified and the restatement of beginning fund balances as detailed in Note 13 to the financial statements. Because of these reclassifications, the fund analysis is not comparable between fiscal year 2010 and fiscal year 2011.
- Within the Governmental Funds, the General Fund revenues and other financing sources increased by \$456,031 from \$411,660 in FY10 to \$867,691 in FY11. Revenues from local sources, State sources and on-behalf payments increased. The increase in State sources was primarily due to the inclusion of General State Aid revenue in the General Fund for FY11. These revenues were classified as Special Revenue Funds in FY10. General Fund expenditures increased by \$327,953 from \$415,785 in FY10 to \$743,738 in FY11. Salaries and benefits, purchased services, supplies and materials and on-behalf payments all increased. Again, the majority of these increases were due to the reclassification of General State Aid expenditures as General Fund expenditures rather than Special Revenue Fund expenditures.
- Within the Governmental Funds, the Special Funds revenues and other financing sources decreased by \$492,073 from \$607,633 in FY10 to \$115,560 in FY11. Revenues from State and local sources decreased due to the reclassification of General State Aid revenue to General Fund revenues. The Special Funds expenditures decreased by \$384,131 from \$485,389 in FY10 to \$101,258 in FY11. Expenditures for salaries and benefits, purchased services and supplies and materials decreased, again due to General State Aid expenditures being included as General Fund expenditures rather than Special Revenue Fund expenditures.

**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.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011

**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.
- 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 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 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.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011

- 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.

**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 FY11 totaled \$675,570. At the end of FY10, the net assets were \$558,040. The analysis that follows provides a summary of the Office's net assets at June 30, 2011 and 2010, for the governmental and business-type activities.

**CONDENSED STATEMENT OF NET ASSETS**

June 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>ASSETS:</b>						
Current assets	\$ 660,017	\$ 567,773	\$ 2,611	\$ 484	\$ 662,628	\$ 568,257
Capital assets being depreciated, net	30,869	31,813	-	48	30,869	31,861
<b>TOTAL ASSETS</b>	<b>690,886</b>	<b>599,586</b>	<b>2,611</b>	<b>532</b>	<b>693,497</b>	<b>600,118</b>
<b>LIABILITIES:</b>						
Current liabilities	17,927	42,078	-	-	17,927	42,078
<b>NET ASSETS:</b>						
Invested in capital assets	30,869	31,813	-	48	30,869	31,861
Unrestricted	561,986	486,887	2,611	484	564,597	487,371
Restricted for educational purposes	80,104	38,808	-	-	80,104	38,808
<b>TOTAL NET ASSETS</b>	<b>\$ 672,959</b>	<b>\$ 557,508</b>	<b>\$ 2,611</b>	<b>\$ 532</b>	<b>\$ 675,570</b>	<b>\$ 558,040</b>

The Regional Office of Education's net assets increased from FY10 by \$117,530. The increase occurred primarily in the Governmental Fund, and reflects the relationship between receiving less revenue, resulting in prudent spending to decrease expenditures. General State Aid increased 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, 2011 and 2010.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>REVENUES:</b>						
Program revenues:						
Operating grants and contributions	\$ 187,627	\$ 258,793	\$ -	\$ -	\$ 187,627	\$ 258,793
Charges for services	-	-	499	-	499	-
General revenues:						
Local sources	101,864	113,720	-	-	101,864	113,720
State sources	286,021	212,842	-	-	286,021	212,842
Federal sources	-	89,683	-	-	-	89,683
On-behalf payments	384,693	362,688	-	-	384,693	362,688
Transfers in (out)	(2,593)	-	2,593	-	-	-
Investment earnings	1,745	3,427	-	-	1,745	3,427
<b>TOTAL REVENUES</b>	<b>959,357</b>	<b>1,041,153</b>	<b>3,092</b>	<b>-</b>	<b>962,449</b>	<b>1,041,153</b>
<b>EXPENSES:</b>						
Programs expenses:						
Salaries and benefits	326,395	356,762	-	-	326,395	356,762
Purchased services	101,337	97,763	-	-	101,337	97,763
Supplies and materials	21,186	47,726	-	-	21,186	47,726
Depreciation	9,545	10,686	-	-	9,545	10,686
Other objects	50	370	-	-	50	370
Payments to other governments	700	10,654	-	-	700	10,654
Administrative expenses:						
On-behalf payments	384,693	362,688	-	-	384,693	362,688
Business-type activities:						
Operating	-	-	1,013	1,034	1,013	1,034
<b>TOTAL EXPENSES</b>	<b>843,906</b>	<b>886,649</b>	<b>1,013</b>	<b>1,034</b>	<b>844,919</b>	<b>887,683</b>
Changes in net assets	115,451	154,504	2,079	(1,034)	117,530	153,470
Net assets, beginning of year	557,508	403,004	532	1,566	558,040	404,570
Net assets, end of year	\$ 672,959	\$ 557,508	\$ 2,611	\$ 532	\$ 675,570	\$ 558,040

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011

**Governmental Activities**

For FY11, revenues for governmental activities were \$959,357, which is less than FY10 amounts, and expenses were \$843,906, which is less than FY10 amounts. The Regional Office of Education #22 determined the decrease in revenue resulted from decreases in operating grant contributions, local revenue and federal source revenue. The decrease in expenses reflects conscientious and cautious spending. The decrease in revenues approximates an 8% decrease while the decrease in expenses was 5%.

**Business-Type Activities**

The Regional Office's business-type activity is related to a Background Checks program and a Video Library cooperative (Film Library Fund) which was phased out in FY11. Expenses for the Video Library were only \$213, leaving a balance of \$319 in cash as of June 30, 2011. Most videos in the library were distributed to the school districts, and the balance was recycled during FY11. The cash balance will be directed toward any media purchases in the future.

**Financial Analysis of the Regional Office of Education #22 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 of Education #22 County Budget FY11 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.
- Several payments for Truants Alternative Optional Education and Alternative School funding continued to be delayed once again for FY11.

**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.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011

**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 FY11 was \$8,601 and came as a result of building improvements made on an upstairs meeting room paid by the Regional Office. In addition, the Regional Office of Education #22 has adopted a depreciation schedule which reflects the level of Net Governmental Activities Capital Assets. More detailed information about capital assets is available in Note 9 to the financial statements.

**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 show an increase, but will remain at \$6,119 per student, with the possible number of payments reduced.
- 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 Truants Alternative Optional Education and Regional Safe School's grant funding decreased for FY12.
- Truants Alternative Optional Education Grant was written for Fulton-Schuyler only, as a separate application in FY12. 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 submitted a budget for county support that was greater than the amount requested in FY11 due to increasing raises for county employees and increased employee benefits.
- The Regional Office is not receiving FY2012 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, FY12 began with the Governor's deletion of salaries for all Regional Superintendents and Assistants in the State of Illinois. This deleted line in the State budget created hardships in the flow of Regional Office business, until resolved in November of 2011. However, at this time, the future of the Regional Office in its current capacity is in jeopardy depending on a possible Education Commission's decision to be determined during 2012.

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

This financial report is designed to provide the Regional Offices' citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education #22 at 257 W. Lincoln Avenue, Lewistown, IL 61542.

## BASIC FINANCIAL STATEMENTS

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 587,060	\$ 2,611	\$ 589,671
Due from other governments:			
State	72,957	-	72,957
<b>Total Current Assets</b>	<u>660,017</u>	<u>2,611</u>	<u>662,628</u>
<b>Noncurrent Assets:</b>			
Capital assets, being depreciated, net	30,869	-	30,869
<b>Total Noncurrent Assets</b>	<u>30,869</u>	<u>-</u>	<u>30,869</u>
<b>TOTAL ASSETS</b>	<u>690,886</u>	<u>2,611</u>	<u>693,497</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accrued expenses	15,215	-	15,215
Deferred revenue	2,712	-	2,712
<b>Total Current Liabilities</b>	<u>17,927</u>	<u>-</u>	<u>17,927</u>
<b>NET ASSETS</b>			
Invested in capital assets	30,869	-	30,869
Restricted for educational purposes	80,104	-	80,104
Unrestricted	561,986	2,611	564,597
<b>TOTAL NET ASSETS</b>	<u>\$ 672,959</u>	<u>\$ 2,611</u>	<u>\$ 675,570</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, 2011

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
Instructional Services						
Salaries and benefits	\$ 326,395	\$ -	\$ 132,448	\$ (193,947)	\$ -	\$ (193,947)
Purchased services	101,337	-	17,735	(83,602)	-	(83,602)
Supplies and materials	21,186	-	28,843	7,657	-	7,657
Other objects	50	-	-	(50)	-	(50)
Depreciation expense	9,545	-	-	(9,545)	-	(9,545)
Capital outlay	-	-	8,601	8,601	-	8,601
Payments to other governments	700	-	-	(700)	-	(700)
<b>Administrative:</b>						
On-behalf payments - Local	113,800	-	-	(113,800)	-	(113,800)
On-behalf payments - State	270,893	-	-	(270,893)	-	(270,893)
Total Governmental Activities	<u>843,906</u>	<u>-</u>	<u>187,627</u>	<u>(656,279)</u>	<u>-</u>	<u>(656,279)</u>
<b>Business-Type Activities:</b>						
Operating	1,013	499	-	-	(514)	(514)
Total Business-Type Activities	<u>1,013</u>	<u>499</u>	<u>-</u>	<u>-</u>	<u>(514)</u>	<u>(514)</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 844,919</u>	<u>\$ 499</u>	<u>\$ 187,627</u>	<u>(656,279)</u>	<u>(514)</u>	<u>(656,793)</u>
<b>GENERAL REVENUES:</b>						
Local sources				101,864	-	101,864
State sources				286,021	-	286,021
On-behalf payments - Local				113,800	-	113,800
On-behalf payments - State				270,893	-	270,893
Transfers in (out)				(2,593)	2,593	-
Investment income				1,745	-	1,745
Total General Revenues				<u>771,730</u>	<u>2,593</u>	<u>774,323</u>
<b>CHANGE IN NET ASSETS</b>				115,451	2,079	117,530
<b>NET ASSETS - BEGINNING</b>				557,508	532	558,040
<b>NET ASSETS - ENDING</b>				<u>\$ 672,959</u>	<u>\$ 2,611</u>	<u>\$ 675,570</u>

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

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2011

	General Fund	Education Fund	Non-Major Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 504,095	\$ 13,644	\$ 69,321	\$ -	\$ 587,060
Due from other funds	44,247	-	-	(44,247)	-
Due from other governments:					
State	28,859	44,098	-	-	72,957
<b>TOTAL ASSETS</b>	<b>\$ 577,201</b>	<b>\$ 57,742</b>	<b>\$ 69,321</b>	<b>\$ (44,247)</b>	<b>\$ 660,017</b>
<b>LIABILITIES</b>					
Accrued expenses	\$ 15,215	\$ -	\$ -	\$ -	\$ 15,215
Due to other funds	-	44,247	-	(44,247)	-
Deferred revenue	-	2,712	-	-	2,712
<b>Total Liabilities</b>	<b>15,215</b>	<b>46,959</b>	<b>-</b>	<b>(44,247)</b>	<b>17,927</b>
<b>FUND BALANCE</b>					
Restricted	-	10,783	69,321	-	80,104
Assigned	417,198	-	-	-	417,198
Unassigned	144,788	-	-	-	144,788
<b>Total Fund Balance</b>	<b>561,986</b>	<b>10,783</b>	<b>69,321</b>	<b>-</b>	<b>642,090</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 577,201</b>	<b>\$ 57,742</b>	<b>\$ 69,321</b>	<b>\$ (44,247)</b>	<b>\$ 660,017</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, 2011

TOTAL FUND BALANCE — GOVERNMENTAL FUNDS \$ 642,090

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. 30,869

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 672,959

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 BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Education Fund	Non-Major Funds	Eliminations	Total Governmental Funds
<b>REVENUES</b>					
Local sources	\$ 80,293	\$ -	\$ 21,571	\$ -	\$ 101,864
On-behalf payments - Local	113,800	-	-	-	113,800
State sources	367,112	81,954	796	-	449,862
On-behalf payments - State	270,893	-	-	-	270,893
Federal sources	34,454	11,192	-	-	45,646
<b>Total Revenues</b>	<b>866,552</b>	<b>93,146</b>	<b>22,367</b>	<b>-</b>	<b>982,065</b>
<b>EXPENDITURES</b>					
Instructional Services:					
Salaries and benefits	256,182	69,487	726	-	326,395
Purchased services	82,616	12,691	6,030	-	101,337
Supplies and materials	9,612	10,330	1,244	-	21,186
Other objects	-	-	50	-	50
Payments to other governments	-	700	-	-	700
On-behalf payments - Local	113,800	-	-	-	113,800
On-behalf payments - State	270,893	-	-	-	270,893
Capital outlay	8,601	-	-	-	8,601
<b>Total Expenditures</b>	<b>741,704</b>	<b>93,208</b>	<b>8,050</b>	<b>-</b>	<b>842,962</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	124,848	(62)	14,317	-	139,103
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	(2,593)	-	-	-	(2,593)
Interest	1,698	47	-	-	1,745
<b>Total Other Financing Sources (Uses)</b>	<b>(895)</b>	<b>47</b>	<b>-</b>	<b>-</b>	<b>(848)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>123,953</b>	<b>(15)</b>	<b>14,317</b>	<b>-</b>	<b>138,255</b>
<b>FUND BALANCE, RESTATED - BEGINNING</b>	<b>438,033</b>	<b>10,798</b>	<b>55,004</b>	<b>-</b>	<b>503,835</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 561,986</b>	<b>\$ 10,783</b>	<b>\$ 69,321</b>	<b>\$ -</b>	<b>\$ 642,090</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 STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

NET CHANGE IN FUND BALANCE — GOVERNMENTAL FUNDS \$ 138,255

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.

Capital outlay	\$ 8,601	
Depreciation expense	<u>(9,545)</u>	(944)

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

FY10 deferred revenue recognized in FY11		<u>(21,860)</u>
--	--	-----------------

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 115,451

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2011

	Business Type Activities - Enterprise Funds	
	Nonmajor Enterprise Funds	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,611	\$ 2,611
TOTAL ASSETS	\$ 2,611	\$ 2,611
NET ASSETS		
Unrestricted	\$ 2,611	\$ 2,611
TOTAL NET ASSETS	\$ 2,611	\$ 2,611

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, 2011

	Business Type Activities - Enterprise Funds	
	Nonmajor Enterprise Funds	Total
<b>REVENUES</b>		
Charges for services	\$ 499	\$ 499
Total Revenues	499	499
<b>EXPENSES</b>		
Purchased services	950	950
Supplies and materials	15	15
Depreciation	48	48
Total Operating Expenses	1,013	1,013
<b>OPERATING LOSS</b>	(514)	(514)
<b>NONOPERATING REVENUE (EXPENSE)</b>		
Transfer in	2,912	2,912
Transfer out	(319)	(319)
Total Nonoperating Revenue	2,593	2,593
<b>CHANGE IN NET ASSETS</b>	2,079	2,079
<b>TOTAL NET ASSETS - BEGINNING</b>	532	532
<b>TOTAL NET ASSETS - ENDING</b>	\$ 2,611	\$ 2,611

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, 2011

	Business Type Activities - Enterprise Funds	
	Nonmajor Enterprise Funds	Total
Cash Flows from Operating Activities:		
Receipts from customers	\$ 499	\$ 499
Payments to suppliers and providers of goods and services	(965)	(965)
Net Cash Used for Operating Activities	(466)	(466)
Cash Flows from Noncapital Financing Activities:		
Cash transfers from other funds	2,593	2,593
Net Cash Provided by Noncapital Financing Activities	2,593	2,593
Net Increase in Cash	2,127	2,127
Cash and cash equivalents - Beginning	484	484
Cash and cash equivalents - Ending	\$ 2,611	\$ 2,611
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating Loss	\$ (514)	\$ (514)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:		
Depreciation	48	48
Net Cash Used for Operating Activities	\$ (466)	\$ (466)

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, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In 2011, the Regional Office of Education #22 implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, GASB Statement No. 59, *Financial Instruments Omnibus*, and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Regional Office of Education #22 implemented these standards during the current year; however, GASB Statements No. 59 and 62 had no impact on the financial statements. The implementation of GASB Statement No. 54 changed fund balance reporting for governmental funds by adding some additional fund balance classifications, clarifying governmental fund type definitions, and providing additional disclosures on how fund balance constraints are imposed and may be modified or eliminated.

A. DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through April 02, 2012, the date when the financial statements were available to be issued.

B. 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 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, 2011

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 Fulton/Schuyler Counties 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 Fulton/Schuyler Counties 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, 2011, the Fulton/Schuyler Counties 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, 2011

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, 2011

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  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

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  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

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  
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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 for in other funds. 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 the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are restricted to expenditures for specified purposes. Major special revenue funds include the following:

Education – This fund is used to account for and report the proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for 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  
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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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 (formerly 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 and Community Assistance Team - a program that trains individuals for crisis management.

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 the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are restricted to expenditures for specified purposes. Nonmajor special revenue funds include the following:

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

Nonmajor Special Revenue Funds (Concluded)

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.

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

Supervisory - this fund accounts for proceeds provided to the Regional Superintendent by the Illinois State Board of Education to be used for travel and related purposes.

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.

Film Library Fund - the Regional Office operates a film library which provides media resources for an accessed fee to the school districts in the counties it serves.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING (Concluded)

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.

H. 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 Fund, Bus Driver Training Fund, and Institute Fund.

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.

FULTON/SCHUYLER COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. GOVERNMENTAL FUND BALANCES (Concluded)

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.

I. 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."

J. CASH AND CASH EQUIVALENTS

The Fulton/Schuyler Counties 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.

K. INVENTORY

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

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. 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

M. 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.

N. ESTIMATES

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

O. BUDGET INFORMATION

The 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, Gifted Program, Truants Alternative Optional Education and McKinney Homeless Children and Youth Program.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

P. 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.

NOTE 2 - DEPOSITS AND INVESTMENTS

At June 30, 2011, the carrying amount of the Fulton/Schuyler Counties Regional Office of Education #22's governmental and business-type cash deposits were \$587,060 and \$2,611, respectively. The governmental and business-type bank balances were \$594,931 and \$2,611, respectively. Of the total bank balance as of June 30, 2011, \$250,000 was secured by federal depository insurance and \$347,542 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, 2011.

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).

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

NOTE 3 - DEFINED BENEFIT PENSION PLAN (Continued)

**Funding Policy.** As set by statute, the Fulton/Schuyler Counties 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 annual required contribution rate for calendar year 2010 was 11.83 percent. The Fulton/Schuyler Counties 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.** The required contribution for calendar year 2010 was \$10,253.

A. TREND INFORMATION

Calendar Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contribution</u>	Net Pension <u>Obligation</u>
12/31/10	\$ 10,253	100%	\$0
12/31/09	6,530	100%	0
12/31/08	15,436	100%	0

The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, 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, 2008 is being amortized as a level percentage of projected payroll on an open 10 year basis.

FULTON/SCHUYLER COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 3 - DEFINED BENEFIT PENSION PLAN (Concluded)

**Funded Status and Funding Progress.** As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 64.00 percent funded. The actuarial accrued liability for benefits was \$155,441 and the actuarial value of assets was \$99,483, resulting in an underfunded actuarial accrued liability (UAAL) of \$55,958. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$86,672 and the ratio of the UAAL to the covered payroll was 65 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.

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

The Fulton/Schuyler Counties 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, 2011, was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after Jan. 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, 2010 and 2009.

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

**On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Fulton/Schuyler Counties Regional Office of Education #22. For the year ended June 30, 2011, State of Illinois contributions were based on 23.10 percent of creditable earnings not paid from federal funds, and the Fulton/Schuyler Counties Regional Office of Education #22 recognized revenue and expenditures of \$64,582 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2010 and June 30, 2009, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.38 percent (\$67,151) and 17.08 percent (\$19,120), respectively.

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 (Continued)

The Fulton/Schuyler Counties 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, 2011 were \$660. Contributions for the years ending June 30, 2010, and June 30, 2009, were \$664 and \$649, respectively.

**Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the Fulton/Schuyler Counties Regional Office of Education #22, there is a statutory requirement for the Fulton/Schuyler Counties 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.

For the year ended June 30, 2011, the employer pension contribution was 23.10 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2010 and 2009, the employer pension contribution was 23.38 and 17.08 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2011, no salaries were paid from federal and special trust funds that required employer contributions. For the years ended June 30, 2010 and June 30, 2009, required Fulton/Schuyler Counties Regional Office of Education #22 contributions were \$-0- and \$-0-, respectively.

**Early Retirement Option.** The Fulton/Schuyler Counties 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, 2011, 2010, and 2009 the Fulton/Schuyler Counties 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 Fulton/Schuyler Counties 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.

FULTON/SCHUYLER COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

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

For the years ended June 30, 2011, 2010, and 2009 the Fulton/Schuyler Counties 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 Fulton/Schuyler Counties 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 Fulton/Schuyler Counties 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 salary used to calculate final average salary, and the TRS total normal cost rate (18.03 percent of salary during the year ended June 30, 2011, as recertified pursuant to Public Act 96-1511.)

For the years ended June 30, 2011, 2010, and 2009 the Fulton/Schuyler Counties Regional Office of Education #22 paid no employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment.

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 year ended June 30, 2010.

The report for the year ended June 30, 2011, is expected to be available in late 2011. 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. The director of HFS determines the rates and premiums for annuitants and dependent beneficiaries and establishes the cost-sharing parameters. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the State make a contribution to THIS Fund.

FULTON/SCHUYLER COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 5 - TEACHERS' HEALTH INSURANCE SYSTEM (Concluded)

The percentage of employer required contributions in the future will be determined by the director of Healthcare and Family Services and 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, 2011. State of Illinois contributions were \$1,001, 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, 2010 was 0.84 percent of pay. State contributions on behalf of the Regional Office of Education #22 employees were \$962.

Had the Regional Office of Education #22 recognized revenue and expenditures for State contributions intended to match active member contributions during the year ended June 30, 2009, under the current standards, the contribution match would have been 0.84 percent of pay, or \$940.

**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, 2011, and 0.63 percent during the years ended June 30, 2010, and June 30, 2009. For the year ended June 30, 2011, the Regional Office of Education #22 paid \$751, to the THIS Fund. For the years ended June 30, 2010 and June 30, 2009, the Regional Office paid \$722 and \$705 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, 2011 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.

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

NOTE 6 - INTERFUND ACTIVITY (Concluded)

	Due To Other Funds	Due From Other Funds
General Fund	\$ -	\$ 44,247
Education Fund	44,247	-
Totals	\$ 44,247	\$ 44,247

TRANSFERS

Interfund transfer in/out to other fund balances at June 30, 2011, consist of the following individual transfers in/out to other funds in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the proprietary funds Statement of Revenues, Expenses, and Changes in Fund Net Assets.

	Transfer In	Transfer Out
General Fund	\$ -	\$ 2,593
Proprietary Fund	2,593	-
Totals	\$ 2,593	\$ 2,593

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:

<u>Education Fund</u>	
Illinois State Board of Education	\$ <u>44,098</u>
<u>General Fund</u>	
Illinois State Board of Education	\$ <u>28,859</u>

NOTE 8 - RISK MANAGEMENT

The Fulton/Schuyler Counties 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 Fulton/Schuyler Counties 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.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 9 - CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Fulton/Schuyler Counties 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, 2011:

	Balance 07/01/10	Additions	Disposals	Balance 06/30/11
Governmental Activities				
Capital Assets, Being Depreciated				
Computers and Equipment	\$ 126,203	\$ -	\$ -	\$ 126,203
Building Improvements	-	8,601	-	8,601
Total	<u>126,203</u>	<u>8,601</u>	<u>-</u>	<u>134,804</u>
Less Accumulated Depreciation for:				
Computers and Equipment	(94,390)	(9,449)	-	(103,839)
Building Improvements	-	(96)	-	(96)
Total	<u>(94,390)</u>	<u>(9,545)</u>	<u>-</u>	<u>(103,935)</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 31,813</u>	<u>\$ (944)</u>	<u>\$ -</u>	<u>\$ 30,869</u>
Business Type Activities				
Capital Assets, Being Depreciated				
Videos and Film	\$ 45,318	\$ -	\$ 45,318	\$ -
Furniture and Fixtures	3,495	-	3,495	-
Total	<u>48,813</u>	<u>-</u>	<u>48,813</u>	<u>-</u>
Less Accumulated Depreciation for:				
Videos and Film	(45,318)	-	(45,318)	-
Furniture and Fixtures	(3,447)	(48)	(3,495)	-
Total	<u>(48,765)</u>	<u>(48)</u>	<u>(48,813)</u>	<u>-</u>
Business Type Activities				
Capital Assets, Net	<u>\$ 48</u>	<u>\$ (48)</u>	<u>\$ -</u>	<u>\$ -</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, 2011 of \$9,545 and \$48 was charged to governmental activities and business type activities, respectively, 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  
 REGIONAL OFFICE OF EDUCATION #22  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

NOTE 10 - ON BEHALF PAYMENTS

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

Regional Superintendent Salary	\$ 90,871
Assistant Regional Superintendent Salary	74,969
Regional Superintendent Fringe Benefit (Includes State paid insurance)	20,415
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	19,055
TRS Pension Contributions	64,582
THIS Contributions	<u>1,001</u>
 Total	 <u>\$ 270,893</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.

Fulton/Schuyler Counties 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 Fulton/Schuyler Counties 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 Fulton/Schuyler Counties Regional Office of Education #22's financial statements. Fulton County also provides office space and some administrative expenses for the Fulton/Schuyler Counties 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	\$ 88,018
Purchased Services	<u>25,782</u>
 Total	 <u>\$ 113,800</u>

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS

The Regional Office of Education #22 has evaluated its potential other post employment benefits liability. Former employees who choose to retain their rights to health insurance through the Regional Office of Education #22 are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Regional Office of Education #22's health insurance plan. Therefore, there has been zero percent utilization and therefore no implicit subsidy to calculate in accordance with GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. Additionally, the Regional Office of Education #22 had no former employees for which the Regional Office of Education #22 was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Regional Office of Education #22 has not recorded any post employment benefit liability as of June 30, 2011.

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 \$3,323 for the year ended June 30, 2011. Future minimum operating lease commitments are as follows:

<u>Year ending June 30,</u>	
2012	\$ 3,316
2013	3,316
2014	3,316
2015	<u>3,040</u>
Total	<u>\$ 12,988</u>

NOTE 13 - RECLASSIFICATION

As a result of implementing GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, at June 30, 2011, both the Regional Safe School Program, which is combined with General State Aid (GSA) funding, and the Spoon River Academy program, which is funded entirely with GSA funding, have been reclassified from the Education Fund to the General Fund.

The Regional Office of Education #22 receives GSA from the Illinois State Board of Education based on attendance in the Regional Safe School and the Spoon River Academy programs. This funding supports the general operations of the Regional Safe School and the Spoon River Academy and the Regional Office has historically reported this funding in the Education fund, however, GSA does not meet the committed or restricted criteria set forth in GASB 54 for special revenue funds.

The following is the effect of these reclassifications on the beginning fund balances for the General Fund and Education Fund:

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

NOTE 13 - RECLASSIFICATION (Concluded)

General Fund:

Fund Balance - July 1, 2010	\$ 153,331
Effect of reclassifying General State Aid funding	284,702
Fund Balance, Restated - July 1, 2010	\$ 438,033

Education Fund:

Fund Balance - July 1, 2010	\$ 295,500
Effect of reclassifying General State Aid funding	(284,702)
Fund Balance, Restated - July 1, 2010	\$ 10,798

NOTE 14 – SUBSEQUENT EVENTS

For fiscal year 2012, the Governor of Illinois vetoed the appropriation line for the Regional Superintendent's and Assistant Regional Superintendent's salaries and benefits, as well as the appropriation line for the Regional Office's general operations grant. The Regional Superintendent's and Assistant Regional Superintendent's salaries were reinstated in November 2011 for one year only, to be paid from corporate personal property replacement tax funds, and the general operations grant has been reinstated but at a lower level. The effect of these funding cuts on the Regional Office's long-term ability to continue to provide services at their current level is unknown.

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, 2011

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 )
12/31/10	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%
12/31/08	267,552	299,593	32,041	89.31%	104,513	30.66%

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$112,305.

On a market basis, the funded ratio would be 72.25%.

OTHER SUPPLEMENTAL INFORMATION

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 JUNE 30, 2011

	General Fund	County Fund	Regional Safe Schools	Spoon River Academy	TOTALS
<b>ASSETS</b>					
Cash and cash equivalents	\$ 82,621	\$ 17,920	\$ 230,000	\$ 173,554	\$ 504,095
Due from other funds	44,247	-	-	-	44,247
Due from other governments State	-	-	28,859	-	28,859
<b>TOTAL ASSETS</b>	<u>\$ 126,868</u>	<u>\$ 17,920</u>	<u>\$ 258,859</u>	<u>\$ 173,554</u>	<u>\$ 577,201</u>
<b>LIABILITIES</b>					
Accrued expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,226</u>	<u>\$ 2,989</u>	<u>\$ 15,215</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>12,226</u>	<u>2,989</u>	<u>15,215</u>
<b>FUND BALANCE</b>					
Assigned	-	-	246,633	170,565	417,198
Unassigned	126,868	17,920	-	-	144,788
Total Fund Balance	<u>126,868</u>	<u>17,920</u>	<u>246,633</u>	<u>170,565</u>	<u>561,986</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 126,868</u>	<u>\$ 17,920</u>	<u>\$ 258,859</u>	<u>\$ 173,554</u>	<u>\$ 577,201</u>

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, 2011

	General Fund	County Fund	Regional Safe Schools	Spoon River Academy	TOTALS
<b>REVENUES</b>					
Local sources	\$ 5,204	\$ 35,562	\$ 21,527	\$ 18,000	\$ 80,293
On-behalf payments - Local	-	113,800	-	-	113,800
State sources	-	-	188,814	178,298	367,112
On-behalf payments - State	270,893	-	-	-	270,893
Federal sources	-	-	18,220	16,234	34,454
<b>Total Revenues</b>	<b>276,097</b>	<b>149,362</b>	<b>228,561</b>	<b>212,532</b>	<b>866,552</b>
<b>EXPENDITURES</b>					
Salaries and benefits	-	10,026	114,857	131,299	256,182
Purchased services	3,669	20,460	42,140	16,347	82,616
Supplies and materials	3,484	2,174	1,724	2,230	9,612
Capital outlay	-	8,601	-	-	8,601
On-behalf payments - Local	-	113,800	-	-	113,800
On-behalf payments - State	270,893	-	-	-	270,893
<b>Total Expenditures</b>	<b>278,046</b>	<b>155,061</b>	<b>158,721</b>	<b>149,876</b>	<b>741,704</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,949)</b>	<b>(5,699)</b>	<b>69,840</b>	<b>62,656</b>	<b>124,848</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	(2,593)	-	-	-	(2,593)
Interest	1,698	-	-	-	1,698
<b>Total Other Financing Sources (Uses)</b>	<b>(895)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(895)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,844)</b>	<b>(5,699)</b>	<b>69,840</b>	<b>62,656</b>	<b>123,953</b>
<b>FUND BALANCE, RESTATED - BEGINNING</b>	<b>129,712</b>	<b>23,619</b>	<b>176,793</b>	<b>107,909</b>	<b>438,033</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 126,868</b>	<b>\$ 17,920</b>	<b>\$ 246,633</b>	<b>\$ 170,565</b>	<b>\$ 561,986</b>

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2010 to June 30, 2011)  
 GENERAL FUND ACCOUNT  
 REGIONAL SAFE SCHOOLS  
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
Local	\$ -	\$ -	\$ 21,527
State	54,959	54,959	188,814
Federal	-	-	18,220
Total Revenue	<u>54,959</u>	<u>54,959</u>	<u>228,561</u>
<b>EXPENDITURES</b>			
Salaries and benefits	54,959	54,959	114,857
Purchased services	-	-	42,140
Supplies and materials	-	-	1,724
Total Expenditures	<u>54,959</u>	<u>54,959</u>	<u>158,721</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>69,840</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	69,840
<b>FUND BALANCE - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>176,793</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 246,633</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, 2011

	Gifted Program	McCall Summer School	Truants Alternative Optional Education	Safe to Learn (formerly Illinois Violence Prevention)	McKinney Homeless Children and Youth	School and Community Assistance Team	TOTALS
<b>ASSETS</b>							
Cash and cash equivalents	\$ 10,091	\$ 627	\$ -	\$ 2,712	\$ -	\$ 214	\$ 13,644
Due from other governments:							
State	-	-	44,098	-	-	-	44,098
<b>TOTAL ASSETS</b>	<b>\$ 10,091</b>	<b>\$ 627</b>	<b>\$ 44,098</b>	<b>\$ 2,712</b>	<b>\$ -</b>	<b>\$ 214</b>	<b>\$ 57,742</b>
<b>LIABILITIES</b>							
Due to other funds	\$ 149	\$ -	\$ 44,098	\$ -	\$ -	\$ -	\$ 44,247
Deferred revenue	-	-	-	2,712	-	-	2,712
<b>Total Liabilities</b>	<b>149</b>	<b>-</b>	<b>44,098</b>	<b>2,712</b>	<b>-</b>	<b>-</b>	<b>46,959</b>
<b>FUND BALANCE</b>							
Restricted	9,942	627	-	-	-	214	10,783
<b>Total Fund Balance</b>	<b>9,942</b>	<b>627</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>214</b>	<b>10,783</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 10,091</b>	<b>\$ 627</b>	<b>\$ 44,098</b>	<b>\$ 2,712</b>	<b>\$ -</b>	<b>\$ 214</b>	<b>\$ 57,742</b>

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, 2011

	Gifted Program	McCall Summer School	Truants Alternative Optional Education	Safe to Learn (formerly Illinois Violence Prevention)	McKinney Homeless Children and Youth	School and Community Assistance Team	TOTALS
<b>REVENUES</b>							
State sources	\$ 7,719	\$ -	\$ 74,235	\$ -	\$ -	\$ -	\$ 81,954
Federal sources	-	-	-	-	11,192	-	11,192
Total Revenues	7,719	-	74,235	-	11,192	-	93,146
<b>EXPENDITURES</b>							
Salaries and benefits	1,522	-	62,430	-	5,535	-	69,487
Purchased services	1,229	-	10,257	-	1,205	-	12,691
Supplies and materials	5,890	-	688	-	3,752	-	10,330
Payments to other governments	-	-	-	-	700	-	700
Total Expenditures	8,641	-	73,375	-	11,192	-	93,208
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(922)	-	860	-	-	-	(62)
<b>OTHER FINANCING SOURCES</b>							
Interest	47	-	-	-	-	-	47
Total Other Financing Sources	47	-	-	-	-	-	47
<b>NET CHANGE IN FUND BALANCE</b>	(875)	-	860	-	-	-	(15)
<b>FUND BALANCE (DEFICIT), RESTATED - BEGINNING</b>	10,817	627	(860)	-	-	214	10,798
<b>FUND BALANCE - ENDING</b>	\$ 9,942	\$ 627	\$ -	\$ -	\$ -	\$ 214	\$ 10,783

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2009 to August 31, 2010)  
 EDUCATION FUND ACCOUNT  
 GIFTED PROGRAM  
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts		Total Actual Amounts
	Original	Final	FY10	FY11	
<b>REVENUE</b>					
State	\$ 55,810	\$ 55,810	\$ 48,091	\$ 7,719	\$ 55,810
Total Revenue	<u>55,810</u>	<u>55,810</u>	<u>48,091</u>	<u>7,719</u>	<u>55,810</u>
<b>EXPENDITURES</b>					
Salaries and benefits	8,560	13,224	11,586	1,522	13,108
Purchased services	22,210	6,115	3,441	1,229	4,670
Supplies and materials	25,040	36,471	30,833	5,890	36,723
Payments to other governments	-	-	3,395	-	3,395
Total Expenditures	<u>55,810</u>	<u>55,810</u>	<u>49,255</u>	<u>8,641</u>	<u>57,896</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	-	-	(1,164)	(922)	(2,086)
<b>OTHER FINANCING SOURCES</b>					
Interest	-	-	86	47	133
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>86</u>	<u>47</u>	<u>133</u>
<b>NET CHANGE IN FUND BALANCE</b>					
	-	-	(1,078)	(875)	(1,953)
<b>FUND BALANCE - BEGINNING</b>					
	-	-	11,895	10,817	11,895
<b>FUND BALANCE - ENDING</b>					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,817</u>	<u>\$ 9,942</u>	<u>\$ 9,942</u>

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2010 to June 30, 2011)  
 EDUCATION FUND ACCOUNT  
 TRUANTS ALTERNATIVE OPTIONAL EDUCATION  
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State	\$ 69,204	\$ 69,204	\$ 74,235
Total Revenue	<u>69,204</u>	<u>69,204</u>	<u>74,235</u>
<b>EXPENDITURES</b>			
Salaries and benefits	58,823	58,823	62,430
Purchased services	9,879	9,879	10,257
Supplies and materials	502	502	688
Total Expenditures	<u>69,204</u>	<u>69,204</u>	<u>73,375</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>860</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	860
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>(860)</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2010 to June 30, 2011)  
 EDUCATION FUND ACCOUNT  
 MCKINNEY HOMELESS CHILDREN AND YOUTH PROGRAM  
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal	\$ 11,193	\$ 11,193	\$ 11,192
Total Revenue	<u>11,193</u>	<u>11,193</u>	<u>11,192</u>
EXPENDITURES			
Salaries and benefits	5,442	5,442	5,535
Purchased services	3,311	1,541	1,205
Supplies and materials	1,740	3,510	3,752
Payments to other governments	700	700	700
Total Expenditures	<u>11,193</u>	<u>11,193</u>	<u>11,192</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  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2011

	General Education Development	Bus Driver Training	Supervisory	Institute	TOTALS
ASSETS					
Cash and cash equivalents	\$ 13,789	\$ 8,017	\$ -	\$ 47,515	\$ 69,321
TOTAL ASSETS	<u>\$ 13,789</u>	<u>\$ 8,017</u>	<u>\$ -</u>	<u>\$ 47,515</u>	<u>\$ 69,321</u>
FUND BALANCE					
Restricted	\$ 13,789	\$ 8,017	\$ -	\$ 47,515	\$ 69,321
TOTAL FUND BALANCE	<u>\$ 13,789</u>	<u>\$ 8,017</u>	<u>\$ -</u>	<u>\$ 47,515</u>	<u>\$ 69,321</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, 2011

	General Education Development	Bus Driver Training	Supervisory	Institute	TOTALS
REVENUES					
Local sources	\$ 6,214	\$ 3,186	\$ -	\$ 12,171	\$ 21,571
State sources	-	796	-	-	796
Total Revenues	<u>6,214</u>	<u>3,982</u>	<u>-</u>	<u>12,171</u>	<u>22,367</u>
EXPENDITURES					
Salaries and benefits	726	-	-	-	726
Purchased services	1,106	1,389	71	3,464	6,030
Supplies and materials	1,244	-	-	-	1,244
Other objects	50	-	-	-	50
Total Expenditures	<u>3,126</u>	<u>1,389</u>	<u>71</u>	<u>3,464</u>	<u>8,050</u>
NET CHANGE IN FUND BALANCE	3,088	2,593	(71)	8,707	14,317
FUND BALANCE - BEGINNING	<u>10,701</u>	<u>5,424</u>	<u>71</u>	<u>38,808</u>	<u>55,004</u>
FUND BALANCE - ENDING	<u>\$ 13,789</u>	<u>\$ 8,017</u>	<u>\$ -</u>	<u>\$ 47,515</u>	<u>\$ 69,321</u>

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 COMBINING STATEMENT OF NET ASSETS  
 NONMAJOR PROPRIETARY FUNDS  
 JUNE 30, 2011

	Business-Type Activities - Enterprise Funds		
	Background Checks	Film Library Fund	TOTALS
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,611	\$ -	\$ 2,611
TOTAL ASSETS	\$ 2,611	\$ -	\$ 2,611
NET ASSETS			
Unrestricted	\$ 2,611	\$ -	\$ 2,611
TOTAL NET ASSETS	\$ 2,611	\$ -	\$ 2,611

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 COMBINING STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET ASSETS  
 NONMAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

	Business-Type Activities - Enterprise Funds		TOTALS
	Background Checks	Film Library Fund	
REVENUES			
Charges for services	\$ 499	\$ -	\$ 499
Total Revenues	<u>499</u>	<u>-</u>	<u>499</u>
EXPENSES			
Purchased services	785	165	950
Supplies and materials	15	-	15
Depreciation	-	48	48
Total Operating Expenses	<u>800</u>	<u>213</u>	<u>1,013</u>
OPERATING LOSS	<u>(301)</u>	<u>(213)</u>	<u>(514)</u>
NONOPERATING REVENUE (EXPENSE)			
Transfer in	2,912	-	2,912
Transfer out	-	(319)	(319)
Total Nonoperating Revenue (Expense)	<u>2,912</u>	<u>(319)</u>	<u>2,593</u>
CHANGE IN NET ASSETS	2,611	(532)	2,079
TOTAL NET ASSETS - BEGINNING	<u>-</u>	<u>532</u>	<u>532</u>
TOTAL NET ASSETS - ENDING	<u>\$ 2,611</u>	<u>\$ -</u>	<u>\$ 2,611</u>

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

	Business-Type Activities- Enterprise Funds		TOTALS
	Background Checks	Film Library Fund	
Cash Flows from Operating Activities:			
Receipts from customers	\$ 499	\$ -	\$ 499
Payments to suppliers and providers of goods and services	(800)	(165)	(965)
Net Cash Used for Operating Activities	<u>(301)</u>	<u>(165)</u>	<u>(466)</u>
Cash Flows from (to) Noncapital Financing Activities:			
Cash transfers from (to) other funds	2,912	(319)	2,593
Net Cash Provided by Noncapital Financing Activities	<u>2,912</u>	<u>(319)</u>	<u>2,593</u>
Net Increase (Decrease) in Cash	2,611	(484)	2,127
Cash and cash equivalents - Beginning	<u>-</u>	<u>484</u>	<u>484</u>
Cash and cash equivalents - Ending	<u>\$ 2,611</u>	<u>\$ -</u>	<u>\$ 2,611</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Loss	\$ (301)	\$ (213)	\$ (514)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation	-	48	48
Net Cash Used for Operating Activities	<u>\$ (301)</u>	<u>\$ (165)</u>	<u>\$ (466)</u>

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUND  
 FOR THE YEAR ENDED JUNE 30, 2011

	Balance 07/01/10	Additions	Deductions	Balance 06/30/11
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 342,060	\$ 342,060	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 342,060</u>	<u>\$ 342,060</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Due to other governments	\$ -	\$ 342,060	\$ 342,060	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 342,060</u>	<u>\$ 342,060</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, 2011

<u>District</u>	<u>Schuyler County School Facility Occupation Tax</u>
Astoria CUSD #1	\$ 9,371
VIT CUSD #2	300
Schuyler-Industry CUSD #5	320,249
Southeastern CUSD #337	<u>12,140</u>
<b>TOTAL</b>	<u><u>\$ 342,060</u></u>