

**State of Illinois
FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
FINANCIAL AUDIT
For the Year Ended June 30, 2013**

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

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
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JUNE 30, 2013

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FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22

OFFICIALS

Regional Superintendent (Current, and During the Audit Period)	Mr. David Demler
Assistant Regional Superintendent (Current, Active Effective July 1, 2013)	Mr. Warren Baxter
Assistant Regional Superintendent (April 1, 2013 through June 30, 2013)	Mr. Arnold Goff
Assistant Regional Superintendent (November 16, 2012 through March 31, 2013)	Mr. Alan Coleman
Assistant Regional Superintendent (July 1, 2012 through November 15, 2012)	Mr. Warren Baxter

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.

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

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

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2013-001	11a	Controls Over Financial Statement Preparation	Material Weakness
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)			
N/A		N/A	N/A

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 24, 2013. 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 unmodified opinion on the Fulton/Schuyler Counties Regional Office of Education #22's basic financial statements.

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Fulton/Schuyler Counties Regional Office of Education #22, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Fulton/Schuyler Counties Regional Office of Education #22's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Fulton/Schuyler Counties Regional Office of Education #22, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 14a through 14f and 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fulton/Schuyler Counties Regional Office of Education #22's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to 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 Schedule of Disbursements to School District Treasurers and Other Entities - Distributive Fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Other Entities - Distributive Fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 18, 2014 on our consideration of the Fulton/Schuyler Counties Regional Office of Education #22's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fulton/Schuyler Counties Regional Office of Education #22's internal control over financial reporting and compliance.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Mattoon, Illinois
March 18, 2014

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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Fulton/Schuyler Counties Regional Office of Education #22, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Fulton/Schuyler Counties Regional Office of Education #22's basic financial statements, and have issued our report thereon dated March 18, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fulton/Schuyler Counties Regional Office of Education #22's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fulton/Schuyler Counties Regional Office of Education #22's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fulton/Schuyler Counties Regional Office of Education #22's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2013-001 to be a material weakness.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Fulton/Schuyler Counties Regional Office of Education #22's Response to Finding

Fulton/Schuyler Counties Regional Office of Education #22's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Fulton/Schuyler Counties Regional Office of Education #22's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fulton/Schuyler Counties Regional Office of Education #22's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fulton/Schuyler Counties Regional Office of Education #22's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Mattoon, Illinois
March 18, 2014

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
● Material weakness identified?	Yes
● Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 2013-001 – Controls Over Financial Statement Preparation (Repeat of Prior Year Findings 12-01, 11-01, 10-01, 09-01, 08-01 & 07-01)

Criteria/Specific Requirement:

The Fulton and Schuyler Counties Regional Office of Education #22 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office of Education #22's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments* (Statement), requires governments to present government-wide and fund financial statements as well as a summary reconciliation of the (a) total governmental funds balances to the net position of governmental activities in the Statement of Net Position, and (b) total change in governmental fund balances to the change in the net position of governmental activities in the Statement of Activities. In addition, the Statement requires information about the government's major and nonmajor funds in the aggregate, to be provided in the fund financial statements.

Condition:

The Regional Office of Education #22 does not have sufficient internal controls over the financial reporting process. The Regional Office of Education #22 maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office of Education #22 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of 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.

During review of the Regional Office of Education #22's financial information prepared by the Regional Office of Education #22, the following were noted:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or unearned revenue. While the Regional Office did maintain records to indicate the balances of accounts receivable, accounts payable, and unearned revenue, no entries were provided to reconcile the Regional Office of Education #22's grant activity, such as posting grant receivables.

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)

Finding No. 2013-001 – Controls Over Financial Statement Preparation (Repeat of Prior Year Findings 12-01, 11-01, 10-01, 09-01, 08-01 & 07-01) (Concluded)

Effect:

The Regional Office of Education #22's management or its 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.

Auditor's Recommendation:

As part of its internal control over the preparation of financial statements, the Regional Office of Education #22 should implement comprehensive preparation procedures to ensure that the financial statements, are complete and accurate. These procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education #22's activities and operations.

Management's Response:

The Regional Office of Education #22 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office accepts the degree of risk associated with this condition because the added expense of seeking additional accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region.

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

CORRECTIVE ACTION PLAN

Finding No. 2013-001 – 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 of Education #22 maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office of Education #22 maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of 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.

During review of the Regional Office of Education #22's financial information prepared by the Regional Office of Education #22, the following were noted:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or unearned revenue. While the Regional Office did maintain records to indicate the balances of accounts receivable, accounts payable, and unearned revenue, no entries were provided to reconcile the Regional Office of Education #22's grant activity, such as posting grant receivables.

Plan:

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

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

Anticipated Date of Completion:

Not Applicable

Contact Person Responsible for Corrective Action:

Mr. David Demler, Regional Superintendent

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
12-01	Controls Over Financial Reporting	Repeated as Finding 2013-001

MANAGEMENT'S DISCUSSION AND ANALYSIS

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

The Fulton/Schuyler Counties Regional Office of Education #22 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements, which follow.

2013 Financial Highlights

- Within the Governmental Funds, the total general fund revenues and other financing sources decreased by \$18,075 from \$827,080 in FY12 to \$809,005 in FY13. Revenues from local payments decreased and on-behalf source payments increased. State sources decreased significantly due to grant cuts and availability, and fewer General State Aid (GSA) payments, as a result of a statewide proration of approximately 89% to GSA. Total general fund expenditures increased by \$8,180 from \$782,772 in FY12 to \$790,952 in FY13. Salary and benefits, purchased services, and supplies and materials amounts decreased, but on-behalf payments and capital outlay increased.
- Within the Governmental Funds, the total special revenue funds revenues and other financing sources increased by \$2,638 from \$91,109 in FY12 to \$93,747 in FY13. Revenues from both federal and State sources increased. The total special revenue funds expenditures decreased by \$9,123 from \$79,361 in FY12 to \$88,484 in FY13. Expenditures for salaries and benefits and supplies and materials increased, and purchased services decreased.

Using This Report

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

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

Reporting the Office as a Whole

The Statement of Net Position and the Statement of Activities

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

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Reporting the Office as a Whole (Concluded)

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

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

The Government-wide financial statements present all of the Regional Office's activities as governmental and business-type activities. Local, State and federal aid finance most of these activities.

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

The Regional Office has three kinds of funds:

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

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

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Office-Wide Financial Analysis

As noted earlier, net position may serve when examined over time as one indicator of the financial position of the Regional Office. The net position at the end of FY13 totaled \$741,200. At the end of FY12, the net position was \$722,200. The analysis that follows provides a summary of the Regional Office's net position at June 30, 2013 and 2012, for the governmental and business-type activities.

CONDENSED STATEMENT OF NET POSITION
June 30, 2013 and 2012

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
ASSETS:						
Current assets	\$ 752,580	\$ 730,367	\$ 2,540	\$ 1,576	\$ 755,120	\$ 731,943
Capital assets being depreciated, net	17,198	22,478	-	-	17,198	22,478
TOTAL ASSETS	<u>769,778</u>	<u>752,845</u>	<u>2,540</u>	<u>1,576</u>	<u>772,318</u>	<u>754,421</u>
LIABILITIES:						
Current liabilities	31,118	32,221	-	-	31,118	32,221
NET POSITION:						
Investment in capital assets	17,198	22,478	-	-	17,198	22,478
Unrestricted	633,721	606,294	2,540	1,576	636,261	607,870
Restricted for educational purposes	87,741	91,852	-	-	87,741	91,852
TOTAL NET POSITION	<u>\$ 738,660</u>	<u>\$ 720,624</u>	<u>\$ 2,540</u>	<u>\$ 1,576</u>	<u>\$ 741,200</u>	<u>\$ 722,200</u>

The Regional Office's net position increased from FY12 by \$19,000. The increase occurred primarily in the Governmental Fund, and reflects a closer relationship between receiving less revenue, resulting in prudent spending to decrease expenditures. General State Aid also decreased for both Alternative School Programs. In addition, restricted net position is net position that is restricted by grant agreements, contracts, or statute for educational purposes. The following analysis shows the change in net position for the years ended June 30, 2013 and 2012.

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Office-Wide Financial Analysis (Concluded)

CHANGES IN NET POSITION

For the Years Ended June 30, 2013 and 2012

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
REVENUES:						
Program revenues:						
Operating grants and contributions	\$ 124,059	\$ 133,682	\$ -	\$ -	\$ 124,059	\$ 133,682
Charges for services	-	-	2,349	2,500	2,349	2,500
General revenues:						
Local sources	84,127	102,500	-	-	84,127	102,500
State sources	261,522	297,204	-	-	261,522	297,204
On-behalf payments	432,397	383,779	-	-	432,397	383,779
Interest	647	1,024	-	-	647	1,024
TOTAL REVENUES	902,752	918,189	2,349	2,500	905,101	920,689
EXPENSES:						
Programs expenses:						
Salaries and benefits	298,597	328,211	-	-	298,597	328,211
Purchased services	100,474	106,952	-	-	100,474	106,952
Supplies and materials	18,513	18,685	-	-	18,513	18,685
Depreciation	7,737	8,391	-	-	7,737	8,391
Payments to other governments	26,998	24,506	-	-	26,998	24,506
Administrative expenses:						
On-behalf payments	432,397	383,779	-	-	432,397	383,779
Business-type activities:						
Operating	-	-	1,385	3,535	1,385	3,535
TOTAL EXPENSES	884,716	870,524	1,385	3,535	886,101	874,059
Changes in net position	18,036	47,665	964	(1,035)	19,000	46,630
Net position, beginning of year	720,624	672,959	1,576	2,611	722,200	675,570
Net position, end of year	\$ 738,660	\$ 720,624	\$ 2,540	\$ 1,576	\$ 741,200	\$ 722,200

Governmental Activities

For FY13, revenues for governmental activities were \$902,752, which is less than FY12 amounts, and expenses were \$884,716, which is more than FY12 amounts. The Regional Office determined the decrease in revenue resulted from decreases in operating grants and contributions. Expenses reflect salary and benefit and purchased services decreases but rising costs for rent and On-behalf payments increases. The decrease in revenues approximates a 1.68% decrease while the increase in expenses was 1.63%.

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Business-Type Activities

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

Financial Analysis of the Regional Office Funds

Governmental Fund Highlights:

- The dollar return on investments (savings and checking accounts) decreased because of declining interest rates.
- County support for the Regional Office County Budget FY13 decreased substantially. Therefore, the Regional Office reduced spending to the best of its ability.
- State Aid foundation level remains at \$6,119 per student with a proration of approximately 89%.
- Payments for Truants Alternative Optional Education and Alternative School funding were somewhat timely for FY13.

Budgetary Highlights

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

Capital Assets

Capital Assets of the Regional Office include office equipment, computers, audio-visual equipment and office furniture. The Regional Office maintains an inventory of capital assets, which have been accumulated over time. There was no increase in FY13 for the Regional Office. In addition, the Regional Office has adopted a depreciation schedule which reflects the level of Net Governmental Activities Capital Assets. More detailed information about capital assets is available in Note 10 to the financial statements.

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Economic Factors and Next Year's Budget

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

- The State of Illinois Foundation level used in the General State Aid calculation would remain at \$6,119 per student, with the number of payments reduced as a result of approximately 89% proration to GSA.
- The interest rate on investments remains low and will impact interest earned.
- The Regional Office will continue minimal Gifted funding for special projects only.
- The Truants Alternative Optional Education and Regional Safe School's grant funding decreased for FY14.
- The Regional Office continues to purchase their own janitorial supplies at one of the alternative schools.
- The Regional Office was instructed to submit a budget for county support close to the amount requested in FY13) due to County Board cuts. Therefore, Schuyler County's contribution will be less. Salary increases/raises for county employees for FY13 & FY14 were granted.
- The Regional Office is not receiving FY14 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, FY14 salaries for all Regional Superintendents and Assistants in the State of Illinois continue to be paid out of the CPPRT (Corporate Personal Property Replacement Tax). The restructuring of the Regional Offices in the state of Illinois will be determined before the end of November 2013. In addition, the Fulton/Schuyler Regional Office will definitely consolidate with another region.

Contacting the Regional Office's Financial Management

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

BASIC FINANCIAL STATEMENTS

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 743,807	\$ 2,540	\$ 746,347
Due from other governments:			
State	4,985	-	4,985
Federal	3,788	-	3,788
Total Current Assets	<u>752,580</u>	<u>2,540</u>	<u>755,120</u>
Noncurrent Assets:			
Capital assets, being depreciated, net	17,198	-	17,198
Total Noncurrent Assets	<u>17,198</u>	<u>-</u>	<u>17,198</u>
TOTAL ASSETS	<u>769,778</u>	<u>2,540</u>	<u>772,318</u>
LIABILITIES			
Current Liabilities:			
Accrued expenses	28,406	-	28,406
Unearned revenue	2,712	-	2,712
Total Current Liabilities	<u>31,118</u>	<u>-</u>	<u>31,118</u>
NET POSITION			
Investment in capital assets	17,198	-	17,198
Restricted for educational purposes	87,741	-	87,741
Unrestricted	633,721	2,540	636,261
TOTAL NET POSITION	<u>\$ 738,660</u>	<u>\$ 2,540</u>	<u>\$ 741,200</u>

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

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary Government:						
Governmental Activities:						
Instructional Services:						
Salaries and benefits	\$ 298,597	\$ -	\$ 82,271	\$ (216,326)	\$ -	\$ (216,326)
Purchased services	100,474	-	7,481	(92,993)	-	(92,993)
Supplies and materials	18,513	-	4,852	(13,661)	-	(13,661)
Depreciation expense	7,737	-	-	(7,737)	-	(7,737)
Capital outlay	-	-	2,457	2,457	-	2,457
Payments to other governments	26,998	-	26,998	-	-	-
Administrative:						
On-behalf payments - Local	125,341	-	-	(125,341)	-	(125,341)
On-behalf payments - State	307,056	-	-	(307,056)	-	(307,056)
Total Governmental Activities	<u>884,716</u>	<u>-</u>	<u>124,059</u>	<u>(760,657)</u>	<u>-</u>	<u>(760,657)</u>
Business-Type Activities:						
Operating	1,385	2,349	-	-	964	964
Total Business-Type Activities	<u>1,385</u>	<u>2,349</u>	<u>-</u>	<u>-</u>	<u>964</u>	<u>964</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 886,101</u>	<u>\$ 2,349</u>	<u>\$ 124,059</u>	<u>(760,657)</u>	<u>964</u>	<u>(759,693)</u>
GENERAL REVENUES:						
Local sources				84,127	-	84,127
State sources				261,522	-	261,522
On-behalf payments - Local				125,341	-	125,341
On-behalf payments - State				307,056	-	307,056
Interest				647	-	647
Total General Revenues				<u>778,693</u>	<u>-</u>	<u>778,693</u>
CHANGE IN NET POSITION				18,036	964	19,000
NET POSITION - BEGINNING				<u>720,624</u>	<u>1,576</u>	<u>722,200</u>
NET POSITION - ENDING				<u>\$ 738,660</u>	<u>\$ 2,540</u>	<u>\$ 741,200</u>

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

FULTON/SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION #22
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2013

	General Fund	Education Fund	Non-Major Funds	Eliminations	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 653,354	\$ 3,553	\$ 86,900	\$ -	\$ 743,807
Due from other funds	6,788	-	-	(6,788)	-
Due from other governments:					
State	-	4,985	-	-	4,985
Federal	-	3,788	-	-	3,788
TOTAL ASSETS	<u>\$ 660,142</u>	<u>\$ 12,326</u>	<u>\$ 86,900</u>	<u>\$ (6,788)</u>	<u>\$ 752,580</u>
LIABILITIES					
Accrued expenses	\$ 26,421	\$ 1,985	\$ -	\$ -	\$ 28,406
Due to other funds	-	6,788	-	(6,788)	-
Unearned revenue	-	2,712	-	-	2,712
Total Liabilities	<u>26,421</u>	<u>11,485</u>	<u>-</u>	<u>(6,788)</u>	<u>31,118</u>
FUND BALANCE					
Restricted	-	841	86,900	-	87,741
Assigned	507,405	-	-	-	507,405
Unassigned	126,316	-	-	-	126,316
Total Fund Balance	<u>633,721</u>	<u>841</u>	<u>86,900</u>	<u>-</u>	<u>721,462</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 660,142</u>	<u>\$ 12,326</u>	<u>\$ 86,900</u>	<u>\$ (6,788)</u>	<u>\$ 752,580</u>

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

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2013

TOTAL FUND BALANCE — GOVERNMENTAL FUNDS	\$ 721,462
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>17,198</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 738,660</u>

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

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Education Fund	Non-Major Funds	Total Governmental Funds
REVENUES				
Local sources	\$ 68,419	\$ -	\$ 15,708	\$ 84,127
On-behalf payments - Local	125,341	-	-	125,341
State sources	297,907	63,454	796	362,157
On-behalf payments - State	307,056	-	-	307,056
Federal sources	9,635	13,789	-	23,424
Total Revenues	808,358	77,243	16,504	902,105
EXPENDITURES				
Instructional Services:				
Salaries and benefits	259,987	36,217	2,393	298,597
Purchased services	85,700	7,958	6,816	100,474
Supplies and materials	10,411	6,070	2,032	18,513
Payments to other governments	-	26,998	-	26,998
On-behalf payments - Local	125,341	-	-	125,341
On-behalf payments - State	307,056	-	-	307,056
Capital outlay	2,457	-	-	2,457
Total Expenditures	790,952	77,243	11,241	879,436
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	17,406	-	5,263	22,669
OTHER FINANCING SOURCES (USES)				
Interest	647	-	-	647
Total Other Financing Sources (Uses)	647	-	-	647
NET CHANGE IN FUND BALANCE	18,053	-	5,263	23,316
FUND BALANCE - BEGINNING, RESTATED	615,668	841	81,637	698,146
FUND BALANCE - ENDING	\$ 633,721	\$ 841	\$ 86,900	\$ 721,462

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, 2013

NET CHANGE IN FUND BALANCE — GOVERNMENTAL FUNDS \$ 23,316

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	\$ 2,457	
Depreciation expense	<u>(7,737)</u>	<u>(5,280)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 18,036

FULTON/SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION #22
 STATEMENT OF NET POSITION
 PROPRIETARY FUND
 JUNE 30, 2013

	Business-Type Activities - Enterprise Funds	
	Background Checks	Totals
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,540	\$ 2,540
TOTAL ASSETS	2,540	2,540
NET POSITION		
Unrestricted	2,540	2,540
TOTAL NET POSITION	\$ 2,540	\$ 2,540

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 POSITION
 PROPRIETARY FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds	
	Background	
	Checks	Totals
REVENUES		
Charges for services	\$ 2,349	\$ 2,349
Total Revenues	2,349	2,349
EXPENSES		
Purchased services	1,385	1,385
Total Operating Expenses	1,385	1,385
OPERATING INCOME	964	964
CHANGE IN NET POSITION	964	964
TOTAL NET POSITION - BEGINNING	1,576	1,576
TOTAL NET POSITION - ENDING	\$ 2,540	\$ 2,540

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

FULTON/SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION #22
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities- Enterprise Funds	
	Background Checks	Totals
Cash Flows from Operating Activities:		
Receipts from customers	\$ 2,349	\$ 2,349
Payments to suppliers and providers of goods and services	(1,385)	(1,385)
Net Cash Provided by Operating Activities	964	964
Net Increase (Decrease) in cash and cash equivalents	964	964
Cash and cash equivalents - Beginning	1,576	1,576
Cash and cash equivalents - Ending	\$ 2,540	\$ 2,540
Operating Income	\$ 964	\$ 964
Net Cash Provided by Operating Activities	\$ 964	\$ 964

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

FULTON/SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION #22
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2013

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ -
TOTAL ASSETS	\$ -
 LIABILITIES	
Due to other governments	\$ -
TOTAL LIABILITIES	\$ -

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
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In 2013, the Regional Office of Education #22 implemented Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*; and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The Regional Office of Education #22 implemented these standards during the current year; however, GASB Statement No. 60 and GASB Statement No. 61 had no impact on the financial statements. The implementation of GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflow of resources.

A. DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through March 18, 2014, the date when the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

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

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

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

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

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

The Regional Superintendent is also responsible for apportionment and payment of funds received from the State for the districts in the Regional Office of Education #22, or see that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2013, the Regional Office of Education #22 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Fulton and Schuyler counties. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

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

The Regional Office of Education #22 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #22 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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 Position 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 one business-type activity that that relies on fees charged for services.

The Regional Office of Education #22's government-wide financial statements include a Statement of Net Position 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 Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges 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
JUNE 30, 2013

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 Position 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 Position. 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 Position 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 Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, 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 Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses, and other long-term obligations, which are recognized when paid.

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #22; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

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

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

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

Regional Safe Schools - to provide funds for programs to increase safety and promote the learning environment in schools and to meet the particular educational needs of disruptive students more appropriately and individually in the alternative educational environments. This program also accounts for General State Aid received from the Illinois State Board of Education based on the average daily attendance at the Regional Safe School and accounts for federal and State nutrition reimbursements.

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

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

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

Education Fund - 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:

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Major Special Revenue Funds (Concluded)

Education (Concluded)

Title II – Teacher Leadership - to account for the proceeds of a grant from the Illinois State Board of Education to improve teacher effectiveness in the classroom.

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

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

Safe to Learn - to provide funds to prepare and administer workshops for teachers.

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

School and Community Assistance Team - a program that trains individuals for crisis management.

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

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

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

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

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

GOVERNMENTAL FUNDS (Concluded)

Nonmajor Special Revenue Funds (Concluded)

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

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

PROPRIETARY FUNDS

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

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

FIDUCIARY FUNDS

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

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

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

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES

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

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

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

Assigned Fund Balance - The portion of a Governmental Fund's net position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The Regional Office of Education #22 has assigned fund balances in the Regional Safe Schools, Spoon River Academy, and Gifted Program funds.

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.

J. NET POSITION

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

Net investment in capital assets - Consists of capital assets, net of accumulated depreciation.

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

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

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. CASH AND CASH EQUIVALENTS

The Regional Office of Education #22's cash and cash equivalents are considered to be demand deposits and short term investments. All interest income is recognized as revenue in the appropriate fund's Statement of Revenues, Expenditures and Changes in Fund Balance.

L. INVENTORY

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

M. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Equipment	5 -7 years
Building improvements	15 years

N. COMPENSATED ABSENCES

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

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

O. ESTIMATES

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

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

P. BUDGET INFORMATION

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

Q. INVESTMENTS

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

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

At June 30, 2013, the carrying amount of the Fulton/Schuyler Counties Regional Office of Education #22's cash deposits was \$746,347. The Fulton/Schuyler Counties Regional Office of Education #22's bank balance was \$758,566. Of the total bank balance as of June 30, 2013, \$250,000 was secured by federal depository insurance and \$508,566 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, 2013.

FULTON/SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION #22
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

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.

Funding Policy. As set by statute, the Regional Office of Education #22's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2012 used by the employer was 15.54 percent. The Regional Office of Education #22 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2012 was \$9,024.

A. TREND INFORMATION

Calendar Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contribution</u>	Net Pension <u>Obligation</u>
12/31/12	\$ 9,024	100%	\$0
12/31/11	15,852	70%	0
12/31/10	10,253	100%	0

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, included a) 7.5 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, 2010 is being amortized as a level percentage of projected payroll on an open 10 year basis.

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 3 - DEFINED BENEFIT PENSION PLAN (Concluded)

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 65.73 percent funded. The actuarial accrued liability for benefits was \$226,056 and the actuarial value of assets was \$148,594, resulting in an underfunded actuarial accrued liability (UAAL) of \$77,462. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$58,071 and the ratio of the UAAL to the covered payroll was 133 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 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, 2013, was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2012 and 2011.

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

On behalf contributions. The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #22. For the year ended June 30, 2013, State of Illinois contributions were based on 28.05 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #22 recognized revenue and expenditures of \$85,843 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2012 and June 30, 2011, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 24.91 percent (\$71,363) and 23.10 percent (\$64,582), respectively.

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

The Regional Office of Education #22 makes other types of employer contributions directly to TRS:

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2013 were \$705. Contributions for the years ending June 30, 2012 and June 30, 2011, were \$684 and \$660, respectively.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #22, there is a statutory requirement for the Regional Office of Education #22 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS.

For the year ended June 30, 2013, the employer pension contribution was 28.05 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2012 and 2011, the employer pension contribution was 24.91 and 23.10 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2013, 2012, and 2011 no salaries were paid from federal and special trust funds that required employer contributions.

Early Retirement Option. The Regional Office of Education #22 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

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

For the years ended June 30, 2013, 2012, and 2011 the Regional Office of Education #22 paid no employer contributions to TRS for employer contributions under the ERO program.

Salary increases over 6 percent and excess sick leave. If the Regional Office of Education #22 grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the Fulton/Schuyler Counties Regional Office of Education #22 makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increase of up to 6 percent.

For the years ended June 30, 2013, 2012, and 2011 the Regional Office of Education #22 paid no employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent.

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

If the Regional Office of Education #22 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Regional Office of Education #22 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.63 percent of salary during the year ended June 30, 2013).

For the years ended June 30, 2013, 2012, and 2011 the Regional Office of Education #22 paid no employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment.

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

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 retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the State administered participating provider option plan or choose from several managed care options.

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

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

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 - TEACHERS' HEALTH INSURANCE SYSTEM (Concluded)

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 0.92 percent of pay during the year ended June 30, 2013. State of Illinois contributions were \$1,118, 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, 2012 and June 30, 2011 were 0.88 percent of pay, both years. State contributions on behalf of the Regional Office of Education #22 employees were \$1,037 and \$1,001, respectively.

Employer contributions to THIS Fund. The Regional Office of Education #22 also makes contributions to THIS Fund. The Regional Office THIS Fund contribution was 0.69 percent during the year ended June 30, 2013 and 0.66 percent during the years ended June 30, 2012 and June 30, 2011. For the year ended June 30, 2013, the Regional Office of Education #22 paid \$839, to the THIS Fund. For the years ended June 30, 2012 and June 30, 2011, the Regional Office paid \$778 and \$751 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 found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The 2013 report is listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

NOTE 6 - INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2013 consist of the following individual due to/from other funds in the governmental funds balance sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Position.

	Due To Other Funds	Due From Other Funds
General Fund	\$ -	\$ 6,788
Education Fund	6,788	-
Totals	\$ 6,788	\$ 6,788

FULTON/SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION #22
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 7 - DUE TO/FROM OTHER GOVERNMENTS

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

Due From Other Governments:

Education Fund

Local Governments	\$ 1,588
Illinois State Board of Education	7,185
Total	\$ 8,773

NOTE 8 - RISK MANAGEMENT

The Regional Office of Education #22 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #22 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 9 - OPERATING LEASE

The Regional Office of Education #22 is committed under a five-year noncancelable operating lease for photocopier equipment. Rent expenditures were \$3,316 for the year ended June 30, 2013. Future minimum operating lease commitments are as follows:

<u>Year ending June 30,</u>	
2014	\$ 3,316
2015	3,040
Total	\$ 6,356

FULTON/SCHUYLER COUNTIES
REGIONAL OFFICE OF EDUCATION #22
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 - CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Regional Office of Education #22 has reported capital assets in the government-wide Statement of Net Position. 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, 2013:

	<u>Balance</u> <u>07/01/12</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>06/30/13</u>
Governmental Activities				
Capital Assets, Being Depreciated				
Computers and Equipment	\$ 125,154	\$ 2,457	\$ -	\$ 127,611
Building Improvements	8,601	-	-	8,601
Total	<u>133,755</u>	<u>2,457</u>	<u>-</u>	<u>136,212</u>
Less Accumulated Depreciation for:				
Computers and Equipment	(110,605)	(7,161)	-	(117,766)
Building Improvements	(672)	(576)	-	(1,248)
Total	<u>(111,277)</u>	<u>(7,737)</u>	<u>-</u>	<u>(119,014)</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 22,478</u>	<u>\$ (5,280)</u>	<u>\$ -</u>	<u>\$ 17,198</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, 2013 of \$7,737 was charged to governmental activities, on the government-wide Statement of Activities. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

NOTE 11 - ON BEHALF PAYMENTS

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

Regional Superintendent Salary	\$ 97,080
Assistant Regional Superintendent Salary	87,387
Regional Superintendent Fringe Benefit (Includes State paid insurance)	34,361
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	1,267
TRS Pension Contributions	85,843
THIS Contributions	<u>1,118</u>
Total	<u>\$ 307,056</u>

FULTON/SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION #22
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 11 - ON BEHALF PAYMENTS (Concluded)

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

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

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

Salaries and Benefits	\$ 94,641
Purchased Services	30,700

Total	\$ 125,341

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS

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

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

FULTON/SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION #22
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The following contributions are required for the Regional Office of Education #22 for the Plan year 2013-2014:

	PREMIUMS			
	Single	Employee + 1	Employee + 2	Employee + 3/more
\$750* Deductible Plan	\$ 648	\$ 1,445	\$ 1,457	\$ 1,567
\$1,000 Deductible Plan	648	1,445	1,457	1,567
\$2,000 Deductible Plan	628	1,284	1,290	1,383
\$3,000** Deductible Plan	617	1,166	1,171	1,244
\$5,000** Deductible Plan	562	1,003	1,015	1,104
\$3,000 HSA Plan	591	1,096	1,100	1,171

*Increases to \$1,000 on January 1, 2014

**Deductible option will be discontinued on January 1, 2014

Dental (optional)	\$ 20	\$ 37	\$ 47	\$ 60
Vision (optional)	\$ 8	\$ 12	\$ 16	\$ 25

Basic Life Insurance & AD&D

\$10,000 life plus AD&D \$1.30 per employee per month

Dependent Life Insurance

\$5,000 \$2.98 per employee per month

\$2,000 \$0.78 per employee per month

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

For employee Medical & Rx and dental – 0% of the contributions

For dependent and vision coverage – 100% of the contributions

FULTON/SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION #22
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The following contributions were required for the Regional office of Education for the Plan year 2012-2013:

	PREMIUMS			
	Single	Employee + 1	Employee + 2	Employee + 3/more
Medical & Rx				
The following rates include the cost for major medical and Rx card.				
\$500/\$750 Deductible Plan	\$ 612	\$ 1,407	\$ 1,422	\$ 40
\$1,000 Deductible Plan	591	1,292	1,303	1,401
\$2,000 Deductible Plan	572	1,149	1,155	1,237
\$3,000 Deductible Plan	562	1,081	1,085	1,153
\$5,000 Deductible Plan	511	930	941	1,023
\$3,000 HSA Plan	538	1,016	1,020	1,085
Dental (optional)	\$ 19	\$ 35	\$ 44	\$ 57
Vision (optional)	\$ 7	\$ 11	\$ 14	\$ 22

Basic Life Insurance & AD&D

\$10,000 life plus AD&D \$1.30 per employee per month

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

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

The following contributions were required for the Regional Office of Education #22 for the Plan year 2011-2012:

	PREMIUMS			
	Single	Employee + 1	Employee + 2	Employee + 3/more
Medical & Rx				
The following rates include the cost for major medical and Rx card.				
\$500 Deductible Plan	\$ 592	\$ 1,343	\$ 1,358	\$ 1,476
\$1,000 Deductible Plan	572	1,233	1,243	1,337
\$2,000 Deductible Plan	554	1,096	1,102	1,180
\$3,000 Deductible Plan	544	1,030	1,035	1,100
Dental (optional)	\$ 18	\$ 33	\$ 42	\$ 54
Vision (optional)	\$ 6	\$ 10	\$ 13	\$ 20

Basic Life Insurance & AD&D

\$10,000 life plus AD&D \$1.30 per employee per month

FULTON/SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION #22
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (Concluded)

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

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

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

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

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

NOTE 13 - RECLASSIFICATION

In prior years, the Gifted Program was funded by ISBE and reported in the Education fund. However, the remaining cash and fund balance in this program is not related to the Gifted program that ran through ISBE. In the current year the program is reclassified as a general fund account. The following is the effect of the reclassification on the beginning fund balances of the General Fund and Education Fund:

General Fund:

Fund Balance - July 1, 2012	\$ 606,294
Effect of reclassifying Gifted Program	9,374
	9,374
Fund Balance, Restated - July 1, 2012	\$ 615,668

Education Fund:

Fund Balance - July 1, 2012	\$ 10,215
Effect of reclassifying Gifted Program	(9,374)
	(9,374)
Fund Balance, Restated - July 1, 2012	\$ 841

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, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/12	\$ 148,594	\$ 226,056	\$ 77,462	65.73%	\$ 58,071	133.39%
12/31/11	126,427	209,295	82,868	60.41%	73,662	112.50%
12/31/10	99,483	155,441	55,958	64.00%	86,672	64.56%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$156,007.

On a market basis, the funded ratio would be 69.01%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Fulton-Schuyler Regional Office of Education #22. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

OTHER SUPPLEMENTAL INFORMATION

FULTON/SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION #22
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 JUNE 30, 2013

	General Fund	County Fund	Regional Safe Schools	Spoon River Academy	Gifted Program	TOTALS
ASSETS						
Cash and cash equivalents	\$ 109,657	\$ 9,871	\$ 324,452	\$ 200,486	\$ 8,888	\$ 653,354
Due from other funds	6,788	-	-	-	-	6,788
TOTAL ASSETS	\$ 116,445	\$ 9,871	\$ 324,452	\$ 200,486	\$ 8,888	\$ 660,142
LIABILITIES						
Accrued expenses	\$ -	\$ -	\$ 13,215	\$ 13,206	\$ -	\$ 26,421
Total Liabilities	-	-	13,215	13,206	-	26,421
FUND BALANCE						
Assigned	-	-	311,237	187,280	8,888	507,405
Unassigned	116,445	9,871	-	-	-	126,316
Total Fund Balance	116,445	9,871	311,237	187,280	8,888	633,721
TOTAL LIABILITIES AND FUND BALANCE	\$ 116,445	\$ 9,871	\$ 324,452	\$ 200,486	\$ 8,888	\$ 660,142

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, 2013

	General Fund	County Fund	Regional Safe Schools	Spoon River Academy	Gifted Program	TOTALS
REVENUES						
Local sources	\$ 3,412	\$ 22,189	\$ 20,818	\$ 22,000	\$ -	\$ 68,419
On-behalf payments - Local	-	125,341	-	-	-	125,341
State sources	-	-	149,932	147,975	-	297,907
On-behalf payments - State	307,056	-	-	-	-	307,056
Federal sources	-	-	9,635	-	-	9,635
Total Revenues	<u>310,468</u>	<u>147,530</u>	<u>180,385</u>	<u>169,975</u>	<u>-</u>	<u>808,358</u>
EXPENDITURES						
Salaries and benefits	-	5,819	108,868	145,300	-	259,987
Purchased services	5,005	22,796	50,012	7,401	486	85,700
Supplies and materials	918	5,562	1,727	2,204	-	10,411
Capital outlay	-	950	1,507	-	-	2,457
On-behalf payments - Local	-	125,341	-	-	-	125,341
On-behalf payments - State	307,056	-	-	-	-	307,056
Total Expenditures	<u>312,979</u>	<u>160,468</u>	<u>162,114</u>	<u>154,905</u>	<u>486</u>	<u>790,952</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,511)</u>	<u>(12,938)</u>	<u>18,271</u>	<u>15,070</u>	<u>(486)</u>	<u>17,406</u>
OTHER FINANCING SOURCES						
Interest	647	-	-	-	-	647
Total Other Financing Sources	<u>647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>647</u>
NET CHANGE IN FUND BALANCE	<u>(1,864)</u>	<u>(12,938)</u>	<u>18,271</u>	<u>15,070</u>	<u>(486)</u>	<u>18,053</u>
FUND BALANCE - BEGINNING, RESTATED	<u>118,309</u>	<u>22,809</u>	<u>292,966</u>	<u>172,210</u>	<u>9,374</u>	<u>615,668</u>
FUND BALANCE - ENDING	<u>\$ 116,445</u>	<u>\$ 9,871</u>	<u>\$ 311,237</u>	<u>\$ 187,280</u>	<u>\$ 8,888</u>	<u>\$ 633,721</u>

FULTON/SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION #22
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND ACCOUNT
 REGIONAL SAFE SCHOOLS
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Local sources	\$ -	\$ -	\$ 20,818
State sources	45,836	45,836	149,932
Federal sources	-	-	9,635
Total Revenue	<u>45,836</u>	<u>45,836</u>	<u>180,385</u>
EXPENDITURES			
Salaries and benefits	45,836	45,836	108,868
Purchased services	-	-	50,012
Supplies and materials	-	-	1,727
Capital outlay	-	-	1,507
Total Expenditures	<u>45,836</u>	<u>45,836</u>	<u>162,114</u>
EXCESS (DEFICIENCY) OF REVENUES			
EXPENDITURES	<u>-</u>	<u>-</u>	<u>18,271</u>
NET CHANGE IN FUND BALANCE			
	-	-	18,271
FUND BALANCE - BEGINNING			
	<u>-</u>	<u>-</u>	<u>292,966</u>
FUND BALANCE - ENDING			
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 311,237</u></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, 2013

	Title II - Teacher Leadership	McCall Summer School	Truants Alternative Optional Education	Safe to Learn	McKinney Homeless Children and Youth Program	School and Community Assistance Team	ROE/ISC Operations	TOTALS
ASSETS								
Cash and cash equivalents	\$ -	\$ 627	\$ -	\$ 2,712	\$ -	\$ 214	\$ -	\$ 3,553
Due from other governments:								
State	-	-	3,000	-	-	-	1,985	4,985
Federal	2,200	-	-	-	1,588	-	-	3,788
TOTAL ASSETS	\$ 2,200	\$ 627	\$ 3,000	\$ 2,712	\$ 1,588	\$ 214	\$ 1,985	\$ 12,326
LIABILITIES								
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,985	\$ 1,985
Due to other funds	2,200	-	3,000	-	1,588	-	-	6,788
Unearned revenue	-	-	-	2,712	-	-	-	2,712
Total Liabilities	2,200	-	3,000	2,712	1,588	-	1,985	11,485
FUND BALANCE								
Restricted	-	627	-	-	-	214	-	841
Total Fund Balance	-	627	-	-	-	214	-	841
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,200	\$ 627	\$ 3,000	\$ 2,712	\$ 1,588	\$ 214	\$ 1,985	\$ 12,326

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, 2013

	Title II - Teacher Leadership	McCall Summer School	Truants Alternative Optional Education	Safe to Learn	McKinney Homeless Children and Youth Program	School and Community Assistance Team	ROE/ISC Operations	TOTALS
REVENUES								
State sources	\$ -	\$ -	\$ 39,656	\$ -	\$ -	\$ -	\$ 23,798	\$ 63,454
Federal sources	2,200	-	-	-	11,589	-	-	13,789
Total Revenues	<u>2,200</u>	<u>-</u>	<u>39,656</u>	<u>-</u>	<u>11,589</u>	<u>-</u>	<u>23,798</u>	<u>77,243</u>
EXPENDITURES								
Salaries and benefits	-	-	31,470	-	4,747	-	-	36,217
Purchased services	2,200	-	4,665	-	1,093	-	-	7,958
Supplies and materials	-	-	1,521	-	4,549	-	-	6,070
Payments to other governments	-	-	2,000	-	1,200	-	23,798	26,998
Total Expenditures	<u>2,200</u>	<u>-</u>	<u>39,656</u>	<u>-</u>	<u>11,589</u>	<u>-</u>	<u>23,798</u>	<u>77,243</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-	-	-	-	-
FUND BALANCE - BEGINNING, RESTATED	-	627	-	-	-	214	-	841
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ 627</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214</u>	<u>\$ -</u>	<u>\$ 841</u>

FULTON/SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION #22
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 TITLE II - TEACHER LEADERSHIP
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 2,309	\$ 2,309	\$ 2,200
Total Revenue	<u>2,309</u>	<u>2,309</u>	<u>2,200</u>
EXPENDITURES			
Salaries and benefits	109	109	-
Purchased services	2,200	2,200	2,200
Total Expenditures	<u>2,309</u>	<u>2,309</u>	<u>2,200</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

FULTON/SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION #22
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 TRUANTS ALTERNATIVE OPTIONAL EDUCATION
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 39,656	\$ 39,656	\$ 39,656
Total Revenue	<u>39,656</u>	<u>39,656</u>	<u>39,656</u>
EXPENDITURES			
Salaries and benefits	32,586	31,526	31,470
Purchased services	4,166	4,326	4,665
Supplies and materials	904	1,804	1,521
Payments to other governments	2,000	2,000	2,000
Total Expenditures	<u>39,656</u>	<u>39,656</u>	<u>39,656</u>
EXCESS (DEFICIENCY) OF REVENUES			
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>\$ -</u></u>	<u><u>\$ -</u></u>

FULTON/SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION #22
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 MCKINNEY HOMELESS CHILDREN AND YOUTH PROGRAM (12-4920-00)
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 10,552	\$ 11,052	\$ 1,587
Total Revenue	<u>10,552</u>	<u>11,052</u>	<u>1,587</u>
EXPENDITURES			
Salaries and benefits	5,461	5,461	-
Purchased services	1,811	1,811	317
Supplies and materials	2,580	3,080	1,270
Payments to other governments	700	700	-
Total Expenditures	<u>10,552</u>	<u>11,052</u>	<u>1,587</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE			
	-	-	-
FUND BALANCE - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Revenues and expenditures are less than budgeted amounts because the grant was extended through August 31, 2012 and only part of the grant was received and expended in the current fiscal year.

FULTON/SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION #22
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 MCKINNEY HOMELESS CHILDREN AND YOUTH PROGRAM (13-4920-00)
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 9,503	\$ 10,003	\$ 10,002
Total Revenue	<u>9,503</u>	<u>10,003</u>	<u>10,002</u>
EXPENDITURES			
Salaries and benefits	4,800	4,800	4,747
Purchased services	1,874	955	776
Supplies and materials	1,629	3,048	3,279
Payments to other governments	1,200	1,200	1,200
Total Expenditures	<u>9,503</u>	<u>10,003</u>	<u>10,002</u>
EXCESS (DEFICIENCY) OF REVENUES			
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>\$ -</u></u>	<u><u>\$ -</u></u>

FULTON/SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION #22
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNT
 ROE/ISC OPERATIONS
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 23,798	\$ 23,798	\$ 23,798
Total Revenue	<u>23,798</u>	<u>23,798</u>	<u>23,798</u>
EXPENDITURES			
Payments to other governments	23,798	23,798	23,798
Total Expenditures	<u>23,798</u>	<u>23,798</u>	<u>23,798</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

FULTON/SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION #22
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2013

	General Education Development	Bus Driver Training	Institute	TOTALS
ASSETS				
Cash and cash equivalents	\$ 16,502	\$ 11,156	\$ 59,242	\$ 86,900
TOTAL ASSETS	<u>\$ 16,502</u>	<u>\$ 11,156</u>	<u>\$ 59,242</u>	<u>\$ 86,900</u>
FUND BALANCE				
Restricted	\$ 16,502	\$ 11,156	\$ 59,242	\$ 86,900
TOTAL FUND BALANCE	<u>\$ 16,502</u>	<u>\$ 11,156</u>	<u>\$ 59,242</u>	<u>\$ 86,900</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, 2013

	General Education Development	Bus Driver Training	Institute	TOTALS
REVENUES				
Local sources	\$ 4,591	\$ 1,490	\$ 9,627	\$ 15,708
State sources	-	796	-	796
Total Revenues	<u>4,591</u>	<u>2,286</u>	<u>9,627</u>	<u>16,504</u>
EXPENDITURES				
Salaries and benefits	903	-	1,490	2,393
Purchased services	897	933	4,986	6,816
Supplies and materials	1,965	67	-	2,032
Total Expenditures	<u>3,765</u>	<u>1,000</u>	<u>6,476</u>	<u>11,241</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>826</u>	<u>1,286</u>	<u>3,151</u>	<u>5,263</u>
NET CHANGE IN FUND BALANCE	826	1,286	3,151	5,263
FUND BALANCE - BEGINNING	<u>15,676</u>	<u>9,870</u>	<u>56,091</u>	<u>81,637</u>
FUND BALANCE - ENDING	<u><u>\$ 16,502</u></u>	<u><u>\$ 11,156</u></u>	<u><u>\$ 59,242</u></u>	<u><u>\$ 86,900</u></u>

FULTON/SCHUYLER COUNTIES
 REGIONAL OFFICE OF EDUCATION #22
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	Balance 07/01/12	Additions	Deductions	Balance 06/30/13
ASSETS				
Cash and cash equivalents	\$ -	\$ 304,245	\$ 304,245	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 304,245</u>	<u>\$ 304,245</u>	<u>\$ -</u>
LIABILITIES				
Due to other governments	\$ -	\$ 304,245	\$ 304,245	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 304,245</u>	<u>\$ 304,245</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, 2013

District	Schuyler County School Facility Occupation Tax
Astoria CUSD #1	\$ 9,592
Schuyler-Industry CUSD #5	282,123
Southeastern CUSD #337	12,530
TOTAL	\$ 304,245