

**State of Illinois  
FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
FINANCIAL AUDIT  
For the Year Ended June 30, 2015**

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

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

OFFICIALS

Regional Superintendent  
(During the audit period)

Mr. David Demler

Assistant Regional Superintendent  
(March 28, 2015 through June 30, 2015)

Mr. John Marshall

Assistant Regional Superintendent  
(November 16, 2014 through March 27, 2015)

Mr. Alan Coleman

Assistant Regional Superintendent  
(July 1, 2014 through November 15, 2014)

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	0

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>
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FINDINGS (GOVERNMENT AUDITING STANDARDS)

2015-001	11a	Controls Over Financial Statement Preparation	Material Weakness
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PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

None

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 23, 2015. Attending were David Demler, Regional Superintendent and Matt Price, Kemper CPA Group LLP. Responses to the recommendations were provided by John Meixner, Regional Superintendent of the Regional Office of Education #26.

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 Frank J. Mautino  
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, 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, 2015, 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, 2015, 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.

## **Emphasis of Matters**

As disclosed in Notes 1 and 13 to the financial statements, the Fulton/Schuyler Counties Regional Office of Education #22 implemented Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, in the current year and has recognized a net pension liability and deferred inflows and outflows of resources related to pensions.

As disclosed in Note 12, the Fulton/Schuyler Counties Regional Office of Education #22 will disband effective July 1, 2015.

Our opinions are not modified with respect to these matters.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund Schedule of Changes in the Net Pension Liability & Related Ratios, Illinois Municipal Retirement Fund Schedule of Employer Contributions, Teachers' Retirement System of the State of Illinois Schedule of the Employer's Proportionate Share of the Net Pension Liability, Teachers' Retirement System of the State of Illinois Schedule of Employer Contributions on pages 14a through 14f and 57 through 59 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.

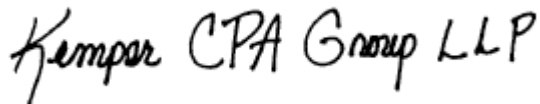
### Other Information

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 schedules of accounts, the budgetary comparison schedules, the combining fund financial statements 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 schedules of accounts, the budgetary comparison schedules, the combining fund financial statements and Schedule of Disbursements to School District Treasurers and Other Entities - Distributive Fund are the responsibility of management and were derived from and relates 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 schedules of accounts, the budgetary comparison schedules, the combining fund financial statements 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 our report dated September 7, 2016, 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 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.



*Certified Public Accountants and Consultants*

Mattoon, Illinois  
September 7, 2016



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 Frank J. Mautino  
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 Fulton/Schuyler Counties Regional Office of Education #22, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Fulton/Schuyler Counties Regional Office of Education #22's basic financial statements, and have issued our report thereon dated September 7, 2016.

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 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 certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2015-001 to be a material weakness.

## Compliance and Other Matters

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

## Fulton/Schuyler Counties Regional Office of Education #22's Response to 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. The 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 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 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  
September 7, 2016

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

**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, 2015

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding No. 2015-001 – Controls Over Financial Statement Preparation (Repeat of Prior Year Findings 14-001, 13-001, 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.

GASB Statements No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB No. 27*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an Amendment of GASB Statement No. 68*, require governments to record and present net accrued pension liabilities/assets, deferred inflows and outflows of resources, and pension expenses. These standards further prescribe the methods and assumptions that are to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of service.

**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.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

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

**Finding No. 2015-001 – Controls Over Financial Statement Preparation (Repeat of Prior Year Findings 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01 & 07-01) (Continued)**

During review of the Regional Office of Education #22's financial information prepared by the Regional Office of Education #22, auditors 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. In addition, the Regional Office did not have adequate controls to record and report the Regional Office's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources and pension expenses in accordance with GAAP. Finally, cash receipts and disbursements that occurred after June 30, 2015 were posted in the accounting software as cash transactions at June 30, 2015 instead of appropriately recording the transactions as accounts receivable or accounts payable at June 30, 2015. Proposed adjusting entries by auditors were approved and accepted by Regional Office management.

**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. Additionally, the Regional Office's cash, accounts receivable, and accounts payable balances in the accounting system at June 30, 2015 were understated \$3,606, \$1,898, and \$5,504, respectively, due to improper coding of post June 30, 2015 cash transactions.

**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. In addition, the complex requirements of GASB Statements No. 68 and No. 71 were new for fiscal year 2015 and will require additional time and training before the Regional Office can fully implement the requirements on its own.

**Auditor's Recommendation:**

Since the Regional Office of Education #22 has been dissolved and its counties were merged into the Hancock and McDonough Counties Regional Office of Education #26, Regional Office of Education #26 should implement comprehensive preparation procedures to ensure 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's activities and operations.



FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

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

**Finding No. 2015-001 – Controls Over Financial Statement Preparation (Repeat of Prior Year Findings 14-001, 13-001, 12-01, 11-01, 10-01, 09-01, 08-01 & 07-01) (Concluded)**

**Management's Response:**

The Regional Office of Education #26 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, 2015

**CORRECTIVE ACTION PLAN**

**Finding No. 2015-001 – 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, auditors 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. In addition, the Regional Office did not have adequate controls to record and report the Regional Office's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources and pension expenses in accordance with GAAP. Finally, cash receipts and disbursements that occurred after June 30, 2015 were posted in the accounting software as cash transactions at June 30, 2015 instead of appropriately recording the transactions as accounts receivable or accounts payable at June 30, 2015. Proposed adjusting entries by auditors were approved and accepted by Regional Office management.

**Plan:**

The Regional Office of Education #26 will implement comprehensive preparation procedures to ensure the financial statements are complete and accurate. These procedures will 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's activities and operations.

**Anticipated Date of Completion:**

Not Applicable

**Contact Person Responsible for Corrective Action:**

Mr. John Meixner, Regional Superintendent of Regional Office of Education #26

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

<b><u>Finding No.</u></b>	<b><u>Condition</u></b>	<b><u>Current Status</u></b>
2014-001	Controls Over Financial Statement Preparation	Repeated as Finding 2015-001

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

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, 2015. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements, which follow.

**2015 Financial Highlights**

- Within the Governmental Funds, the total general fund revenues and other financing sources decreased by \$111,426 from \$806,420 in FY14 to \$694,994 in FY15. Although local sources of revenue increased by \$41,995, other revenue sources decreased significantly. Total general fund expenditures and other financing uses decreased by \$140,192 from \$852,596 in FY14 to \$712,404 in FY15. Salary and benefits, purchased services, on-behalf payments and capital outlay all decreased.
- Within the Governmental Funds, the total special revenue funds revenues and other financing sources increased by \$46,263 from \$82,426 in FY14 to \$128,689 in FY15. Revenues from local, State, and federal sources all increased. The total special revenue funds expenditures and other financing uses increased by \$43,908 from \$75,991 in FY14 to \$119,899 in FY15. Expenditures for pension expense, purchased services, and payments to other governments increased significantly.

**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, 2015

**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, 2015

**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 FY15 totaled \$666,794. At the end of FY14, the net position was \$697,412. The analysis that follows provides a summary of the Regional Office's net position at June 30, 2015 and 2014, for the governmental and business-type activities.

**CONDENSED STATEMENT OF NET POSITION**  
**June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>ASSETS:</b>						
Current assets	\$ 681,307	\$ 743,429	\$ 3,294	\$ 4,214	\$ 684,601	\$ 747,643
Capital assets being depreciated, net	10,923	12,508	-	-	10,923	12,508
<b>TOTAL ASSETS</b>	<b>692,230</b>	<b>755,937</b>	<b>3,294</b>	<b>4,214</b>	<b>695,524</b>	<b>760,151</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	26,989	-	-	-	26,989	-
<b>LIABILITIES:</b>						
Current liabilities	8,206	61,708	10	1,031	8,216	62,739
Noncurrent liabilities	44,543	-	-	-	44,543	-
<b>TOTAL LIABILITIES</b>	<b>52,749</b>	<b>61,708</b>	<b>10</b>	<b>1,031</b>	<b>52,759</b>	<b>62,739</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	2,960	-	-	-	2,960	-
<b>NET POSITION:</b>						
Investment in capital assets	10,923	12,508	-	-	10,923	12,508
Unrestricted	549,621	587,545	3,284	3,183	552,905	590,728
Restricted - other	102,966	94,176	-	-	102,966	94,176
<b>TOTAL NET POSITION</b>	<b>\$ 663,510</b>	<b>\$ 694,229</b>	<b>\$ 3,284</b>	<b>\$ 3,183</b>	<b>\$ 666,794</b>	<b>\$ 697,412</b>

The Regional Office's net position decreased from FY14 by \$30,618. The decrease occurred primarily in the Governmental Fund, which reflects receipt of less revenue and decreased expenses. 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, 2015 and 2014.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

**Office-Wide Financial Analysis (Concluded)**

**CHANGES IN NET POSITION**  
**For the Years Ended June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>REVENUES:</b>						
Program revenues:						
Operating grants and contributions	\$ 157,441	\$ 113,593	\$ -	\$ -	\$ 157,441	\$ 113,593
Charges for services	-	-	2,752	2,149	2,752	2,149
General revenues:						
Local sources	115,732	73,481	-	-	115,732	73,481
State sources	200,955	238,882	-	-	200,955	238,882
On-behalf payments	409,779	462,505	-	-	409,779	462,505
Interest	371	385	-	-	371	385
<b>TOTAL REVENUES</b>	<b>884,278</b>	<b>888,846</b>	<b>2,752</b>	<b>2,149</b>	<b>887,030</b>	<b>890,995</b>
<b>EXPENSES:</b>						
Programs expenses:						
Salaries and benefits	300,825	317,244	-	-	300,825	317,244
Purchased services	96,132	119,800	-	-	96,132	119,800
Supplies and materials	15,520	11,563	-	-	15,520	11,563
Other objects	-	105	-	-	-	105
Depreciation	3,307	7,487	-	-	3,307	7,487
Payments to other governments	55,002	14,573	-	-	55,002	14,573
Pension expense	18,055	-	-	-	18,055	-
Administrative expenses:						
On-behalf payments	409,779	462,505	-	-	409,779	462,505
Business-type activities:						
Operating	-	-	2,651	1,506	2,651	1,506
<b>TOTAL EXPENSES</b>	<b>898,620</b>	<b>933,277</b>	<b>2,651</b>	<b>1,506</b>	<b>901,271</b>	<b>934,783</b>
Changes in net position	(14,342)	(44,431)	101	643	(14,241)	(43,788)
Net position, beginning of year, restated (see note 13)	677,852	738,660	3,183	2,540	681,035	741,200
Net position, end of year	\$ 663,510	\$ 694,229	\$ 3,284	\$ 3,183	\$ 666,794	\$ 697,412

**Governmental Activities**

For FY15, revenues for governmental activities were \$884,278 and expenses were \$898,620, both of which are lower than FY14 amounts. The Regional Office noted a slight decrease in revenue from State sources, but an increase in revenue in operating grants and contributions and local sources. Expense variances from FY14 reflect salary and benefit, purchased services, and on-behalf payment decreases, but higher costs in supplies and materials, payments to other governments and pension expenses included. The decrease in revenues approximates 0.51% while the decrease in expenses was 3.71%.



FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

**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 FY15 decreased. Therefore, the Regional Office continues to reduce 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 FY15.

**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. Net capital assets decreased from \$12,508 in FY14 to \$10,923 in FY15 due to excess depreciation expense over current year additions. In addition, the Regional Office has adopted a depreciation schedule which reflects the level of Net Governmental Activities Capital Assets. More detailed information about capital assets is available in Note 9 to the financial statements.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

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

Effective July 1, 2015, Fulton/Schuyler Regional Office of Education #22 joined Hancock/McDonough Regional Office of Education #26. The Regional Office of Education #22 will cease to exist beyond this date.

**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/Hancock/McDonough/Schuyler Counties Regional Office of Education #26 at 130 S. Lafayette – Suite 200, Macomb, IL 61455.

## BASIC FINANCIAL STATEMENTS

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 680,022	\$ 1,992	\$ 682,014
Due from other governments:			
Local	-	1,302	1,302
State	735	-	735
Federal	550	-	550
Total Current Assets	<u>681,307</u>	<u>3,294</u>	<u>684,601</u>
Noncurrent Assets:			
Capital assets, being depreciated, net	10,923	-	10,923
Total Noncurrent Assets	<u>10,923</u>	<u>-</u>	<u>10,923</u>
<b>TOTAL ASSETS</b>	<u>692,230</u>	<u>3,294</u>	<u>695,524</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>26,989</u>	<u>-</u>	<u>26,989</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	2,624	10	2,634
Accrued expenses	2,870	-	2,870
Unearned revenue	2,712	-	2,712
Total Current Liabilities	<u>8,206</u>	<u>10</u>	<u>8,216</u>
Noncurrent Liabilities:			
Net pension liability	<u>44,543</u>	<u>-</u>	<u>44,543</u>
<b>TOTAL LIABILITIES</b>	<u>52,749</u>	<u>10</u>	<u>52,759</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	<u>2,960</u>	<u>-</u>	<u>2,960</u>
<b>NET POSITION</b>			
Investment in capital assets	10,923	-	10,923
Restricted - other	102,966	-	102,966
Unrestricted	549,621	3,284	552,905
<b>TOTAL NET POSITION</b>	<u>\$ 663,510</u>	<u>\$ 3,284</u>	<u>\$ 666,794</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, 2015

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	\$ 300,825	\$ -	\$ 78,479	\$ (222,346)	\$ -	\$ (222,346)
Purchased services	96,132	-	18,485	(77,647)	-	(77,647)
Supplies and materials	15,520	-	3,753	(11,767)	-	(11,767)
Other objects	-	-	-	-	-	-
Depreciation expense	3,307	-	-	(3,307)	-	(3,307)
Capital outlay	-	-	1,722	1,722	-	1,722
Payments to other governments	55,002	-	55,002	-	-	-
Pension expense	18,055	-	-	(18,055)	-	(18,055)
Administrative:						
On-behalf payments - Local	123,291	-	-	(123,291)	-	(123,291)
On-behalf payments - State	286,488	-	-	(286,488)	-	(286,488)
Total Governmental Activities	<u>898,620</u>	<u>-</u>	<u>157,441</u>	<u>(741,179)</u>	<u>-</u>	<u>(741,179)</u>
Business-Type Activities:						
Operating	2,651	2,752	-	-	101	101
Total Business-Type Activities	<u>2,651</u>	<u>2,752</u>	<u>-</u>	<u>-</u>	<u>101</u>	<u>101</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 901,271</u>	<u>\$ 2,752</u>	<u>\$ 157,441</u>	<u>(741,179)</u>	<u>101</u>	<u>(741,078)</u>
<b>GENERAL REVENUES:</b>						
Local sources				115,732	-	115,732
State sources				200,955	-	200,955
On-behalf payments - Local				123,291	-	123,291
On-behalf payments - State				286,488	-	286,488
Interest				371	-	371
Total General Revenues				<u>726,837</u>	<u>-</u>	<u>726,837</u>
<b>CHANGE IN NET POSITION</b>				<u>(14,342)</u>	<u>101</u>	<u>(14,241)</u>
<b>NET POSITION - BEGINNING</b> (Restated, See Note 13)				<u>677,852</u>	<u>3,183</u>	<u>681,035</u>
<b>NET POSITION - ENDING</b>				<u>\$ 663,510</u>	<u>\$ 3,284</u>	<u>\$ 666,794</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, 2015

	General Fund	Education Fund	Institute	Non-Major Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 574,295	\$ 4,871	\$ 70,510	\$ 30,346	\$ -	\$ 680,022
Due from other funds	550	-	-	-	(550)	-
Due from other governments:						
State	735	-	-	-	-	735
Federal	-	550	-	-	-	550
<b>TOTAL ASSETS</b>	<u>\$ 575,580</u>	<u>\$ 5,421</u>	<u>\$ 70,510</u>	<u>\$ 30,346</u>	<u>\$ (550)</u>	<u>\$ 681,307</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 2,624	\$ -	\$ -	\$ -	\$ -	\$ 2,624
Accrued expenses	2,821	49	-	-	-	2,870
Due to other funds	-	550	-	-	(550)	-
Unearned revenue	-	2,712	-	-	-	2,712
<b>Total Liabilities</b>	<u>5,445</u>	<u>3,311</u>	<u>-</u>	<u>-</u>	<u>(550)</u>	<u>8,206</u>
<b>FUND BALANCE</b>						
Restricted	-	2,110	70,510	30,346	-	102,966
Assigned	446,007	-	-	-	-	446,007
Unassigned	124,128	-	-	-	-	124,128
<b>Total Fund Balance</b>	<u>570,135</u>	<u>2,110</u>	<u>70,510</u>	<u>30,346</u>	<u>-</u>	<u>673,101</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 575,580</u>	<u>\$ 5,421</u>	<u>\$ 70,510</u>	<u>\$ 30,346</u>	<u>\$ (550)</u>	<u>\$ 681,307</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, 2015

TOTAL FUND BALANCE — GOVERNMENTAL FUNDS	\$	673,101
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		10,923
<p>Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and therefore are not reported in the governmental funds as follows:</p>		
Deferred outflows of resources	\$ 26,989	
Deferred inflows of resources	(2,960)	24,029
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
IMRF net pension liability	\$ (32,188)	
TRS net pension liability	(12,355)	(44,543)
NET POSITION OF GOVERNMENTAL ACTIVITIES		\$ 663,510

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, 2015

	General Fund	Education Fund	Institute	Non-Major Funds	Eliminations	Total Governmental Funds
<b>REVENUES</b>						
Local sources	\$ 100,081	\$ 1,896	\$ 9,444	\$ 4,311	\$ -	\$ 115,732
On-behalf payments - Local	123,291	-	-	-	-	123,291
State sources	238,049	88,818	-	796	-	327,663
On-behalf payments - State	224,457	-	-	-	-	224,457
Federal sources	7,309	23,424	-	-	-	30,733
Total Revenues	<u>693,187</u>	<u>114,138</u>	<u>9,444</u>	<u>5,107</u>	<u>-</u>	<u>821,876</u>
<b>EXPENDITURES</b>						
Instructional Services:						
Salaries and benefits	268,063	30,245	1,494	1,023	-	300,825
Pension expense	8,721	4,751	264	182	-	13,918
Purchased services	74,311	18,228	1,893	1,700	-	96,132
Supplies and materials	11,030	4,016	-	474	-	15,520
Payments to other governments	-	55,002	-	-	-	55,002
On-behalf payments - Local	123,291	-	-	-	-	123,291
On-behalf payments - State	224,457	-	-	-	-	224,457
Capital outlay	1,722	-	-	-	-	1,722
Total Expenditures	<u>711,595</u>	<u>112,242</u>	<u>3,651</u>	<u>3,379</u>	<u>-</u>	<u>830,867</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(18,408)</u>	<u>1,896</u>	<u>5,793</u>	<u>1,728</u>	<u>-</u>	<u>(8,991)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,436	-	-	-	(1,436)	-
Transfers out	(809)	(627)	-	-	1,436	-
Interest	371	-	-	-	-	371
Total Other Financing Sources (Uses)	<u>998</u>	<u>(627)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>371</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(17,410)</u>	<u>1,269</u>	<u>5,793</u>	<u>1,728</u>	<u>-</u>	<u>(8,620)</u>
<b>FUND BALANCE - BEGINNING</b>	<u>587,545</u>	<u>841</u>	<u>64,717</u>	<u>28,618</u>	<u>-</u>	<u>681,721</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 570,135</u>	<u>\$ 2,110</u>	<u>\$ 70,510</u>	<u>\$ 30,346</u>	<u>\$ -</u>	<u>\$ 673,101</u>

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



FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015

NET CHANGE IN FUND BALANCE — GOVERNMENTAL FUNDS \$ (8,620)

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	\$ 1,722	
Depreciation expense	<u>(3,307)</u>	(1,585)

Governmental funds report pension contributions as expenditures; however, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions	\$ 13,918	
Cost of benefits earned, net	<u>(18,055)</u>	<u>(4,137)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (14,342)

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 STATEMENT OF NET POSITION  
 PROPRIETARY FUND  
 JUNE 30, 2015

	Business-Type Activities - Enterprise Funds	
	Background	Totals
	Checks	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,992	\$ 1,992
Due from other governments	1,302	1,302
TOTAL ASSETS	3,294	3,294
<b>LIABILITIES</b>		
Accounts payable	10	10
TOTAL LIABILITIES	10	10
<b>NET POSITION</b>		
Unrestricted	3,284	3,284
TOTAL NET POSITION	\$ 3,284	\$ 3,284

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, 2015

	Business-Type Activities - Enterprise Funds	
	Background Checks	Totals
	REVENUES	
Charges for services	\$ 2,752	\$ 2,752
Total Revenues	2,752	2,752
OPERATING EXPENSES		
Purchased services	2,651	2,651
Total Operating Expenses	2,651	2,651
CHANGE IN NET POSITION	101	101
TOTAL NET POSITION - BEGINNING	3,183	3,183
TOTAL NET POSITION - ENDING	\$ 3,284	\$ 3,284

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, 2015

	Business-Type Activities- Enterprise Funds	
	Background Checks	Totals
Cash Flows from Operating Activities:		
Receipts from customers	\$ 1,450	\$ 1,450
Payments to suppliers and providers of goods and services	(3,672)	(3,672)
Net Cash Used for Operating Activities	(2,222)	(2,222)
Net Decrease in cash and cash equivalents	(2,222)	(2,222)
Cash and cash equivalents - Beginning	4,214	4,214
Cash and cash equivalents - Ending	\$ 1,992	\$ 1,992
Operating Income	\$ 101	\$ 101
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities:		
Increase in due from other governments	(1,302)	(1,302)
Decrease in accounts payable	(1,021)	(1,021)
Net Cash Used for Operating Activities	\$ (2,222)	\$ (2,222)

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 FUND  
 JUNE 30, 2015

	<u>Agency Fund</u>
<b>ASSETS</b>	
Due from other governments	<u>\$ 642,741</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 642,741</u></u>
<b>LIABILITIES</b>	
Due to other governments	<u>\$ 642,741</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 642,741</u></u>

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, 2015

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 2015, the Regional Office of Education #22 implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. The Regional Office of Education #22 implemented these standards during the current year. The implementation of GASB Statement No. 68 established new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position was expected to include a significant liability for the government's proportionate share of employee pension plan. The implementation of GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The implementation of GASB Statement No. 71 resolves an issue related to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

A. DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through September 7, 2016, 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, 2015

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, 2015, 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  
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JUNE 30, 2015

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 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 (including capital assets), deferred outflows of resources, liabilities, and deferred inflows of resources 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  
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NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

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  
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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 position and changes in net position 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 inflows of resources 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.

Revenue received after the Regional Office's availability period are reported as deferred inflows of resources in the fund statements and are reported as current revenue in the Statement of Activities.

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.

FULTON/SCHUYLER COUNTIES  
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JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

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.

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 (including deferred outflows), liabilities (including deferred inflows), 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 (including deferred outflows), liabilities (including deferred inflows), 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, 2015

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:

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

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

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Major Special Revenue Funds (Concluded)

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:

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.

Title I - School Improvement and Accountability - This program provides professional development activities to schools that are Illinois' Academic Watch List.

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.

New Principal Mentoring - a program that provides for the selection and training of experienced principals to serve as mentors for new principals and for the new principal's participation in the mentoring program designed for them.

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

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

GOVERNMENTAL FUNDS (Concluded)

Nonmajor Special Revenue Funds - The Regional Office of Education #22 reports the following nonmajor governmental funds:

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

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

PROPRIETARY FUNDS

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

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

FIDUCIARY FUNDS

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

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

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

FULTON/SCHUYLER COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES

Governmental fund equity is classified as fund balance. Fund balance is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources 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: Regional Safe Schools, School and Community Assistance Team, and New Principal Mentoring. 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:

Investment in capital assets – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

FULTON/SCHUYLER COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. NET POSITION (Concluded)

Unrestricted net position – The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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. CAPITAL ASSETS

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

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

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

Equipment	5 -7 years
Building improvements	15 years

M. COMPENSATED ABSENCES

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

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

N. ESTIMATES

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



FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer’s reporting period.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources are reported in the governmental fund financial statements as unavailable revenue and represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of grant receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the components of the net pension liability that will reduce pension expense in future years.

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, Title I - School Improvement and Accountability, 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.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Q. INVESTMENTS (Concluded)

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, 2015, the carrying amount of the Fulton/Schuyler Counties Regional Office of Education #22's cash deposits was \$682,014. The Fulton/Schuyler Counties Regional Office of Education #22's bank balance was \$683,920. Of the total bank balance as of June 30, 2015, \$250,000 was secured by federal depository insurance and \$433,920 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, 2015.

NOTE 3 – DEFINED BENEFIT PENSION PLAN

**IMRF 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 managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

**Benefits Provided**

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

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 JUNE 30, 2015

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

**Employees Covered by Benefit Terms**

As of December 31, 2014, the following employees were covered by the benefit terms:

	<b>IMRF</b>
Retirees and Beneficiaries currently receiving benefits	8
Inactive Plan Members entitled to but not yet receiving benefits	7
Active Plan Members	5
<b>Total</b>	<b>20</b>

**Contributions**

As set by statute, the Regional Office of Education #22's Regular Plan Members are required to contribute 4.5% 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 Regional Office of Education #22's annual contribution rate for calendar year 2014 was 20.67%. For the calendar year ended 2014, the Regional Office of Education #22 contributed \$13,632 to the plan. 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

FULTON/SCHUYLER COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

**Net Pension Liability**

The Regional Office of Education #22's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The following are the methods and assumptions used to determine total pension liability at December 31, 2014:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 3.5%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

FULTON/SCHUYLER COUNTIES  
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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	7.60%
International Equity	17%	7.80%
Fixed Income	27%	3.00%
Real Estate	8%	6.15%
Alternative Investments	9%	5.25-8.50%
Cash Equivalents	1%	2.25%
 Total	 100%	

**Single Discount Rate**

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.56%, and the resulting single discount rate is 7.50%.

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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Continued)

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (Asset) (A) - (B)</b>
<b>Balances at December 31, 2013</b>	\$ 454,538	\$ 444,007	\$ 10,531
<b>Changes for the year:</b>			
Service Cost	8,394	-	8,394
Interest on the Total Pension Liability	33,643	-	33,643
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	613	-	613
Changes of Assumptions	23,780	-	23,780
Contributions - Employer	-	13,632	(13,632)
Contributions - Employees	-	2,968	(2,968)
Net Investment Income	-	28,550	(28,550)
Benefit Payments, including Refunds of Employee Contributions	(21,498)	(21,498)	-
Other (Net Transfer)	-	(377)	377
Net Changes	44,932	23,275	21,657
<b>Balances at December 31, 2014</b>	<b>\$ 499,470</b>	<b>\$ 467,282</b>	<b>\$ 32,188</b>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	<b>1% Lower 6.50%</b>	<b>Current Discount 7.50%</b>	<b>1% Higher 8.50%</b>
<b>Net Pension Liability</b>	\$ 102,041	\$ 32,188	\$ (23,074)

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

For the year ending June 30, 2015, the Regional Office of Education #22 recognized pension expense of \$17,648. At June 30, 2015, the Regional Office of Education #22 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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NOTE 3 – DEFINED BENEFIT PENSION PLAN (Concluded)

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 351	\$ -
Changes of assumptions	13,625	-
Net difference between projected and actual earnings on pension plan investments	3,665	-
Total Deferred Amounts to be recognized in pension expense in future periods	17,641	-
Pension Contributions made subsequent to the Measurement Date	8,603	-
Total Deferred Amounts Related to Pensions	\$ 26,244	\$ -

\$8,603 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<b>Year Ending December 31</b>	<b>Net Deferred Outflows of Resources</b>
2015	\$ 11,333
2016	4,477
2017	916
2018	915
2019	-
Thereafter	-
Total	\$ 17,641

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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. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. 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 TRS Board of Trustees is responsible for the System’s administration.

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

**Benefits provided**

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

Tier II members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier II are identical to those of Tier I. Death benefits are payable under a formula that is different from Tier I.

Essentially all Tier I retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member’s first anniversary in retirement, whichever is later. Tier II annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member’s first anniversary in retirement, whichever is later.

**Contributions**

The State of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90 percent of the total actuarial liabilities of the System by the end of fiscal year 2045.



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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2015, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the Regional Office of Education #22.

**On-behalf contributions to TRS.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #22. For the year ended June 30, 2015, State of Illinois contributions recognized by the Regional Office of Education #22 were based on the State’s proportionate share of the collective net pension liability associated with the Regional Office of Education #22, and the Regional Office of Education #22 recognized revenue and expenditures of \$62,031 in pension contributions from the State of Illinois.

**2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2015, were \$738, and are deferred because they were paid after the June 30, 2014, measurement date.

**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 has been in effect since 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. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2015, the employer pension contribution was 33.00 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2015, no salaries were paid from federal and special trust funds that required employer contributions.

**Employer retirement cost contributions.** Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Regional Office of Education #22 is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member’s age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2015, the Regional Office of Education #22 paid no employer ERO contributions.

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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

The Regional Office of Education #22 is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree’s final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2015, the Regional Office of Education #22 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and no payments for sick leave days granted in excess of the normal allotment.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2015, the Regional Office of Education #22 reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the employer. The State’s support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the employer were as follow:

Employer’s proportionate share of the net pension liability	\$ 12,355
State’s proportionate share of the net pension liability associated with the employer	770,471
<b>Total</b>	<b><u>\$ 782,826</u></b>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, and rolled forward to June 30, 2014. The Regional Office of Education #22’s proportion of the net pension liability was based on the employer’s share of contributions to TRS for the measurement year ended June 30, 2014, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2014, the Regional Office of Education #22’s proportion was .0000203013 percent.

The net pension liability as of the beginning of this first measurement period under GASB Statement No. 68 was measured as of June 30, 2013, and the total pension liability was based on the June 30, 2013, actuarial valuation without any roll-up. The Regional Office of Education #22’s proportion of the net pension liability as of June 30, 2013, was based on the Regional Office of Education #22’s share of contributions to TRS for the measurement year ended June 30, 2013, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2013, the Regional Office of Education #22’s proportion was .0000249412 percent.

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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

For the year ended June 30, 2015, the Regional Office of Education #22 recognized pension expense of \$62,031 and revenue of \$62,031 for support provided by the State. For the year ended June 30, 2015, the Regional Office of Education #22 recognized pension expense of \$407. At June 30, 2015, the Regional Office of Education #22 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 7	\$ -
Net difference between projected and actual earnings on pension plan investments	-	621
Change of assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,339
Employer contributions subsequent to the measurement date	738	-
<b>Total</b>	<b>\$ 745</b>	<b>\$ 2,960</b>

\$738 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2016	\$ (721)
2017	(721)
2018	(721)
2019	(721)
2020	(68)
	<u>\$ (2,952)</u>

**Actuarial assumptions**

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<b>Inflation</b>	3.00 percent
<b>Salary Increase</b>	5.75 percent, average, including inflation
<b>Investment rate of return</b>	7.50 percent, net of pension plan investment expense, including inflation

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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

Mortality rates were based on the RP-2000 White Collar Table with projections using scale AA that vary by member group.

For GASB disclosure purposes, the actuarial assumptions for the years ended June 30, 2014 and 2013, were assumed to be the same. However, for funding purposes, the actuarial valuations for those two years were different. The actuarial assumptions used in the June 30, 2014, valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.0 percent to 7.5 percent. The salary increase and inflation assumptions were also lowered. The actuarial assumptions used in the June 30, 2013, valuation were based on the 2012 actuarial experience analysis and first adopted in the June 30, 2012, valuation. The investment return assumption was lowered from 8.5 percent to 8.0 percent and the salary increase and inflation assumptions were also lowered. Mortality assumptions were adjusted to anticipate continued improvement in mortality.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large cap	18%	8.23%
Global equity excluding U.S.	18	8.58
Aggregate bonds	16	2.27
U.S. TIPS	2	3.52
NCREIF	11	5.81
Opportunistic real estate	4	9.79
ARS	8	3.27
Risk parity	8	5.57
Diversified inflation strategy	1	3.96
Private equity	14	13.03
<b>Total</b>	<u>100%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily required rates.

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NOTE 4 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

Based on those assumptions, TRS’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I’s liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Therefore, the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Regional Office of Education #22’s proportionate share of the net pension liability to changes in the discount rate**

The following presents the Regional Office of Education #22’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the employer’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension liability	\$ 15,258	\$ 12,355	\$ 9,951

**TRS fiduciary net position**

Detailed information about the TRS’s fiduciary net position as of June 30, 2014 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

NOTE 5 – TEACHER HEALTH INSURANCE SECURITY

The Regional Office of Education #22 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment 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 it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers’ Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the State-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

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 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 the THIS Fund.

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NOTE 5 – TEACHER HEALTH INSURANCE SECURITY (Concluded)

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

**On-behalf contributions to the THIS Fund.** The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #22. State contributions are intended to match contributions to the THIS Fund from active members which were 1.02 percent of pay during the year ended June 30, 2015. State of Illinois contributions were \$1,298, and the Regional Office of Education #22 recognized revenue and expenditures of this amount during the year.

**Employer contributions to the THIS Fund.** The Regional Office of Education #22 also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.76 percent during the year ended June 30, 2015, and 0.72 and 0.69 percent during the years ended June 30, 2014 and 2013, respectively. For the year ended June 30, 2015, the Regional Office of Education #22 paid \$967 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2014 and 2013, the Regional Office paid \$899 and \$839 to the THIS Fund, respectively, which was 100 percent of the required contribution.

**Further information on the 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 current reports are 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, 2015 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	\$ -	\$ 550
Education Fund	550	-
Totals	\$ 550	\$ 550

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NOTE 6 - INTERFUND ACTIVITY (Concluded)

TRANSFERS

Interfund transfers in/out to other fund balances at June 30, 2015, consist of the following individual transfers in/out to other funds in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

	Transfers In	Transfers Out
General Fund	\$ 1,436	\$ 809
Education Fund	-	627
	-	627
Totals	\$ 1,436	\$ 1,436

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:

General Fund	
Illinois State Board of Education	\$ 735
Education Fund	
Illinois State Board of Education	550
Agency Fund	
Local Governments	642,741
Total	\$ 644,026

Due to Other Governments:

Agency Fund	
Local Governments	\$ 642,741
Total	\$ 642,741

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.

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NOTE 9 - CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Regional Office of Education #22 has reported capital assets in the government-wide Statement of Net 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, 2015:

	<u>Balance</u> <u>07/01/2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>06/30/2015</u>
Governmental Activities				
Capital Assets, Being Depreciated				
Computers and Equipment	\$ 130,408	\$ 1,722	\$ -	\$ 132,130
Building Improvements	8,601	-	-	8,601
Total	<u>139,009</u>	<u>1,722</u>	<u>-</u>	<u>140,731</u>
Less Accumulated Depreciation for:				
Computers and Equipment	(124,677)	(2,731)	-	(127,408)
Building Improvements	(1,824)	(576)	-	(2,400)
Total	<u>(126,501)</u>	<u>(3,307)</u>	<u>-</u>	<u>(129,808)</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 12,508</u>	<u>\$ (1,585)</u>	<u>\$ -</u>	<u>\$ 10,923</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, 2015 of \$3,307 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 10 - ON BEHALF PAYMENTS

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

Regional Superintendent Salary	\$ 100,212
Assistant Regional Superintendent Salary	90,192
Regional Superintendent Fringe Benefit (Includes State paid insurance)	31,447
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	1,308
THIS Contributions	<u>1,298</u>
Total	<u>\$ 224,457</u>



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NOTE 10 - 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.

Regional Office of Education #22 also recorded \$62,031 in revenue and expenses as on-behalf payments from ISBE for the Regional Office's share of the State's Teachers' Retirement System (TRS) pension expense in the Statement of Activities. In addition, the Regional Office of Education #22 has not included any on-behalf payments related to the State's TRS pension expense for the Regional Superintendent or Assistant Regional Superintendent.

State of Illinois on-behalf payments	\$	224,457
ROE #22's share of TRS pension expense		62,031
Total	\$	286,488

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	\$	100,053
Purchased Services		23,238
Total	\$	123,291

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**NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS**

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

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

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

The following contributions are required for the Regional Office of Education #22 for the Plan year 2014-2015:

	<b>PREMIUMS</b>			
	<u>Single</u>	<u>Employee + 1</u>	<u>Employee + 2</u>	<u>Employee + 3/more</u>
\$1,000 Deductible Plan	\$ 678	\$ 1,509	\$ 1,522	\$ 1,639
\$2,000 Deductible Plan	657	1,339	1,345	1,443
\$3,000 HSA Plan	617	1,138	1,143	1,218
<b>Dental (optional)</b>	\$ 21	\$ 39	\$ 49	\$ 63
<b>Vision (optional)</b>	\$ 9	\$ 13	\$ 18	\$ 28
<b>Basic Life Insurance &amp; AD&amp;D</b>				
\$10,000 life plus AD&D	\$1.30 per employee per month			
<b>Dependent Life Insurance</b>				
\$5,000	\$2.98 per employee per month			
\$2,000	\$0.78 per employee per month			

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NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

	<b>PREMIUMS</b>			
	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
**Deductible option discontinued on January 1, 2014				
<b>Dental (optional)</b>	\$ 20	\$ 37	\$ 47	\$ 60
<b>Vision (optional)</b>	\$ 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

The following contributions were required for the Regional Office of Education #22 for the Plan year 10/01/2012-12/31/2012:

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

	<b>PREMIUMS</b>			
	<u>Single</u>	<u>Employee + 1</u>	<u>Employee + 2</u>	<u>Employee + 3/more</u>
<b>Medical &amp; Rx</b>				
The following rates include the cost for major medical and Rx card.				
\$500 Deductible Plan	\$ 631	\$ 1,450	\$ 1,466	\$ 1,588
\$1,000 Deductible Plan	609	1,332	1,343	1,444
\$2,000 Deductible Plan	590	1,185	1,191	1,275
\$3,000 Deductible Plan	579	1,114	1,119	1,189
<b>Dental (optional)</b>	\$ 19	\$ 35	\$ 44	\$ 57
<b>Vision (optional)</b>	\$ 7	\$ 11	\$ 14	\$ 22
<b>Basic Life Insurance &amp; AD&amp;D</b>				
\$10,000 life plus AD&D	\$1.30 per employee per month			
<b>Dependent Life Insurance</b>				
\$5,000	\$2.98 per employee per month			
\$2,000	\$0.78 per employee per month			

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 01/01/2013-9/30/2013:

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

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2015

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Concluded)

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

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

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

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

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

NOTE 12 – REGIONAL OFFICE OF EDUCATION CONSOLIDATION

On November 22, 2013, the Illinois State Board of Education adopted a motion pursuant to its obligation under 105 ILCS 5/3A-4(a), which recognizes consolidations agreed to via county board resolutions prior to June 30, 2013. Effective July 1, 2015, Fulton County and Schuyler County will be included in the Hancock/McDonough Counties Regional Office of Education #26.

NOTE 13 – RESTATEMENT

The Regional Office of Education #22 implemented GASB 68 and consequently recognized deferred outflows of resources, deferred inflows of resources, and net pension liability in the current year. The net opening balance of deferred outflows of resources, deferred inflows of resources, and net pension liability was \$16,377. Because these pension-related opening balances reflect pension expenses not previously recognized, the opening net position of the governmental activities on the government-wide Statement of Activities has been restated as follows:

Governmental Activities Net Position

Net position - July 1, 2014	\$ 694,229
Effect of recognizing deferred outflows of resources and net pension liability	(16,377)
Net position, restated - July 1, 2014	<u><u>\$ 677,852</u></u>

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

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
CALENDAR YEAR 2014

Calendar Year Ended December 31,	<u><b>2014</b></u>
<b>Total Pension Liability</b>	
Service Cost	\$ 8,394
Interest on the Total Pension Liability	33,643
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience of the Total Pension Liability	613
Changes of Assumptions	23,780
Benefit Payments, including Refunds of Employee Contributions	(21,498)
<b>Net Change in Total Pension Liability</b>	<u>44,932</u>
 <b>Total Pension Liability - Beginning</b>	 <u>454,538</u>
 <b>Total Pension Liability - Ending (A)</b>	 <u><u>\$ 499,470</u></u>
 <b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 13,632
Contributions - Employees	2,968
Net Investment Income	28,550
Benefit Payments, including Refunds of Employee Contributions	(21,498)
Other (Net Transfer)	(377)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>23,275</u>
 <b>Plan Fiduciary Net Position - Beginning</b>	 <u>444,007</u>
 <b>Plan Fiduciary Net Position - Ending (B)</b>	 <u><u>\$ 467,282</u></u>
 <b>Net Pension Liability - Ending (A) - (B)</b>	 <u><u>\$ 32,188</u></u>
 <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	 93.56%
 <b>Covered Valuation Payroll</b>	 65,949
 <b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	 48.81%

**Notes to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
CALENDAR YEAR 2014

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2014	\$ 13,223 *	\$ 13,632	\$ (409)	\$ 65,949	20.67%

**Notes to Schedule:**

*Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2014 Contribution Rate\**

**Valuation Date:**

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine 2014 Contribution Rates:**

<i>Actuarial Cost Method:</i>	Aggregate entry age = normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	29-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	4%
<i>Price Inflation:</i>	3%, approximate; No explicit price inflation assumption in used in this valuation
<i>Salary Increases:</i>	4.40% to 16%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
<i>Mortality:</i>	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

***Other Information:***

Notes: There were no benefit changes during the year.

\* Based on Valuation Assumptions used in the December 31, 2012, actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.



FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
FOR THE YEAR ENDED JUNE 30, 2015 \*

Employer's proportion of the net pension liability	0.0000203013%
Employer's proportionate share of the net pension liability	\$ 12,355
State's proportionate share of the net pension liability associated with the employer	<u>770,471</u>
<b>Total</b>	<b><u>\$ 782,826</u></b>
Employer's covered-employee payroll	\$ 124,902
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	9.9%
Plan fiduciary net position as a percentage of the total pension liability	43.0%

*\*The amounts presented were determined as of the prior fiscal-year end.*

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
FOR THE YEAR ENDED JUNE 30, 2015 †

Fiscal Year Ended June 30,	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Employer's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2015	\$ 738	\$ 738	\$ -	\$ 127,241	0.6%
2014	724	724	-	124,902	0.6%

† This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**Notes to This Required Supplementary Information**

*Changes of assumptions*

Amounts reported in 2014 reflect an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and a salary increase assumption of 5.75 percent. In 2013, assumptions used were an investment rate of return of 8.0 percent, an inflation rate of 3.25 percent and real return of 4.75 percent, and salary increases of 6.00 percent. However, the total pension liability at the beginning and end of the year were calculated using the same assumptions, so the difference due to actuarial assumptions was not calculated or allocated.

OTHER SUPPLEMENTAL INFORMATION

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 JUNE 30, 2015

	General Fund	County Fund	Regional Safe Schools	Spoon River Academy	Gifted Program	TOTALS
<b>ASSETS</b>						
Cash and cash equivalents	\$ 123,177	\$ 3,025	\$ 292,930	\$ 146,261	\$ 8,902	\$ 574,295
Due from other funds	550	-	-	-	-	550
Due from other governments						
State	-	-	735	-	-	735
<b>TOTAL ASSETS</b>	<b>\$ 123,727</b>	<b>\$ 3,025</b>	<b>\$ 293,665</b>	<b>\$ 146,261</b>	<b>\$ 8,902</b>	<b>\$ 575,580</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 2,085	\$ 539	\$ -	\$ -	\$ -	\$ 2,624
Accrued expenses	-	-	2,731	90	-	2,821
<b>Total Liabilities</b>	<b>2,085</b>	<b>539</b>	<b>2,731</b>	<b>90</b>	<b>-</b>	<b>5,445</b>
<b>FUND BALANCE</b>						
Assigned	-	-	290,934	146,171	8,902	446,007
Unassigned	121,642	2,486	-	-	-	124,128
<b>Total Fund Balance</b>	<b>121,642</b>	<b>2,486</b>	<b>290,934</b>	<b>146,171</b>	<b>8,902</b>	<b>570,135</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 123,727</b>	<b>\$ 3,025</b>	<b>\$ 293,665</b>	<b>\$ 146,261</b>	<b>\$ 8,902</b>	<b>\$ 575,580</b>

FULTON/SCHUYLER COUNTIES  
REGIONAL OFFICE OF EDUCATION #22  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	County Fund	Regional Safe Schools	Spoon River Academy	Gifted Program	TOTALS
<b>REVENUES</b>						
Local sources	\$ 49,312	\$ 15,608	\$ 18,142	\$ 17,019	\$ -	\$ 100,081
On-behalf payments - Local	-	123,291	-	-	-	123,291
State sources	-	-	108,060	129,989	-	238,049
On-behalf payments - State	224,457	-	-	-	-	224,457
Federal sources	-	-	7,309	-	-	7,309
Total Revenues	<u>273,769</u>	<u>138,899</u>	<u>133,511</u>	<u>147,008</u>	<u>-</u>	<u>693,187</u>
<b>EXPENDITURES</b>						
Salaries and benefits	5,821	-	115,733	146,509	-	268,063
Pension expense	438	-	1,700	6,583	-	8,721
Purchased services	19,351	14,381	31,272	9,307	-	74,311
Supplies and materials	7,072	834	1,505	1,619	-	11,030
Capital outlay	1,722	-	-	-	-	1,722
On-behalf payments - Local	-	123,291	-	-	-	123,291
On-behalf payments - State	224,457	-	-	-	-	224,457
Total Expenditures	<u>258,861</u>	<u>138,506</u>	<u>150,210</u>	<u>164,018</u>	<u>-</u>	<u>711,595</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>14,908</u>	<u>393</u>	<u>(16,699)</u>	<u>(17,010)</u>	<u>-</u>	<u>(18,408)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	1,436	-	-	1,436
Transfers out	(809)	-	-	-	-	(809)
Interest	365	-	-	-	6	371
Total Other Financing Sources (Uses)	<u>(444)</u>	<u>-</u>	<u>1,436</u>	<u>-</u>	<u>6</u>	<u>998</u>
NET CHANGE IN FUND BALANCE	14,464	393	(15,263)	(17,010)	6	(17,410)
FUND BALANCE - BEGINNING	<u>107,178</u>	<u>2,093</u>	<u>306,197</u>	<u>163,181</u>	<u>8,896</u>	<u>587,545</u>
FUND BALANCE - ENDING	<u>\$ 121,642</u>	<u>\$ 2,486</u>	<u>\$ 290,934</u>	<u>\$ 146,171</u>	<u>\$ 8,902</u>	<u>\$ 570,135</u>

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND ACCOUNT  
 REGIONAL SAFE SCHOOLS  
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
Local sources	\$ -	\$ -	\$ 18,142
State sources	44,475	43,474	108,060
Federal sources	-	-	7,309
Total Revenue	<u>44,475</u>	<u>43,474</u>	<u>133,511</u>
<b>EXPENDITURES</b>			
Salaries and benefits	44,475	43,474	115,733
Pension expense	-	-	1,700
Purchased services	-	-	31,272
Supplies and materials	-	-	1,505
Total Expenditures	<u>44,475</u>	<u>43,474</u>	<u>150,210</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>			
	<u>-</u>	<u>-</u>	<u>(16,699)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	-	-	1,436
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>1,436</u>
<b>NET CHANGE IN FUND BALANCE</b>			
	-	-	(15,263)
<b>FUND BALANCE - BEGINNING</b>			
	<u>-</u>	<u>-</u>	<u>306,197</u>
<b>FUND BALANCE - ENDING</b>			
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 290,934</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, 2015

	Title II - Teacher Leadership	McCall Summer School	Truants Alternative Optional Education	Safe to Learn	Title I - School Improvement and Accountability
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 49	\$ 2,712	\$ -
Due from other governments:					
Federal	-	-	-	-	550
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 49</b>	<b>\$ 2,712</b>	<b>\$ 550</b>
<b>LIABILITIES</b>					
Accrued expenses	\$ -	\$ -	\$ 49	\$ -	\$ -
Due to other funds	-	-	-	-	550
Unearned revenue	-	-	-	2,712	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>49</b>	<b>2,712</b>	<b>550</b>
<b>FUND BALANCE</b>					
Restricted	-	-	-	-	-
<b>Total Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 49</b>	<b>\$ 2,712</b>	<b>\$ 550</b>

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2015

	McKinney Homeless Children and Youth Program	School and Community Assistance Team	New Principal Mentoring	ROE/ISC Operations	TOTALS
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 214	\$ 1,896	\$ -	\$ 4,871
Due from other governments:					
Federal	-	-	-	-	550
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 214</b>	<b>\$ 1,896</b>	<b>\$ -</b>	<b>\$ 5,421</b>
<b>LIABILITIES</b>					
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 49
Due to other funds	-	-	-	-	550
Unearned revenue	-	-	-	-	2,712
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,311</b>
<b>FUND BALANCE</b>					
Restricted	-	214	1,896	-	2,110
<b>Total Fund Balance</b>	<b>-</b>	<b>214</b>	<b>1,896</b>	<b>-</b>	<b>2,110</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ -</b>	<b>\$ 214</b>	<b>\$ 1,896</b>	<b>\$ -</b>	<b>\$ 5,421</b>

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2015

	Title II - Teacher Leadership	McCall Summer School	Truants Alternative Optional Education	Safe to Learn	Title I - School Improvement and Accountability
<b>REVENUES</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	36,266	-	-
Federal sources	1,330	-	-	-	12,519
Total Revenues	<u>1,330</u>	<u>-</u>	<u>36,266</u>	<u>-</u>	<u>12,519</u>
<b>EXPENDITURES</b>					
Salaries and benefits	-	-	26,122	-	-
Pension expense	-	-	4,693	-	-
Purchased services	1,330	-	3,960	-	12,511
Supplies and materials	-	-	241	-	8
Payments to other governments	-	-	1,250	-	-
Total Expenditures	<u>1,330</u>	<u>-</u>	<u>36,266</u>	<u>-</u>	<u>12,519</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING USES</b>					
Transfer out	-	(627)	-	-	-
Total Other Financing Uses	<u>-</u>	<u>(627)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>					
	-	(627)	-	-	-
<b>FUND BALANCE - BEGINNING</b>					
	<u>-</u>	<u>627</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2015

	McKinney Homeless Children and Youth Program	School and Community Assistance Team	New Principal Mentoring	ROE/ISC Operations	TOTALS
<b>REVENUES</b>					
Local sources	\$ -	\$ -	\$ 1,896	\$ -	\$ 1,896
State sources	-	-	-	52,552	88,818
Federal sources	9,575	-	-	-	23,424
Total Revenues	<u>9,575</u>	<u>-</u>	<u>1,896</u>	<u>52,552</u>	<u>114,138</u>
<b>EXPENDITURES</b>					
Salaries and benefits	4,123	-	-	-	30,245
Pension expense	58	-	-	-	4,751
Purchased services	427	-	-	-	18,228
Supplies and materials	3,767	-	-	-	4,016
Payments to other governments	1,200	-	-	52,552	55,002
Total Expenditures	<u>9,575</u>	<u>-</u>	<u>-</u>	<u>52,552</u>	<u>112,242</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>1,896</u>	<u>-</u>	<u>1,896</u>
<b>OTHER FINANCING USES</b>					
Transfer out	-	-	-	-	(627)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(627)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>1,896</u>	<u>-</u>	<u>1,269</u>
<b>FUND BALANCE - BEGINNING</b>	<u>-</u>	<u>214</u>	<u>-</u>	<u>-</u>	<u>841</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ -</u>	<u>\$ 214</u>	<u>\$ 1,896</u>	<u>\$ -</u>	<u>\$ 2,110</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, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 1,330	\$ 1,330	\$ 1,330
Total Revenue	<u>1,330</u>	<u>1,330</u>	<u>1,330</u>
EXPENDITURES			
Purchased services	<u>1,330</u>	<u>1,330</u>	<u>1,330</u>
Total Expenditures	<u>1,330</u>	<u>1,330</u>	<u>1,330</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</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, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 37,101	\$ 36,266	\$ 36,266
Total Revenue	<u>37,101</u>	<u>36,266</u>	<u>36,266</u>
<b>EXPENDITURES</b>			
Salaries and benefits	31,139	30,756	26,122
Pension expense	-	-	4,693
Purchased services	4,492	4,040	3,960
Supplies and materials	220	220	241
Payments to other governments	1,250	1,250	1,250
Total Expenditures	<u>37,101</u>	<u>36,266</u>	<u>36,266</u>
<b>EXCESS OF REVENUES</b>			
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>			
	-	-	-
<b>FUND BALANCE - BEGINNING</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>			
	<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  
 TITLE I - SCHOOL IMPROVEMENT AND ACCOUNTABILITY  
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 27,930	\$ 27,930	\$ 12,519
Total Revenue	<u>27,930</u>	<u>27,930</u>	<u>12,519</u>
EXPENDITURES			
Purchased services	25,680	25,680	12,511
Supplies and materials	<u>2,250</u>	<u>2,250</u>	<u>8</u>
Total Expenditures	<u>27,930</u>	<u>27,930</u>	<u>12,519</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</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  
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
Federal sources	\$ 8,575	\$ 9,575	\$ 9,575
Total Revenue	<u>8,575</u>	<u>9,575</u>	<u>9,575</u>
<b>EXPENDITURES</b>			
Salaries and benefits	4,249	4,249	4,123
Pension expenses	-	-	58
Purchased services	1,801	601	427
Supplies and materials	1,325	3,525	3,767
Payments to other governments	1,200	1,200	1,200
Total Expenditures	<u>8,575</u>	<u>9,575</u>	<u>9,575</u>
<b>EXCESS OF REVENUES</b>			
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>			
	-	-	-
<b>FUND BALANCE - BEGINNING</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>			
	<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, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 52,552	\$ 52,552	\$ 52,552
Total Revenue	<u>52,552</u>	<u>52,552</u>	<u>52,552</u>
EXPENDITURES			
Payments to other governments	52,552	52,552	52,552
Total Expenditures	<u>52,552</u>	<u>52,552</u>	<u>52,552</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2015

	General Education Development	Bus Driver Training	TOTALS
ASSETS			
Cash and cash equivalents	\$ 16,248	\$ 14,098	\$ 30,346
TOTAL ASSETS	\$ 16,248	\$ 14,098	\$ 30,346
FUND BALANCE			
Restricted	\$ 16,248	\$ 14,098	\$ 30,346
TOTAL FUND BALANCE	\$ 16,248	\$ 14,098	\$ 30,346

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, 2015

	General Education Development	Bus Driver Training	TOTALS
<b>REVENUES</b>			
Local sources	\$ 1,703	\$ 2,608	\$ 4,311
State sources	-	796	796
Total Revenues	<u>1,703</u>	<u>3,404</u>	<u>5,107</u>
<b>EXPENDITURES</b>			
Salaries and benefits	1,023	-	1,023
Pension expense	182	-	182
Purchased services	310	1,390	1,700
Supplies and materials	-	474	474
Total Expenditures	<u>1,515</u>	<u>1,864</u>	<u>3,379</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>188</u>	<u>1,540</u>	<u>1,728</u>
<b>NET CHANGE IN FUND BALANCE</b>	188	1,540	1,728
<b>FUND BALANCE - BEGINNING</b>	<u>16,060</u>	<u>12,558</u>	<u>28,618</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 16,248</u>	<u>\$ 14,098</u>	<u>\$ 30,346</u>



FULTON/SCHUYLER COUNTIES  
 REGIONAL OFFICE OF EDUCATION #22  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUND  
 FOR THE YEAR ENDED JUNE 30, 2015

	Balance 07/01/14	Additions	Deductions	Balance 06/30/15
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 2,003,697	\$ 2,003,697	\$ -
Due from other governments	-	642,741	-	642,741
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 2,646,438</b>	<b>\$ 2,003,697</b>	<b>\$ 642,741</b>
<b>LIABILITIES</b>				
Due to other governments	\$ -	\$ 2,646,438	\$ 2,003,697	\$ 642,741
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 2,646,438</b>	<b>\$ 2,003,697</b>	<b>\$ 642,741</b>

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, 2015

District	Schuyler County School Facility Occupation Tax
Astoria CUSD #1	\$ 106,891
VIT #2	109,440
Fulton Co. #3	143,910
Spoon River Valley #4	83,744
Canton #66	774,310
Lewistown #97	209,806
Bushnell Prairie City #170	11,050
Abingdon-Avon #276	51,482
Farmington #265	189,630
Illini Bluffs #327	5,024
Schuyler-Industry CUSD #5	308,426
Southeastern CUSD #337	9,984
<b>TOTAL</b>	<b>\$ 2,003,697</b>