

**State of Illinois
REGIONAL OFFICE OF EDUCATION #10**

**FINANCIAL AUDIT
For the year ended June 30, 2007**

**Performed as Special Assistant Auditors
for the Auditor General, State of Illinois**

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

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**CHRISTIAN-MONTGOMERY COUNTIES
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**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

OFFICIALS

Regional Superintendent (current and during the audit period)..... Dr. Greg Springer

Assistant Regional Superintendent (current and during the audit period) Ms. Marie Joy

Offices are located at:

101 South Main
Taylorville, IL 62568

#1 Courthouse Square
Room 202
Hillsboro, IL 62049

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

FINANCIAL REPORT SUMMARY

The financial audit 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	0	1
Repeated audit findings	0	1
Prior recommendations implemented or not repeated	1	0

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
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FINDINGS (GOVERNMENT AUDITING STANDARDS)

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

FINDINGS (FEDERAL COMPLIANCE)

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

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARD)

06-01	13	Controls Over Compliance with Laws and Regulations
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PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

There were no prior findings.

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

FINANCIAL REPORT SUMMARY (continued)

INFORMAL EXIT CONFERENCE

An informal exit conference was held on August 31, 2007. Attending were Dr. Greg Springer, Regional Superintendent of Schools, Marie Joy, Assistant Regional Superintendent of Schools, Mickie Gaither, Bookkeeper of Regional Office of Education #10, James E. Moon, CPA of West & Company, LLC, and Nathan Earnest, CPA of West & Company, LLC.

FINANCIAL STATEMENT REPORT

Financial Presentation Examined

A financial statement audit consists of an audit of an agency's financial statements, including an examination of the underlying books and records, to determine whether those financial statements are fairly presented in accordance with generally accepted accounting principles.

The financial statement report is comprised of the following:

A Summary section providing a brief overview of the financial statement audit.

Auditors' Reports

- An Auditors' Reports section containing statements by the auditors on the scope and results of their audit, as required by applicable professional standards.

Financial Statements

- A Financial Statement section generally consisting of:
 - Management's discussion and analysis (MD&A) as required supplementary information;
 - Basic financial statements (entity-wide financial statements, fund financial statements, and notes to the financial statements);
 - Required supplementary information other than MD&A.

Additional financial statements may be presented for agencies with reporting requirements.

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying basic financial statements of the Christian-Montgomery Counties Regional Office of Education #10 was performed by West & Company, LLC.

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

WEST & COMPANY, LLC

MEMBERS

E. LYNN FREESE
RICHARD C. WEST
KENNETH L. VOGT
BRIAN E. DANIELL
JANICE K. ROMACK
DIANA R. SMITH
D. RAIF PERRY
JOHN H. VOGT

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Christian-Montgomery Counties Regional Office of Education #10, as of and for the year ended June 30, 2007, which collectively comprise the Christian-Montgomery Counties Regional Office of Education #10's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Christian-Montgomery Counties Regional Office of Education #10's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Christian-Montgomery Counties Regional Office of Education #10, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2008 on our consideration of the Christian-Montgomery Counties Regional Office of Education #10's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund-Schedule of Funding Progress on pages 14A through 14G and 41 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Christian-Montgomery Counties Regional Office of Education #10's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Other Entities have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

West + Company, LLC

March 7, 2008

WEST & COMPANY, LLC

MEMBERS

E. LYNN FREESE
RICHARD C. WEST
KENNETH L. VOGT
BRIAN E. DANIELL
JANICE K. ROMACK
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Christian-Montgomery Counties Regional Office of Education #10, as of and for the year ended June 30, 2007, which collectively comprise the Christian-Montgomery Counties Regional Office of Education #10's basic financial statements and have issued our report thereon dated March 7, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Christian-Montgomery Counties Regional Office of Education #10's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Christian-Montgomery Counties Regional Office of Education #10's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Christian-Montgomery Counties Regional Office of Education #10's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Christian-Montgomery Counties Regional Office of Education #10'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*.

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

West & Company, LLC

March 7, 2008

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2007

Section I -- Summary of Auditors' Results (concluded)

Identification of major programs:

CFDA Number(s)

Name of federal program or cluster

This section is not applicable.

Dollar threshold used to distinguish between Type A and Type B programs:

N/A

Auditee qualified as a low-risk auditee?

N/A

_____ yes

_____ no

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2007**

Section II -- Financial Statement Findings

No findings were noted for the year ended June 30, 2007.

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2007**

Section III -- Federal Award Findings

No findings were noted for the year ended June 30, 2007.

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2007

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
06-01	A. Public Act 95-496 repealed the requirements of 105 ILCS 5/3-14.11.	Resolved
	B. Regional Office of Education #10 reported all activities as required by 105 ILCS 5/3-5.	Not Repeated
	C. Public Act 95-496 repealed the requirements of 105 ILCS 5/3-14.5.	Resolved

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2007**

The Regional Office of Education #10 (Christian and Montgomery Counties, Illinois) provides the following Management's Discussion and Analysis of the Office's financial statements for the fiscal year that ended June 30, 2007. Readers are encouraged to consider the discussion information in conjunction with the financial statements.

2006-2007 (FY 07) Financial Highlights:

- Net assets for the office included \$117,164 in Governmental Activities and \$14,285 in Business-Type Activities, totaling \$131,449.
- Business-Type Activities saw an increase in net assets from \$11,853 to \$14,285, up \$2,432.
- Within the Governmental Funds, total assets were \$144,727 and liabilities were \$33,037, leaving a total fund balance of \$111,690.
- Net assets of Governmental Activities (Statement of Net Assets) totaled \$117,164 when \$5,474 invested in capital assets is added to \$36,449 in unrestricted net assets and \$75,241 in restricted net assets.
- The Statement of Activities indicates a \$12,461 decrease in net assets in Governmental Activities, from \$129,625 at the beginning of the year to \$117,164 at the year's end.
- Proprietary Fund net assets are reported at \$14,285.
- The Proprietary Fund net assets increased from \$11,853 at the beginning of FY 07 to \$14,285 at the year's conclusion.
- The Fiduciary Funds report indicates \$32,806 in cash assets. Liabilities specified are \$32,806 due to other governmental units.

Using This Report

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

- Management's Discussion and Analysis introduces the ROE's basic financial statements and provides an overview of the Regional Office #10's financial activities.
- The Basic Financial Statements include the statements listed in the table of contents. These provide information about the status and activities of ROE #10 and present an overall view of the Office's finances.
- Supplemental Information reports the ROE #10's operations in greater detail.

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2007**

Reporting the Office as a Whole

The Government-wide Financial Statements report information about Regional Office of Education #10 as a whole. The Statement of Net Assets includes all assets and liabilities. All current year revenues and expenses are included in the Statement of Activities.

The Government-wide Financial Statements also reflect how the Regional Office's net assets have changed. Net assets represent the difference between assets and liabilities. Net assets can provide a measurement of the financial health of ROE #10.

Over a period of time, changes in net assets can indicate whether the Office's financial position is improving or deteriorating. To assess ROE #10's overall health, additional non-financial factors (e.g., new laws, rules and regulations, actions by officials at the state and federal level) should be considered.

The Government-wide Financial Statements present Office activities as Governmental Activities. Local, state, and federal funds finance most, if not all, these activities.

The focus in the Fund Financial Statements is on the "major" funds. Funds are accounting devices that allow the tracking of sources and spending. Some funds are required by law. Other funds have been created to allow for the management of money that is utilized for particular purposes.

The Regional Office of Education #10 has three kinds of funds:

1. Governmental Funds account for the Office's services. Governmental Funds focus on how cash and other financial assets can be readily converted to cash flow and on balances available for spending the next fiscal year. Governmental Fund Statements provide a detailed, short-term view to help determine the level of resources that can finance future Office operations. The Office's Governmental Funds include the General Fund, Education Fund, Institute Fund, and Other Nonmajor Funds. The required financial statements for Governmental Funds include a Balance Sheet; a Reconciliation of the Funds Balance Sheet to the Statement of Net Assets; a Statement of Revenues, Expenditures, and Changes in Fund Balances; and a Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities. In addition, net assets related to the Teacher Institute Fund are considered restricted for teacher professional development.
2. Proprietary Funds include the revenues derived from charges for services, as well as interest. Operating expenses – salaries and benefits, purchased services, supplies and materials, payments to other governmental units, and other objects – against income determine the operating income or loss in this fund. The required financial statements for Proprietary Funds include a Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Fund Net Assets; and a Statement of Cash Flows.
3. The Fiduciary Funds report assets in cash and liabilities in amounts due to other governmental units.

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2007**

ROE #10 Financial Analysis

Below are the following: ROE #10 Statement of Net Assets and Statement of Activities. These show assets and liabilities of the Office; a breakdown of revenues by source and expenses by activity, as well as the changes in net assets over the past fiscal year.

STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Totals	
	2007	2006	2007	2006	2007	2006
ASSETS						
Current assets:						
Cash	\$ 133,381	\$ 139,371	\$ 13,803	\$ 11,305	\$ 147,184	\$ 150,676
Due from other governments	11,346	7,244	-	-	11,346	7,244
Total current assets	144,727	146,615	13,803	11,305	158,530	157,920
Noncurrent assets:						
Capital assets, net	5,474	12,138	482	548	5,956	12,686
Total assets	150,201	158,753	14,285	11,853	164,486	170,606
LIABILITIES						
Current liabilities:						
Note payable	11,331	7,220	-	-	11,331	7,220
Due to other governments	130	194	-	-	130	194
Unearned revenue	21,576	21,714	-	-	21,576	21,714
Total liabilities	33,037	29,128	-	-	33,037	29,128
NET ASSETS						
Invested in capital assets	5,474	12,138	482	548	5,956	12,686
Unrestricted	36,449	49,486	13,803	11,305	50,252	60,791
Restricted for teacher professional development	75,241	68,001	-	-	75,241	68,001
Total net assets	<u>\$ 117,164</u>	<u>\$ 129,625</u>	<u>\$ 14,285</u>	<u>\$ 11,853</u>	<u>\$ 131,449</u>	<u>\$ 141,478</u>

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2007**

CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 31,921	\$ 22,027	\$ 31,921	\$ 22,027
Operating grants and contributions	713,399	751,035	-	-	713,399	751,035
General revenues:						
Local sources	62,068	62,789	-	-	62,068	62,789
On-behalf payments-local	72,999	73,833	-	-	72,999	73,833
On-behalf payments-state	210,775	204,334	-	-	210,775	204,334
Interest	2,037	1,905	206	219	2,243	2,124
TOTAL REVENUES	<u>1,061,278</u>	<u>1,093,896</u>	<u>32,127</u>	<u>22,246</u>	<u>1,093,405</u>	<u>1,116,142</u>
Expenses						
Instructional Services:						
Salaries and benefits	623,777	626,444	-	-	623,777	626,444
Purchased services	107,530	122,764	-	-	107,530	122,764
Supplies and materials	32,520	40,705	-	-	32,520	40,705
Payments to other governments	1,993	2,238	-	-	1,993	2,238
Other objects	16,951	18,320	-	-	16,951	18,320
Depreciation	7,194	12,877	-	-	7,194	12,877
Administrative						
On-behalf payments-local	72,999	73,833	-	-	72,999	73,833
On-behalf payments-state	210,775	204,334	-	-	210,775	204,334
Business type expenses	-	-	29,695	25,739	29,695	25,739
TOTAL EXPENSES	<u>1,073,739</u>	<u>1,101,515</u>	<u>29,695</u>	<u>25,739</u>	<u>1,103,434</u>	<u>1,127,254</u>
Changes in Net Assets	(12,461)	(7,619)	2,432	(3,493)	(10,029)	(11,112)
Net Assets-beginning	129,625	137,244	11,853	15,346	141,478	152,590
Net Assets-ending	<u>\$ 117,164</u>	<u>\$ 129,625</u>	<u>\$ 14,285</u>	<u>\$ 11,853</u>	<u>\$ 131,449</u>	<u>\$ 141,478</u>

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2007**

Monitoring and Analysis

The following information is intended to document the Regional Superintendent's efforts in continuing to monitor and improve the financial status of ROE #10. The information responds to the impact of GASB 34 on the ROE.

Management and financial staff members review on a continuing basis all parts of the ROE's financial statements, including the format, accounting and report of fixed assets. The Superintendent consults regularly and holds periodic meetings on financial issues with Mickie Gaither, Head Bookkeeper, as well as with other staff members who are in charge of specific programs. The meetings include analysis of the financial status of the ROE looking at current and expected future funding. Analysis and a check on balancing of funds are accomplished monthly.

The Superintendent reviews bills prior to payment, including those bills which are recommended for payment by other members of the management staff. The Superintendent also approves or acknowledges all paid invoices.

Planning for anticipated funding shortages is included in staff meetings. Late payments from the State of Illinois remain a problem, particularly near the end of the state fiscal year (June 30). Short-term borrowing has been utilized as a means of addressing this situation. The ROE borrowed at the end of FY 07. This year's amount borrowed was once again relatively small. There has been some improvement in state payments in the past two years. However, the FY 07 amount was up to \$11,331 from \$7,220 the previous year. Most state funding in FY 07 was received prior to the end of the fiscal year, generally on time or only slightly behind the expected payment schedule.

In addition to engaging in meetings and other less formal conversations with the Bookkeeping Department staff, the Superintendent, Assistant Superintendent, and Program Directors also meet regularly to review the general financial status of the ROE. These meetings include analysis of the status of the ROE dependent upon projected grant funding. The intent is to project adequate funding for ROE programming before program plans are carried out.

In recent years, funding has generally been sufficient to assure a basic level of office operation; however, reduced funding over the past decade and late payments from the State of Illinois have had an impact. Reduced funding has brought about curtailed services. This reduction in service capability continued into FY 07, despite some slight increases in funding in most grants. In some instances, largely because of staff reductions, services have been eliminated altogether. Necessary cost increases (utility costs, rent, and payroll) will make it more difficult to continue services at the present level as we move into the future. Mid-year decisions by the State to reduce funding also have posed a problem, as operational plans have been projected based upon an expected level of funding that sometimes is reduced. Such occurrences have been rare, however. Borrowing even for a short time results in the payment of interest to the lending institution, depriving ROE programs of funding that could be used in the service of constituents, most notably children.

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2007**

Monitoring and Analysis

The fiscal year for Christian and Montgomery Counties (December 1 through November 30) does not run concurrent with the fiscal year for ROE grants, and this also can be problematic. Some four years ago, a disagreement between the leadership of the two counties over interpretation of the statutory allocation of county funding for the ROE resulted in a major funding cut for the ROE serious enough that it threatened the ROE's capacity to carry out even basic mandated responsibilities; it put in jeopardy the ability of the Office even to remain open during regular business hours (8:00 a.m. till 4:00 p.m. Monday through Friday). Unable to reach complete agreement, the counties imposed unexpected and significant budget cuts that did reduce office hours at one office site (although it did not force closing of the office) and made fulfilling state mandates more difficult. In 2005, early talks among all parties brought about some resolution of the issues and resulted in a better financial situation for the ROE. The counties' leaders agreed without incident on the FY 06 and FY 07 county budgets to fund ROE #10. It is anticipated that the FY 07 budget will restore the office at the one site to four days per week operation; slowly but surely, this situation is nearing resolution.

Staff numbers remain down from previous highs of a few years ago. One result of staff reductions has been a decrease in the number of professional development programs the ROE can offer to the region's educators, as fewer staff members have been available to organize and oversee the programming and less funding is available to pay for the costs. The kind of programming offered also has been impacted. The two-county teachers' institute, for example, has gone from a format featuring a kickoff speaker, breakout sessions, and an educational exhibit hall to a program that includes only large-group presenters. This change has not met with major objections; in fact, it has been generally positively received. The change was made because of the lack of staff to supervise the many sessions in the earlier-utilized format. A result is a reduced capacity of the ROE to provide specialized professional development trainings, but a positive aspect has been the ability to concentrate in each institute on one major topic of significance. All told, though, it is management's opinion that this situation has weakened the ROE's capacity to offer "high quality professional development programming close to home," a potential strength of this kind of agency. The shortage of staff also has impacted energy levels to the point that overtaxed staff members may need an occasional "breather" from the significant effort that goes into developing and carrying out an institute; ROE #10 may abandon the annual format in favor of holding such a program every two years. Finally, the audit will show that spending on Business-Type activities has been affected by the smaller number of programming opportunities brought about by staff reductions.

A state budget that includes a regular, guaranteed revenue stream, with built-in cost-of-living adjustments, would assist the ROE in avoiding mid-year and end-of-year cutbacks, as well as notable reductions in services. Though the once prominent statewide ROE restructuring issue seems to have been resolved for now, the major funding cuts and the somewhat understandable county wariness to provide support continue to stand in the way of the most effective and efficient delivery of services by this and all other ROEs. Regional Superintendents and their staff members have been placed into a situation in which they still must spend significant time trying to educate and inform the public of their duties and of the office's importance in the delivery of educational services. Such time is time removed from that required for ROE staff members to do their real jobs, those duties outlined in their job descriptions and contracts. Unfortunately, although staff members may work to capacity and beyond, without sufficient money and the manpower that money can provide, services to constituents inevitably are a casualty. Illinois as a state has to decide how important those lost services are.

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2007**

Contacting the Agency's Financial Management

This financial report is designed to provide the users with a general overview of the finances of the Christian-Montgomery Counties Regional Office of Education. It further serves to demonstrate the Office's accountability for the money it receives and expends. If you have questions about this or need additional information, contact the Christian-Montgomery Regional Office of Education #10, #1 Courthouse Square, Room 202, Hillsboro, Illinois 62049.

BASIC FINANCIAL STATEMENTS

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**STATEMENT OF NET ASSETS
June 30, 2007**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 133,381	\$ 13,803	\$ 147,184
Due from other governments	11,346	-	11,346
Total current assets	144,727	13,803	158,530
Noncurrent assets:			
Capital assets, net	5,474	482	5,956
Total assets	150,201	14,285	164,486
LIABILITIES			
Current liabilities:			
Note payable	11,331	-	11,331
Due to other governments	130	-	130
Unearned revenue	21,576	-	21,576
Total liabilities	33,037	-	33,037
NET ASSETS			
Invested in capital assets	5,474	482	5,956
Unrestricted	36,449	13,803	50,252
Restricted for teacher professional development	75,241	-	75,241
Total net assets	\$ 117,164	\$ 14,285	\$ 131,449

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

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**STATEMENT OF ACTIVITIES
For the year ended June 30, 2007**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS						
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 623,777	\$ -	\$ 594,040	\$ (29,737)	\$ -	\$ (29,737)
Purchased services	107,530	-	78,288	(29,242)	-	(29,242)
Supplies and materials	32,520	-	26,922	(5,598)	-	(5,598)
Capital outlay	-	-	530	530	-	530
Payments to other governments	1,993	-	1,993	-	-	-
Other objects	16,951	-	11,626	(5,325)	-	(5,325)
Depreciation	7,194	-	-	(7,194)	-	(7,194)
Administrative:						
On-behalf payments - Local	72,999	-	-	(72,999)	-	(72,999)
On-behalf payments - State	210,775	-	-	(210,775)	-	(210,775)
Total governmental activities	1,073,739	-	713,399	(360,340)	-	(360,340)
Business-type activities:						
Instructional	29,695	31,921	-	-	2,226	2,226
Total primary government	\$ 1,103,434	\$ 31,921	\$ 713,399	(360,340)	2,226	(358,114)
General revenues:						
Local sources				62,068	-	62,068
On-behalf payments - Local				72,999	-	72,999
On-behalf payments - State				210,775	-	210,775
Interest				2,037	206	2,243
Total general revenues				347,879	206	348,085
Changes in net assets				(12,461)	2,432	(10,029)
Net assets - beginning				129,625	11,853	141,478
Net assets - ending				\$ 117,164	\$ 14,285	\$ 131,449

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

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007**

	General Fund	Education Fund	Institute Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash	\$ 6,985	\$ 32,255	\$ 75,241	\$ 18,900	\$ 133,381
Due from other governments	-	11,346	-	-	11,346
Total assets	\$ 6,985	\$ 43,601	\$ 75,241	\$ 18,900	\$ 144,727
LIABILITIES					
Note payable	\$ -	\$ 11,331	\$ -	\$ -	\$ 11,331
Due to other governments	108	22	-	-	130
Unearned revenue	-	21,576	-	-	21,576
Total liabilities	108	32,929	-	-	33,037
FUND BALANCES					
Unreserved, reported in:					
General fund	6,877	-	-	-	6,877
Special revenue funds	-	10,672	75,241	18,900	104,813
Total fund balances	6,877	10,672	75,241	18,900	111,690
Total liabilities and fund balances	\$ 6,985	\$ 43,601	\$ 75,241	\$ 18,900	\$ 144,727

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

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS

June 30, 2007

Total fund balances-governmental funds	\$ 111,690
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	<u>5,474</u>
Net assets of governmental activities	<u><u>\$ 117,164</u></u>

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

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2007**

	General Fund	Education Fund	Institute Fund	Other Nonmajor Funds	Total Governmental Funds
Revenues:					
Local sources	\$ 10,491	\$ 18,728	\$ 26,461	\$ 6,388	\$ 62,068
State sources	71,208	560,018	-	2,480	633,706
Federal sources	-	79,693	-	-	79,693
On-behalf payments	283,774	-	-	-	283,774
Interest	218	569	980	270	2,037
Total revenues	365,691	659,008	27,441	9,138	1,061,278
Expenditures:					
Instructional Services:					
Salaries and benefits	55,366	564,443	-	3,968	623,777
Purchased services	18,443	69,275	15,113	4,699	107,530
Supplies and materials	7,270	22,603	257	2,390	32,520
Capital outlay	530	-	-	-	530
Payments to other governments	-	1,993	-	-	1,993
Other objects	2,682	9,428	4,831	10	16,951
On-behalf payments	283,774	-	-	-	283,774
Total expenditures	368,065	667,742	20,201	11,067	1,067,075
Excess (deficiency) of revenues over (under) expenditures	(2,374)	(8,734)	7,240	(1,929)	(5,797)
Other financing sources (uses):					
Transfers in	24	-	-	-	24
Transfers out	-	(24)	-	-	(24)
Total other financing sources (uses)	24	(24)	-	-	-
Net changes in fund balances	(2,350)	(8,758)	7,240	(1,929)	(5,797)
Fund balances, beginning of year	9,227	19,430	68,001	20,829	117,487
Fund balances, end of year	\$ 6,877	\$ 10,672	\$ 75,241	\$ 18,900	\$ 111,690

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

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES-
GOVERNMENTAL FUNDS

For the year ended June 30, 2007

Net changes in fund balances - governmental funds \$ (5,797)

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	\$ 530	
Depreciation expense	<u>(7,194)</u>	<u>(6,664)</u>

Changes in net assets of governmental activities \$ (12,461)

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

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

June 30, 2007

	Co-op	Workshops	Total
ASSETS			
Current assets:			
Cash	\$ 9,157	\$ 4,646	\$ 13,803
Noncurrent assets:			
Capital assets, net	482	-	482
Total assets	9,639	4,646	14,285
LIABILITIES			
	-	-	-
NET ASSETS			
Invested in capital assets	482	-	482
Unrestricted	9,157	4,646	13,803
Total net assets	\$ 9,639	\$ 4,646	\$ 14,285

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

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the year ended June 30, 2007**

	<u>Co-op</u>	<u>Workshops</u>	<u>Total</u>
Operating revenues:			
Charges for services	<u>\$ 24,610</u>	<u>\$ 7,311</u>	<u>\$ 31,921</u>
Operating expenses:			
Salaries and benefits	7,644	361	8,005
Purchased services	14,607	5,847	20,454
Supplies and materials	481	689	1,170
Depreciation	<u>66</u>	<u>-</u>	<u>66</u>
Total operating expenses	<u>22,798</u>	<u>6,897</u>	<u>29,695</u>
Operating income	1,812	414	2,226
Nonoperating revenues:			
Investment income	<u>123</u>	<u>83</u>	<u>206</u>
Change in net assets	1,935	497	2,432
Total net assets - beginning	<u>7,704</u>	<u>4,149</u>	<u>11,853</u>
Total net assets - ending	<u>\$ 9,639</u>	<u>\$ 4,646</u>	<u>\$ 14,285</u>

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

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2007**

	Co-op	Workshops	Total
Cash flows from operating activities:			
Collection of fees	\$ 24,610	\$ 7,311	\$ 31,921
Payments to suppliers and providers of goods and services	(15,088)	(6,536)	(21,624)
Payments to employees	(7,644)	(361)	(8,005)
Net cash provided for operating activities	1,878	414	2,292
Cash flows from investing activities:			
Interest received on investments	123	83	206
Net increase in cash and cash equivalents	2,001	497	2,498
Cash and cash equivalents - beginning	7,156	4,149	11,305
Cash and cash equivalents - ending	\$ 9,157	\$ 4,646	\$ 13,803
Reconciliation of operating income to net cash provided for operating activities:			
Operating income	\$ 1,812	\$ 414	\$ 2,226
Adjustments to reconcile operating income to net cash provided for operating activities:			
Depreciation	66	-	66
Net cash provided for operating activities	\$ 1,878	\$ 414	\$ 2,292

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

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND

June 30, 2007

	<u>Agency Funds</u>
ASSETS	
Cash	<u>\$ 32,806</u>
LIABILITIES	
Due to other governments	<u>\$ 32,806</u>

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

NOTES TO FINANCIAL STATEMENTS

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education #10's accounting policies conform to generally accepted accounting principles which are appropriate to local governmental units of this type.

A. Reporting Entity

The Regional Office of Education #10 was created by Illinois Public Act 76-735, as amended, effective August 8, 1995. The region encompasses Christian and Montgomery counties.

The regional superintendent of schools is the chief administrative officer of the region and is elected to the position for a four year term. The regional superintendent is responsible for the supervision and control of the school districts.

The superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring of the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses. Further, the superintendent receives an allocation of school funds from the State Board of Education and apportions these funds to the school districts in accordance with the State Board of Education's formula.

The Regional Office of Education #10 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters. The Regional Office of Education #10 exercises no oversight responsibility on financial interdependency, selection of governing authority, designation of management or the ability to significantly influence the operations of any other outside agencies. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing order. Therefore, no other agency has been included as a component unit in the Regional Office of Education #10's financial statements. In addition, the Regional Office of Education #10 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education #10 being considered a component unit of the entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

The Statement of Net Assets includes all of the Regional Office of Education #10's assets and liabilities, including capital assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

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 and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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 provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The government reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Regional Office of Education #10 and is used to account for all financial resources that are not legally restricted for expenditure for specified purposes. This fund is available to pay general and administrative expenditures of the Regional Office of Education #10. Included in this fund are:

ROE/ISC Operations – To account for grant monies received and expended for general and administrative expenditures.

Conferences – To account for miscellaneous revenues and expenditures not related to any other programs.

Fingerprinting – To account for local monies received from districts to share the cost of criminal background checks for substitute teachers.

Education – These Special Revenue Funds account for the state and federal grant monies received for administering numerous grant awards which include:

Truants Alternative – To account for grant monies received to provide truancy prevention programming and to monitor truants.

State Standards & Assessment – To account for State monies received from Regional Office of Education #50 for data analysis and school improvement planning, standards aligned curriculum, instruction, classroom assessment and student/family community support services.

Early Learning Partners – To account for grant monies received from the State of Illinois to implement and administer prevention initiative projects to reduce school failure by coordinating and expanding health, social and/or child development services to at-risk children less than the age of 3 and their families.

LITES – To account for federal grant monies awarded by the U.S. Department of Education and the Area V Technology Hub to provide computers, technical support, and staff development to the region.

Learning Express A & E Train – To account for federal monies received from the Workforce Investment Act to provide case management services to at-risk youth seeking assistance in achieving academic and employment success.

Standards Aligned Classroom – To account for federal monies received for expenditures incurred to create and support ongoing learning teams focused on alignment of classroom level assessment and instruction.

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Education (Continued)

National School Lunch Program – To account for monies received from federal funds for reimbursement for meals served through the school lunch program at the regular price as well as reimbursement of free and reduced-price meals for students enrolled in the Regional Safe Schools Program.

State Lunch – To account for state monies received to provide free lunches and breakfasts to eligible needy children enrolled in the Regional Safe School Program.

School Breakfast Program – To account for federal monies received to provide breakfast meals meeting federal requirements to all children in attendance at the Regional Safe School Program.

Regional Safe Schools – To account for monies received for expenditures and administration of the regional safe schools program.

Early Childhood – To account for grant monies received from the State of Illinois to implement and administer prevention initiative projects to reduce school failure by coordinating and expanding health, social and/or child development services to at-risk children less than the age of three and their families.

Rural School Achievement Program – To account for monies received from federal funds to enhance education through technology and improve the academic achievement of disadvantaged children.

No Child Left Behind – To account for federal monies received from Regional Office of Education #41 to increase student achievement through the implementation of inquiry based learning and technology enhancement.

Institute – To account for the stewardship of the assets held in trust for the benefit of the teachers. Fees are collected from registration of teachers' certificates of qualification. Monies are expended to conduct teachers' institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The government reports the following nonmajor governmental funds:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. Included among these funds are:

General Education Development (GED) – To account for the administration of the GED Testing Program. Monies are received from testing and diploma fees.

Transportation – To account for the stewardship of the assets held in trust in connection with the Bus Driver Training Program.

Supervisory – To account for monies received from the State of Illinois for expenditures incurred providing supervisory services for the region.

The government reports the following major proprietary funds:

Enterprise Funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes. Included among these funds are:

Co-op – To account for local monies received for expenditures incurred in providing workshops.

Workshops – To account for the fees and local revenues received and related disbursements incurred while performing the corresponding program services.

The government reports the following agency funds:

Agency Funds - Agency funds are used to account for assets held by the Regional Office of Education #10 in a trustee capacity or as an agent for other governments. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the outside organizations are equal to the assets held. Included among these funds are:

Distributive – To account for monies received from the state through the Illinois Funds for disbursement to other governments or funds.

Regional Delivery System – To account for the assets held in trust for the benefit of the Regional Vocational System.

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Christian-Montgomery Counties Regional Office of Education #10's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services and administrative expenses.

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Investments

The Regional Office of Education #10 considers cash on hand, checking accounts, savings accounts, and investments held with an original maturity date of less than three months to be cash and cash equivalents.

State regulations require that Regional Office of Education #10 deposit funds under its control into accounts insured by the federal government, accounts secured by substantial collateral, or pooled investment trusts. All funds not needed for immediate disbursement are maintained in interest bearing accounts.

Statutes authorize the Regional Office of Education #10 to make deposits or invest in obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Money Market Fund.

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

2. Capital Assets

Capital assets are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Office equipment	5-10
Computer equipment	3
Software and licenses	2

In the fund financial statements, fixed assets used in governmental operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

3. Equity Classifications

Government-wide Statements

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

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

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

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

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved.

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. New Accounting Pronouncement

The Regional Office of Education # 10 has implemented GASB Statement No. 43, *Financial Reporting for Postemployment Plans Other Than Pension Plans* effective for the fiscal year beginning July 1, 2006. The Statement had no effect on the Regional Office of Education #10's net assets or changes in net assets.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between *net changes in fund balances - governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "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." The details of this \$6,664 difference are as follows:

Capital outlay	\$ 530
Depreciation expense	<u>(7,194)</u>
Net adjustment to decrease net changes in fund balances - governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (6,664)</u>

3. BUDGETS AND BUDGETARY ACCOUNTING

The Regional Office of Education #10 was not legally required to adopt annual budgets for all funds under its control, and some annual budgets prepared were not based upon the same operating period. Therefore, budgetary reports comparing budgeted to actual expenditures are not presented.

Budgets relating to programs funded by grants from the Illinois State Board of Education are prepared and submitted to the State Board for approval as part of the grant awards process. The State Board must also approve amendments to these budgets. Grant project budgets are based on the award period. Budgetary Comparison Schedules have been presented for the following grants: ROE/ISC Operations, Truants Alternative, Regional Safe Schools, Regional Safe Schools - General State Aid, and Early Childhood.

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

NOTES TO THE FINANCIAL STATEMENTS

4. USE OF 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.

5. INTEREST ON DISTRIBUTIVE FUND ACCOUNTS

Interest on Distributive Fund receipts are distributed to districts in proportion to their share of average cash balance.

6. DEPOSITS

At June 30, 2007, the government wide and agency funds' carrying amounts of the Regional Office of Education #10's cash deposits were \$147,184 and \$32,806 respectively and the bank balance was \$193,827, all of which was secured by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department in Regional Office of Education #10's name.

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets being depreciated:				
Furniture and fixtures	\$ 3,143	\$ -	\$ -	\$ 3,143
Equipment	129,573	530	(15,200)	114,903
Total capital assets being depreciated	<u>132,716</u>	<u>530</u>	<u>(15,200)</u>	<u>118,046</u>
Less accumulated depreciation for:				
Furniture and fixtures	(1,579)	(314)	-	(1,893)
Equipment	(118,999)	(6,880)	15,200	(110,679)
Total accumulated depreciation	<u>(120,578)</u>	<u>(7,194)</u>	<u>15,200</u>	<u>(112,572)</u>
Governmental activities capital assets, net	<u>\$ 12,138</u>	<u>\$ (6,664)</u>	<u>\$ -</u>	<u>\$ 5,474</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets being depreciated:				
Furniture and fixtures	\$ 663	\$ -	\$ -	\$ 663
Less accumulated depreciation for:				
Furniture and fixtures	(115)	(66)	-	(181)
Business-type activities capital assets, net	<u>\$ 548</u>	<u>\$ (66)</u>	<u>\$ -</u>	<u>\$ 482</u>

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

NOTES TO THE FINANCIAL STATEMENTS

7. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of Regional Office of Education #10 as follows:

Governmental activities:	
Instructional services:	
Depreciation	<u>\$ 7,194</u>
Business-type activities:	
Other:	
Depreciation	<u>\$.66</u>

8. SHORT-TERM DEBT

On June 30, 2007, the Regional Office of Education #10 entered into a loan of \$11,331 with National Bank to repay interfund loans. The note has an interest rate of 7.00% and is due on September 30, 2007. The balance due at June 30, 2007 was \$11,331. The short-term debt activity for the year ended June 30, 2007 was as follows:

	Balance at July 1, 2006	Additions	Reductions	Balance at June 30, 2007
Note Payable	<u>\$ 7,220</u>	<u>\$ 11,331</u>	<u>\$ 7,220</u>	<u>\$ 11,331</u>

9. RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

The Regional Office of Education #10 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

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

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

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

NOTES TO THE FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS Fund contribution was 0.6 percent during the year ended June 30, 2007 and the member THIS Fund health insurance contribution was 0.8 percent.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #10's TRS-covered employees.

On-Behalf Contributions - The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #10. For the year ended June 30, 2007, State of Illinois contributions were based on 9.78 percent of creditable earnings, and the Regional Office of Education #10 recognized revenue and expenditures of \$16,616 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2006, and June 30, 2005, the State of Illinois contribution rates as percentages of creditable earnings were 7.06 percent (\$11,676) and 11.76 percent (\$22,162), respectively.

The Regional Office of Education #10 makes three other types of employer contributions directly to TRS.

2.2 Formula Contributions - Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2007 were \$986. Contributions for the years ended June 30, 2006, and June 30, 2005, were \$959 and \$1,093, respectively.

Federal and Trust Fund Contributions - When TRS members are paid from federal and trust funds administered by the Regional Office of Education #10, there is a statutory requirement for the Regional Office of Education #10 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2007, the employer pension contribution was 9.78 percent of salaries paid from federal and trust funds. For the year ended June 30, 2006, the employer contribution was 7.06 percent of salaries paid from federal and trust funds. For the year ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2007, salaries totaling \$17,719 were paid from federal and trust funds that required employer contributions of \$1,980. For the years ended June 30, 2006, and June 30, 2005, required Regional Office of Education #10 contributions were \$1,201 and \$3,564, respectively.

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

NOTES TO THE FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Early Retirement Option – The Regional Office of Education #10 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires.

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

Under the ERO program that expired on June 30, 2005 and the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation.

Under the Modified ERO, the maximum employer contribution is 117.5 percent.

Both the 100 percent and the 117.5 percent maximums apply when the member is age 55 at retirement.

For the year ended June 30, 2007, the Regional Office of Education #10 made no payments to TRS for employer contributions under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2006 and 2005, the Regional Office of Education #10 made no payments for employer ERO contributions.

Salary Increases Over 6 Percent and Excess Sick Leave – Public Act 94-0004 added two new employer contributions to TRS.

If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the years ended June 30, 2007 and 2006, the Regional Office of Education #10 made no payments for employer contributions to TRS due on salary increases in excess of 6 percent.

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

NOTES TO THE FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (17.6 percent of salary during the year ended June 30, 2007).

For the years ended June 30, 2007 and 2006, the Regional Office of Education #10 made no payments for employer contributions to TRS for sick leave days granted in excess of the normal annual allotment.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2006. The report for the year ended June 30, 2007, is expected to be available in late 2007.

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

B. Illinois Municipal Retirement Fund

The Regional Office of Education #10's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system, provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

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

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The Regional Office of Education #10 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2006 was 9.61 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2006 was 5 years.

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

NOTES TO THE FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

For December 31, 2006, the Regional Office of Education #10's annual pension cost of \$35,975 was equal to the Regional Office of Education #10's required and actual contributions. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2006 actuarial valuation were based on the 2002-2004 experience study.

Trend Information

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2006	\$ 35,975	100%	\$ -
12/31/2005	32,242	100%	-
12/31/2004	18,173	100%	-
12/31/2003	20,722	100%	-
12/31/2002	15,482	100%	-
12/31/2001	34,246	100%	-
12/31/2000	36,108	100%	-
12/31/1999	38,324	100%	-
12/31/1998	38,377	100%	-
12/31/1997	13,912	100%	-

Schedule of Funding Progress

Schedule of Funding Progress gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Schedule of Funding Progress for the past ten years is reported as required supplementary information.

C. Social Security

Employees not qualifying for coverage under the Illinois Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security.

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

NOTES TO THE FINANCIAL STATEMENTS

10. BOND

The 105 ILCS 5/3-2 directs the Regional Office of Education #10 to execute a bond of not less than \$100,000 on the regional superintendent. The Regional Office of Education #10 has secured and maintained such a bond with coverage of \$500,000 on the regional superintendent and \$500,000 on the assistant regional superintendent.

11. DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #10's General Fund, Agency Funds and various grant programs have funds due to and due from various other governmental units which consist of the following:

Due From Other Governments

Education Fund:

Christian County Land of Lincoln Consortium	\$ 8,687
Regional Office of Education #50	<u>2,659</u>
Total	<u><u>\$ 11,346</u></u>

Due To Other Governments

Education Fund:

Illinois State Board of Education	\$ 22
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General Fund:

Illinois State Board of Education	108
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Fiduciary Fund:

Regional Delivery System	32,596
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Local School Districts	<u>210</u>
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Total	<u><u>\$ 32,936</u></u>
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12. SCHEDULE OF TRANSFERS

Transfers In	Transfers Out
General Fund:	Education Fund:
Conferences	Early Learning Partners
<u>\$ 24</u>	<u>\$ 24</u>

The transfers are to move remaining cash balances from funds that are no longer active to the General Fund.

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

NOTES TO THE FINANCIAL STATEMENTS

13. ON-BEHALF PAYMENTS

The Regional Office of Education #10 received on-behalf payments for employee salaries and benefits, purchased services and supplies from the following entities for the following items:

Christian County:	
Office Staff	<u>\$ 13,671</u>
Montgomery County:	
Office Staff	<u>59,328</u>
State of Illinois:	
TRS pension contributions	16,616
Regional Superintendent - salary	84,737
Regional Superintendent - benefits (includes State paid insurance)	20,991
Assistant Regional Superintendent - salary	76,263
Assistant Regional Superintendent - benefits (includes State paid insurance)	<u>12,168</u>
	<u>210,775</u>
	<u>\$ 283,774</u>

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent was calculated based on data provided by the Illinois State Board of Education.

The on-behalf payments are reflected as revenues and expenditures of the ROE/ISC Operations fund.

14. RISK MANAGEMENT - CLAIMS AND JUDGMENTS

The Regional Office of Education #10 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; and natural disasters. The Regional Office of Education #10 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

15. CONTINGENCIES

The Regional Office of Education #10 has received funding from federal and state grants in the current and prior years which are subject to audits by granting agencies. The Regional Office of Education #10 believes any adjustments that may arise will be insignificant to Regional Office of Education #10 operations.

REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS)

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
UNAUDITED**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a) / c]
12/31/2006	\$ 621,836	\$ 655,721	\$ 33,885	94.83 %	\$ 374,354	9.05 %
12/31/2005	534,805	563,641	28,836	94.88 %	366,382	7.87 %
12/31/2004	455,856	472,687	16,831	96.44 %	335,918	5.01 %
12/31/2003	421,347	415,658	(5,689)	101.37 %	349,440	-- %
12/31/2002	403,316	346,538	(56,778)	116.38 %	351,856	-- %
12/31/2001	352,073	293,755	(58,318)	119.85 %	283,492	-- %
12/31/2000	269,009	235,408	(33,601)	114.27 %	211,282	-- %
12/31/1999	188,336	217,943	29,607	86.42 %	194,740	15.20 %
12/31/1998	111,397	160,602	49,205	69.36 %	175,961	27.96 %
12/31/1997	53,803	102,095	48,292	52.70 %	143,294	33.70 %

On a market value basis the actuarial value of assets as of December 31, 2006 is \$669,207. On a market basis, the funded ratio would be 102.06 percent.

Digest of Changes

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

The principal changes were:

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

SLEP Member contribution rate changed from 6.5 percent to 7.5 percent effective June 1, 2006.

SUPPLEMENTAL INFORMATION

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2007

	<u>ROE/ISC Operations</u>	<u>Conferences</u>	<u>Fingerprinting</u>	<u>Total</u>
ASSETS				
Cash	<u>\$ 538</u>	<u>\$ 5,581</u>	<u>\$ 866</u>	<u>\$ 6,985</u>
LIABILITIES				
Due to other governments	\$ 108	\$ -	\$ -	\$ 108
FUND BALANCE				
Unreserved	<u>430</u>	<u>5,581</u>	<u>866</u>	<u>6,877</u>
Total liabilities and fund balance	<u>\$ 538</u>	<u>\$ 5,581</u>	<u>\$ 866</u>	<u>\$ 6,985</u>

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS
For the year ended June 30, 2007**

	ROE/ISC <u>Operations</u>	<u>Conferences</u>	<u>Fingerprinting</u>	<u>Total</u>
Revenues:				
Local sources	\$ -	\$ 6,765	\$ 3,726	\$ 10,491
State sources	71,208	-	-	71,208
On-behalf payments	283,774	-	-	283,774
Interest	72	135	11	218
	<u>355,054</u>	<u>6,900</u>	<u>3,737</u>	<u>365,691</u>
Expenditures:				
Salaries and benefits	53,058	2,308	-	55,366
Purchased services	10,685	4,246	3,512	18,443
Supplies and materials	4,726	2,544	-	7,270
Capital outlay	530	-	-	530
Other objects	2,208	474	-	2,682
On-behalf payments	283,774	-	-	283,774
	<u>354,981</u>	<u>9,572</u>	<u>3,512</u>	<u>368,065</u>
Excess (deficiency) of revenues over (under) expenditures	73	(2,672)	225	(2,374)
Other financing sources (uses):				
Transfers in	-	24	-	24
	<u>73</u>	<u>(2,648)</u>	<u>225</u>	<u>(2,350)</u>
Fund balance, beginning of year	<u>357</u>	<u>8,229</u>	<u>641</u>	<u>9,227</u>
Fund balance, end of year	<u>\$ 430</u>	<u>\$ 5,581</u>	<u>\$ 866</u>	<u>\$ 6,877</u>

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND ACCOUNTS
ROE/ISC OPERATIONS - PROJECT #07-3730-00
For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 71,316	\$ 71,316	\$ 71,208	\$ (108)
On-behalf payments	-	-	283,774	283,774
Interest	-	-	72	72
Total revenues	<u>71,316</u>	<u>71,316</u>	<u>355,054</u>	<u>283,738</u>
Expenditures:				
Salaries and benefits	55,948	53,067	53,058	9
Purchased services	9,789	11,783	10,685	1,098
Supplies and materials	1,979	3,758	4,726	(968)
Capital outlay	500	500	530	(30)
Other objects	3,100	2,208	2,208	-
On-behalf payments	-	-	283,774	(283,774)
Total expenditures	<u>71,316</u>	<u>71,316</u>	<u>354,981</u>	<u>(283,665)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	73	<u>\$ 73</u>
Fund balance, beginning of year			<u>357</u>	
Fund balance, end of year			<u>\$ 430</u>	

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2007**

	Truants Alternative	State Standards & Assessment	Early Learning Partners	LITES
ASSETS				
Cash	\$ 3,179	\$ -	\$ -	\$ 10,122
Due from other governments	-	2,659	-	-
Total assets	<u>\$ 3,179</u>	<u>\$ 2,659</u>	<u>\$ -</u>	<u>\$ 10,122</u>
LIABILITIES				
Note payable	\$ -	\$ 2,644	\$ -	\$ -
Due to other governments	6	-	-	-
Unearned revenue	-	-	-	9,448
Total liabilities	<u>6</u>	<u>2,644</u>	<u>-</u>	<u>9,448</u>
FUND BALANCE				
Unreserved	<u>3,173</u>	<u>15</u>	<u>-</u>	<u>674</u>
Total liabilities and fund balance	<u>\$ 3,179</u>	<u>\$ 2,659</u>	<u>\$ -</u>	<u>\$ 10,122</u>

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (continued)
June 30, 2007

	Learning Express A & E Train	Standards Aligned Classroom	National School Lunch Program	State Lunch
ASSETS				
Cash	\$ -	\$ 3,205	\$ -	\$ -
Due from other governments	8,687	-	-	-
Total assets	<u>\$ 8,687</u>	<u>\$ 3,205</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES				
Note payable	\$ 8,687	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-
Unearned revenue	-	3,139	-	-
Total liabilities	<u>8,687</u>	<u>3,139</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Unreserved	-	66	-	-
Total liabilities and fund balance	<u>\$ 8,687</u>	<u>\$ 3,205</u>	<u>\$ -</u>	<u>\$ -</u>

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (continued)

June 30, 2007

	<u>School Breakfast Program</u>	<u>Regional Safe Schools</u>	<u>Early Childhood</u>
ASSETS			
Cash	\$ -	\$ 6,636	\$ 124
Due from other governments	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 6,636</u>	<u>\$ 124</u>
LIABILITIES			
Note payable	\$ -	\$ -	\$ -
Due to other governments	-	-	16
Unearned revenue	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>16</u>
FUND BALANCE			
Unreserved	-	6,636	108
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 6,636</u>	<u>\$ 124</u>

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (continued)

June 30, 2007

	Rural School Achievement Program	No Child Left Behind	Total
ASSETS			
Cash	\$ -	\$ 8,989	\$ 32,255
Due from other governments	-	-	11,346
Total assets	<u>\$ -</u>	<u>\$ 8,989</u>	<u>\$ 43,601</u>
LIABILITIES			
Note payable	\$ -	\$ -	\$ 11,331
Due to other governments	-	-	22
Unearned revenue	-	8,989	21,576
Total liabilities	<u>-</u>	<u>8,989</u>	<u>32,929</u>
FUND BALANCE			
Unreserved	-	-	10,672
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 8,989</u>	<u>\$ 43,601</u>

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2007**

	Truants Alternative	State Standards & Assessment	Early Learning Partners	LITES
Revenues:				
Local sources	\$ 14,416	\$ -	\$ -	\$ -
State sources	93,514	8,144	-	-
Federal sources	-	-	-	105
Interest	134	-	-	140
Total revenues	108,064	8,144	-	245
Expenditures:				
Salaries and benefits	90,029	6,812	-	-
Purchased services	18,008	1,317	-	105
Supplies and materials	1,086	-	-	-
Payments to other governments	-	-	-	-
Other objects	-	-	-	-
Total expenditures	109,123	8,129	-	105
Excess (deficiency) of revenues over (under) expenditures	(1,059)	15	-	140
Other financing sources (uses):				
Transfers out	-	-	(24)	-
Net changes in fund balances	(1,059)	15	(24)	140
Fund balance, beginning of year	4,232	-	24	534
Fund balance, end of year	\$ 3,173	\$ 15	\$ -	\$ 674

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES**

EDUCATION FUND ACCOUNTS (continued)

For the year ended June 30, 2007

	Learning Express A & E Train	Standards Aligned Classroom	National School Lunch Program	State Lunch
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	416
Federal sources	27,050	23,555	4,704	-
Interest	-	34	-	-
Total revenues	27,050	23,589	4,704	416
Expenditures:				
Salaries and benefits	19,412	14,242	-	-
Purchased services	3,585	8,064	-	-
Supplies and materials	1,010	1,254	-	-
Payments to other governments	1,993	-	-	-
Other objects	1,050	29	4,704	416
Total expenditures	27,050	23,589	4,704	416
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Transfers out	-	-	-	-
Net changes in fund balances	-	-	-	-
Fund balance, beginning of year	-	66	-	-
Fund balance, end of year	\$ -	\$ 66	\$ -	\$ -

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES**

EDUCATION FUND ACCOUNTS (continued)

For the year ended June 30, 2007

	School Breakfast Program	Regional Safe Schools	Early Childhood
Revenues:			
Local sources	\$ -	\$ 4,312	\$ -
State sources	-	210,988	246,956
Federal sources	3,044	-	-
Interest	-	90	38
Total revenues	<u>3,044</u>	<u>215,390</u>	<u>246,994</u>
Expenditures:			
Salaries and benefits	-	190,249	222,944
Purchased services	-	24,419	13,549
Supplies and materials	-	8,405	10,463
Payments to other governments	-	-	-
Other objects	3,044	185	-
Total expenditures	<u>3,044</u>	<u>223,258</u>	<u>246,956</u>
Excess (deficiency) of revenues over (under) expenditures	-	(7,868)	38
Other financing sources (uses):			
Transfers out	-	-	-
Net changes in fund balances	-	(7,868)	38
Fund balance, beginning of year	<u>-</u>	<u>14,504</u>	<u>70</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 6,636</u>	<u>\$ 108</u>

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES**

EDUCATION FUND ACCOUNTS (continued)

For the year ended June 30, 2007

	Rural School Achievement Program	No Child Left Behind	Total
Revenues:			
Local sources	\$ -	\$ -	\$ 18,728
State sources	-	-	560,018
Federal sources	20,437	798	79,693
Interest	-	133	569
Total revenues	20,437	931	659,008
Expenditures:			
Salaries and benefits	19,908	847	564,443
Purchased services	144	84	69,275
Supplies and materials	385	-	22,603
Payments to other governments	-	-	1,993
Other objects	-	-	9,428
Total expenditures	20,437	931	667,742
Excess (deficiency) of revenues over (under) expenditures	-	-	(8,734)
Other financing sources (uses):			
Transfers out	-	-	(24)
Net changes in fund balances	-	-	(8,758)
Fund balance, beginning of year	-	-	19,430
Fund balance, end of year	\$ -	\$ -	\$ 10,672

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE - PROJECT #07-3695-00
For the year ended June 30, 2007**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
Local sources	\$ -	\$ -	\$ 14,416	\$ 14,416
State sources	93,520	93,520	93,514	(6)
Interest	-	-	134	134
Total revenues	93,520	93,520	108,064	14,544
Expenditures:				
Salaries and benefits	76,871	76,871	90,029	(13,158)
Purchased services	15,233	15,233	18,008	(2,775)
Supplies and materials	1,416	1,416	1,086	330
Total expenditures	93,520	93,520	109,123	(15,603)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	(1,059)	\$ (1,059)
Fund balance, beginning of year			4,232	
Fund balance, end of year			\$ 3,173	

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS - PROJECT #07-3696-00
For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 114,443	\$ 114,443	\$ 114,443	\$ -
Interest	-	-	14	14
Total revenues	<u>114,443</u>	<u>114,443</u>	<u>114,457</u>	<u>14</u>
Expenditures:				
Salaries and benefits	107,873	107,873	107,873	-
Purchased services	<u>6,570</u>	<u>6,570</u>	<u>6,570</u>	-
Total expenditures	<u>114,443</u>	<u>114,443</u>	<u>114,443</u>	-
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	14	<u>\$ 14</u>
Fund balance, beginning of year			<u>151</u>	
Fund balance, end of year			<u>\$ 165</u>	

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS (GENERAL STATE AID) - PROJECT #07-3001-93
For the year ended June 30, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ 4,312	\$ 4,312
State sources	-	-	96,545	96,545
Interest	-	-	76	76
Total revenues	-	-	100,933	100,933
Expenditures:				
Salaries and benefits	-	-	82,376	(82,376)
Purchased services	-	-	17,849	(17,849)
Supplies and materials	-	-	8,405	(8,405)
Other objects	-	-	185	(185)
Total expenditures	-	-	108,815	(108,815)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	(7,882)	\$ (7,882)
Fund balance, beginning of year			14,353	
Fund balance, end of year			\$ 6,471	

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD - PROJECT #07-3705-01
For the year ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	\$ 244,525	\$ 246,970	\$ 246,956	\$ (14)
Interest	-	-	38	38
Total revenues	<u>244,525</u>	<u>246,970</u>	<u>246,994</u>	<u>24</u>
Expenditures:				
Salaries and benefits	213,140	222,957	222,944	13
Purchased services	22,578	15,192	13,549	1,643
Supplies and materials	8,807	8,821	10,463	(1,642)
Payments to other governments	-	-	-	-
Total expenditures	<u>244,525</u>	<u>246,970</u>	<u>246,956</u>	<u>14</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	38	<u>\$ 38</u>
Fund balance, beginning of year			<u>70</u>	
Fund balance, end of year			<u>\$ 108</u>	

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2007**

	<u>General Education Development</u>	<u>Transportation</u>	<u>Supervisory</u>	<u>Total</u>
ASSETS				
Cash	\$ 10,133	\$ 5,894	\$ 2,873	\$ 18,900
LIABILITIES				
	\$ -	\$ -	\$ -	\$ -
FUND BALANCE				
Unreserved	10,133	5,894	2,873	18,900
Total liabilities and fund balance	<u>\$ 10,133</u>	<u>\$ 5,894</u>	<u>\$ 2,873</u>	<u>\$ 18,900</u>

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2007**

	General Education Development	Transportation	Supervisory	Total
Revenues:				
Local sources	\$ 5,832	\$ 556	\$ -	\$ 6,388
State sources	-	480	2,000	2,480
Interest	151	79	40	270
Total revenues	<u>5,983</u>	<u>1,115</u>	<u>2,040</u>	<u>9,138</u>
Expenditures:				
Salaries and benefits	3,968	-	-	3,968
Purchased services	2,813	1,028	858	4,699
Supplies and materials	2,288	-	102	2,390
Other objects	10	-	-	10
Total expenditures	<u>9,079</u>	<u>1,028</u>	<u>960</u>	<u>11,067</u>
Excess (deficiency) of revenues over (under) expenditures	(3,096)	87	1,080	(1,929)
Fund balance, beginning of year	<u>13,229</u>	<u>5,807</u>	<u>1,793</u>	<u>20,829</u>
Fund balance, end of year	<u>\$ 10,133</u>	<u>\$ 5,894</u>	<u>\$ 2,873</u>	<u>\$ 18,900</u>

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2007

	<u>Distributive</u>	<u>Regional Delivery System</u>	<u>Total</u>
ASSETS			
Cash	<u>\$ 210</u>	<u>\$ 32,596</u>	<u>\$ 32,806</u>
LIABILITIES			
Due to other governments	<u>\$ 210</u>	<u>\$ 32,596</u>	<u>\$ 32,806</u>

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS**

For the year ended June 30, 2007

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
<u>DISTRIBUTIVE</u>				
ASSETS				
Cash	\$ 2,563	\$1,013,123	\$1,015,476	\$ 210
Due from other governments	-	1,015,496	1,015,496	-
Total assets	<u>\$ 2,563</u>	<u>\$2,028,619</u>	<u>\$2,030,972</u>	<u>\$ 210</u>
LIABILITIES				
Due to other governments	<u>\$ 2,563</u>	<u>\$1,013,143</u>	<u>\$1,015,496</u>	<u>\$ 210</u>
Total liabilities	<u>\$ 2,563</u>	<u>\$1,013,143</u>	<u>\$1,015,496</u>	<u>\$ 210</u>
<u>REGIONAL DELIVERY SYSTEM</u>				
ASSETS				
Cash	<u>\$ 26,696</u>	<u>\$ 398,136</u>	<u>\$ 392,236</u>	<u>\$ 32,596</u>
Total assets	<u>\$ 26,696</u>	<u>\$ 398,136</u>	<u>\$ 392,236</u>	<u>\$ 32,596</u>
LIABILITIES				
Due to other governments	<u>\$ 26,696</u>	<u>\$ 398,136</u>	<u>\$ 392,236</u>	<u>\$ 32,596</u>
Total liabilities	<u>\$ 26,696</u>	<u>\$ 398,136</u>	<u>\$ 392,236</u>	<u>\$ 32,596</u>

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (continued)
For the year ended June 30, 2007**

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 29,259	\$1,411,259	\$1,407,712	\$ 32,806
Due from other governments	-	1,015,496	1,015,496	-
Total assets	<u>\$ 29,259</u>	<u>\$2,426,755</u>	<u>\$2,423,208</u>	<u>\$ 32,806</u>
LIABILITIES				
Due to other governments	<u>\$ 29,259</u>	<u>\$1,411,279</u>	<u>\$1,407,732</u>	<u>\$ 32,806</u>
Total liabilities	<u>\$ 29,259</u>	<u>\$1,411,279</u>	<u>\$1,407,732</u>	<u>\$ 32,806</u>

**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS
AND OTHER ENTITIES
DISTRIBUTIVE FUND**

For the year ended June 30, 2007

	Regional Vocational System	Christian- Montgomery ROE	Total
General State Aid	\$ -	\$ 96,545	\$ 96,545
Career and Technical Ed. Improvement	247,288	-	247,288
Agriculture Education	23,157	-	23,157
State Free Lunch and Breakfast	-	416	416
ROE School Bus Driver Training	-	480	480
Truants Alternative/Optional Ed.	-	93,514	93,514
Regional Safe Schools	-	114,443	114,443
Early Childhood Block Grant	-	246,956	246,956
ROE and ISC Operations	-	71,208	71,208
Supervisory Expense	-	2,000	2,000
National School Lunch Program	-	4,704	4,704
School Breakfast Program	-	3,044	3,044
V.E. - Perkins- Title IIC - Secondary	111,721	-	111,721
TOTAL	\$ 382,166	\$ 633,310	\$ 1,015,476