

State of Illinois
REGIONAL OFFICE OF EDUCATION #10

FINANCIAL AUDIT
For the year ended June 30, 2008

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
REGIONAL OFFICE OF EDUCATION #10**

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

Item No. Page Description

FINDINGS (GOVERNMENT AUDITING STANDARDS)

There were no findings for the year ended June 30, 2008.

FINDINGS (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2008.

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARD)

There were no prior findings.

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 September 25, 2008. Attending were Dr. Greg Springer, Regional Superintendent of Schools, Mickie Gaither, Bookkeeper of Regional Office of Education #10, Janet McElroy, Bookkeeper of Regional Office of Education #10, and James E. Moon, CPA of West & Company, LLC.

FINANCIAL STATEMENT REPORT

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.

- An Auditors' Report section containing statements by the auditors on the scope and results of their audit, as required by applicable professional standards.
- A Findings & Recommendations section containing sequentially numbered findings in which the auditors note any instances of nonconformity by the agency with applicable laws, rules, regulations, grant agreements, and other standards governing its conduct that were found by the auditors in the course of their review. All findings are discussed with the agency officials during the post audit process.

Each finding generally contains: a description of the condition found; a recommendation by the auditors for corrective action; a response by the agency either accepting or rejecting the auditors' finding; and a description of the agency's plan for addressing the problem.

- 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 special reporting requirements.

Financial Presentation Examined

Auditors' Reports

Findings and Recommendations

Financial Statements

**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
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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, 2008, 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, 2008, 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 April 21, 2009 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 14F 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

April 21, 2009

MEMBERS

E. LYNN FREESE
RICHARD C. WEST
KENNETH L. VOGT
BRIAN E. DANIELL
JANICE K. ROMACK
DIANA R. SMITH
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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, 2008, which collectively comprise the Christian-Montgomery Counties Regional Office of Education #10's basic financial statements and have issued our report thereon dated April 21, 2009. 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

April 21, 2009

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, 2008

Section I -- Summary of Auditors' Results

Financial statements

Type of auditors' report issued:

UNQUALIFIED

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Type of auditors' report issued on compliance for major programs:

N/A

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?

N/A yes no

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2008**

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, 2008**

Section II -- Financial Statement Findings

No findings were noted for the year ended June 30, 2008.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2008**

Section III -- Federal Award Findings

No findings were noted for the year ended June 30, 2008.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2008**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
-----------------------	------------------	-----------------------

No findings were noted for the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2008**

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, 2008. Readers are encouraged to consider the discussion information in conjunction with the financial statements.

2007-2008 (FY: 08) Financial Highlights:

- Net assets for the office included \$111,934 in Governmental Activities and \$20,903 in Business-Type Activities, totaling \$132,837. This total in Governmental Activities represents a slight and insignificant decrease from the previous year.
- Business-Type Activities saw an increase in net assets from \$14,285 to \$20,903, up \$6,618.
- Within the Governmental Funds, total assets were \$134,135 and liabilities were \$31,822, leaving a total fund balance of \$102,313.
- Net assets of Governmental Activities (Statement of Net Assets) totaled \$111,934 when \$9,621 investment in capital assets is added to \$26,303 in unrestricted net assets and \$76,010 in restricted net assets.
- The Statement of Activities indicates a \$5,230 decrease in net assets in Governmental Activities, from \$117,164 at the beginning of the year to \$111,934 at the year's end.
- Proprietary Funds net assets are reported at \$20,903.
- The Proprietary Funds increased from \$14,285 at the beginning of FY: 08 to \$20,903 at the year's conclusion.
- The Fiduciary Funds report indicates \$33,492 in cash assets and liabilities.

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, 2008**

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, the state of the economy) 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 statement for Proprietary Funds includes 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 amounts due from other governmental units 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, 2008**

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	
	2008	2007	2008	2007	2008	2007
ASSETS						
Current assets:						
Cash	\$ 128,740	\$ 133,381	\$ 20,487	\$ 13,803	\$ 149,227	\$ 147,184
Due from other governments	5,395	11,346	-	-	5,395	11,346
Total current assets	134,135	144,727	20,487	13,803	154,622	158,530
Noncurrent assets:						
Capital assets, net	9,621	5,474	416	482	10,037	5,956
Total assets	143,756	150,201	20,903	14,285	164,659	164,486
LIABILITIES						
Current liabilities:						
Note payable	5,361	11,331	-	-	5,361	11,331
Due to other governments	34	130	-	-	34	130
Unearned revenue	26,427	21,576	-	-	26,427	21,576
Total liabilities	31,822	33,037	-	-	31,822	33,037
NET ASSETS						
Invested in capital assets	9,621	5,474	416	482	10,037	5,956
Unrestricted	26,303	36,449	20,487	13,803	46,790	50,252
Restricted for teacher professional development	76,010	75,241	-	-	76,010	75,241
Total net assets	\$ 111,934	\$ 117,164	\$ 20,903	\$ 14,285	\$ 132,837	\$ 131,449

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2008**

CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 46,894	\$ 31,921	\$ 46,894	\$ 31,921
Operating grants and contributions	740,254	713,399	-	-	740,254	713,399
General revenues:						
Local sources	53,428	62,068	-	-	53,428	62,068
On-behalf payments-local	96,185	72,999	-	-	96,185	72,999
On-behalf payments-state	248,621	210,775	-	-	248,621	210,775
Interest	1,452	2,037	201	206	1,653	2,243
TOTAL REVENUES	<u>1,139,940</u>	<u>1,061,278</u>	<u>47,095</u>	<u>32,127</u>	<u>1,187,035</u>	<u>1,093,405</u>
Expenses						
Instructional Services:						
Salaries and benefits	655,946	623,777	-	-	655,946	623,777
Purchased services	99,951	107,530	-	-	99,951	107,530
Supplies and materials	25,001	32,520	-	-	25,001	32,520
Payments to other governments	828	1,993	-	-	828	1,993
Other objects	14,864	16,951	-	-	14,864	16,951
Depreciation	3,774	7,194	-	-	3,774	7,194
Administrative						
On-behalf payments-local	96,185	72,999	-	-	96,185	72,999
On-behalf payments-state	248,621	210,775	-	-	248,621	210,775
Business type expenses	-	-	40,477	29,695	40,477	29,695
TOTAL EXPENSES	<u>1,145,170</u>	<u>1,073,739</u>	<u>40,477</u>	<u>29,695</u>	<u>1,185,647</u>	<u>1,103,434</u>
Changes in Net Assets	(5,230)	(12,461)	6,618	2,432	1,388	(10,029)
Net Assets-beginning	117,164	129,625	14,285	11,853	131,449	141,478
Net Assets-ending	<u>\$ 111,934</u>	<u>\$ 117,164</u>	<u>\$ 20,903</u>	<u>\$ 14,285</u>	<u>\$ 132,837</u>	<u>\$ 131,449</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2008**

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 Bookkeeping Department staff members, as well as with other staff members (Program Directors) 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 declining state of the national economy, as well as the economic forecast for the State of Illinois, did not paint a rosy picture for the future as FY: 08 ended. The ROE borrowed at the end of FY: 08. This year's amount borrowed was \$5,361, a relatively small amount. The FY: 08 amount was lower than the \$11,331 borrowed in FY: 07. Most state funding in FY: 08 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: 08, despite some slight increase in funding in some grants. In some instances, largely because of staff reductions, services have been eliminated altogether. Necessary cost increases (utility costs, rent, payroll) will make it more difficult to continue service 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, 2008**

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. Five 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, a cut that was serious enough that it threatened the ROE's capacity to carry out even basic mandated responsibilities; the cut made it impossible for the office even to remain open during regular business hours (8:00 a.m. till 4:00 p.m. Monday through Friday). Although this action did not force closing of the office, it certainly 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, FY: 07, and FY: 08 joint county budget to fund ROE #10. The 07 budget restored the office at the one site to four days per week operation; that practice remained in FY: 08.

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 break from the significant effort that goes into developing and carrying out an institute; ROE #10 in FY08 abandoned the annual format in favor of holding such a program every two years. The next institute will be in FY: 09. 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 legally-mandated jobs, those duties outlined in their job descriptions and contracts. There have been calls both for eliminating ROEs and for giving them even greater responsibilities. At this time, the latter seems to be the more prominent position. 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.

BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF NET ASSETS
June 30, 2008**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 128,740	\$ 20,487	\$ 149,227
Due from other governments	5,395	-	5,395
Total current assets	134,135	20,487	154,622
Noncurrent assets:			
Capital assets, net	9,621	416	10,037
Total assets	143,756	20,903	164,659
LIABILITIES			
Current liabilities:			
Note payable	5,361	-	5,361
Due to other governments	34	-	34
Unearned revenue	26,427	-	26,427
Total liabilities	31,822	-	31,822
NET ASSETS			
Invested in capital assets	9,621	416	10,037
Unrestricted	26,303	20,487	46,790
Restricted for teacher professional development	76,010	-	76,010
Total net assets	\$ 111,934	\$ 20,903	\$ 132,837

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, 2008**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities		Total
FUNCTIONS/PROGRAMS							
Governmental activities:							
Instructional services:							
Salaries and benefits	\$ 655,946	\$ -	\$ 627,775	\$ (28,171)	\$ -	\$ -	\$ (28,171)
Purchased services	99,951	-	74,293	(25,658)	-	-	(25,658)
Supplies and materials	25,001	-	20,025	(4,976)	-	-	(4,976)
Capital outlay	-	-	7,820	7,820	-	-	7,820
Payments to other governments	828	-	828	-	-	-	-
Other objects	14,864	-	9,513	(5,351)	-	-	(5,351)
Depreciation	3,774	-	-	(3,774)	-	-	(3,774)
Administrative:							
On-behalf payments - Local	96,185	-	-	(96,185)	-	-	(96,185)
On-behalf payments - State	248,621	-	-	(248,621)	-	-	(248,621)
Total governmental activities	1,145,170	-	740,254	(404,916)	-	-	(404,916)
Business-type activities:							
Instructional	40,477	46,894	-	-	6,417	6,417	6,417
Total primary government	\$ 1,185,647	\$ 46,894	\$ 740,254	(404,916)	6,417	6,417	(398,499)
General revenues:							
Local sources							
On-behalf payments - Local				53,428	-	-	53,428
On-behalf payments - State				96,185	-	-	96,185
Interest				248,621	-	-	248,621
				1,452	201	201	1,653
Total general revenues				399,686	201	201	399,887
Changes in net assets				(5,230)	6,618	6,618	1,388
Net assets - beginning				117,164	14,285	14,285	131,449
Net assets - ending				\$ 111,934	\$ 20,903	\$ 20,903	\$ 132,837

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, 2008**

	General Fund	Education Fund	Institute Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash	\$ 6,313	\$ 31,728	\$ 76,010	\$ 14,689	\$ 128,740
Due from other governments	-	5,395	-	-	5,395
Total assets	<u>\$ 6,313</u>	<u>\$ 37,123</u>	<u>\$ 76,010</u>	<u>\$ 14,689</u>	<u>\$ 134,135</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Note payable	\$ -	\$ 5,361	\$ -	\$ -	\$ 5,361
Due to other governments	-	34	-	-	34
Unearned revenue	-	26,427	-	-	26,427
Total liabilities	<u>-</u>	<u>31,822</u>	<u>-</u>	<u>-</u>	<u>31,822</u>
FUND BALANCES					
Unreserved, reported in:					
General fund	6,313	-	-	-	6,313
Special revenue funds	-	5,301	76,010	14,689	96,000
Total fund balances	<u>6,313</u>	<u>5,301</u>	<u>76,010</u>	<u>14,689</u>	<u>102,313</u>
Total liabilities and fund balances	<u>\$ 6,313</u>	<u>\$ 37,123</u>	<u>\$ 76,010</u>	<u>\$ 14,689</u>	<u>\$ 134,135</u>

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, 2008

Total fund balances-governmental funds	\$ 102,313
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>9,621</u>
Net assets of governmental activities	<u><u>\$ 111,934</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, 2008**

	General Fund	Education Fund	Institute Fund	Other Nonmajor Funds	Total Governmental Funds
Revenues:					
Local sources	\$ 7,542	\$ 20,073	\$ 19,179	\$ 6,634	\$ 53,428
State sources	72,930	581,082	-	2,480	656,492
Federal sources	-	83,762	-	-	83,762
On-behalf payments	344,806	-	-	-	344,806
Interest	108	374	793	177	1,452
Total revenues	425,386	685,291	19,972	9,291	1,139,940
Expenditures:					
Instructional Services:					
Salaries and benefits	58,004	593,677	122	4,143	655,946
Purchased services	10,602	70,248	13,476	5,625	99,951
Supplies and materials	4,900	15,828	539	3,734	25,001
Payments to other governments	-	828	-	-	828
Other objects	2,712	7,086	5,066	-	14,864
On-behalf payments	344,806	-	-	-	344,806
Capital Outlay	4,926	2,995	-	-	7,921
Total expenditures	425,950	690,662	19,203	13,502	1,149,317
Excess (deficiency) of revenues over (under) expenditures	(564)	(5,371)	769	(4,211)	(9,377)
Fund balances, beginning of year	6,877	10,672	75,241	18,900	111,690
Fund balances, end of year	<u>\$ 6,313</u>	<u>\$ 5,301</u>	<u>\$ 76,010</u>	<u>\$ 14,689</u>	<u>\$ 102,313</u>

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, 2008**

Net changes in fund balances - governmental funds \$ (9,377)

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	\$ 7,921	
Depreciation expense	<u>(3,774)</u>	<u>4,147</u>

Changes in net assets of governmental activities \$ (5,230)

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, 2008**

	Co-op	Workshops	Total
ASSETS			
Current assets:			
Cash	\$ 13,051	\$ 7,436	\$ 20,487
Noncurrent assets:			
Capital assets, net	416	-	416
Total assets	13,467	7,436	20,903
LIABILITIES			
	-	-	-
NET ASSETS			
Invested in capital assets	416	-	416
Unrestricted	13,051	7,436	20,487
Total net assets	\$ 13,467	\$ 7,436	\$ 20,903

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, 2008**

	<u>Co-op</u>	<u>Workshops</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 28,490	\$ 18,404	\$ 46,894
Operating expenses:			
Salaries and benefits	4,525	-	4,525
Purchased services	18,932	15,425	34,357
Supplies and materials	1,255	174	1,429
Depreciation	66	-	66
Other objects	-	100	100
Total operating expenses	<u>24,778</u>	<u>15,699</u>	<u>40,477</u>
Operating income	3,712	2,705	6,417
Nonoperating revenues:			
Investment income	<u>116</u>	<u>85</u>	<u>201</u>
Change in net assets	3,828	2,790	6,618
Total net assets - beginning	<u>9,639</u>	<u>4,646</u>	<u>14,285</u>
Total net assets - ending	<u>\$ 13,467</u>	<u>\$ 7,436</u>	<u>\$ 20,903</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, 2008**

	<u>Co-op</u>	<u>Workshops</u>	<u>Total</u>
Cash flows from operating activities:			
Collection of fees	\$ 28,490	\$ 18,404	\$ 46,894
Payments to suppliers and providers of goods and services	(20,187)	(15,699)	(35,886)
Payments to employees	(4,525)	-	(4,525)
Net cash provided for operating activities	3,778	2,705	6,483
Cash flows from investing activities:			
Interest received on investments	116	85	201
Net increase in cash and cash equivalents	3,894	2,790	6,684
Cash and cash equivalents - beginning	9,157	4,646	13,803
Cash and cash equivalents - ending	<u>\$ 13,051</u>	<u>\$ 7,436</u>	<u>\$ 20,487</u>
Reconciliation of operating income to net cash provided for operating activities:			
Operating income	\$ 3,712	\$ 2,705	\$ 6,417
Adjustments to reconcile operating income to net cash provided for operating activities:			
Depreciation	66	-	66
Net cash provided for operating activities	<u>\$ 3,778</u>	<u>\$ 2,705</u>	<u>\$ 6,483</u>

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, 2008**

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 33,458
Due from other governments	<u>34</u>
Total assets	<u>\$ 33,492</u>
LIABILITIES	
Due to other governments	<u>\$ 33,492</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.

It is the Regional Office of Education #10's policy to first apply restricted resources when an expenditure or expense is incurred for which restricted and unrestricted resources are available.

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.

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.

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.

**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)

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.

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.

**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 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.

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.

**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

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.

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.

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)

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.

E. **New Accounting Pronouncement**

The Regional Office of Education # 10 has implemented Governmental Accounting Standards Board (GASB) Statement No. 50, *Pension Disclosures an Amendment of GASB Statements No. 25 and No. 27*, effective for the fiscal year beginning July 1, 2007. This Statement changed the way that the Regional Office of Education #10 discloses its pension information. The Regional Office of Education #10 has also implemented GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, effective for the fiscal year beginning July 1, 2007. This Statement had no effect on the Regional Office of Education #10's net assets or changes in net assets.

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

NOTES TO THE FINANCIAL STATEMENTS

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 \$4,147 difference are as follows:

Capital outlay	\$ 7,921
Depreciation expense	<u>(3,774)</u>
Net adjustment to decrease net changes in fund balances - governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 4,147</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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

6. DEPOSITS

At June 30, 2008, the government wide and agency funds' carrying amounts of the Regional Office of Education #10's cash deposits were \$149,227 and \$33,458 respectively. The bank balance for the government wide and agency funds was \$174,440 and \$35,847 respectively, 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, 2008 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	114,903	7,921	(13,379)	109,445
Total capital assets being depreciated	<u>118,046</u>	<u>7,921</u>	<u>(13,379)</u>	<u>112,588</u>
Less accumulated depreciation for:				
Furniture and fixtures	(1,893)	(274)	-	(2,167)
Equipment	(110,679)	(3,500)	13,379	(100,800)
Total accumulated depreciation	<u>(112,572)</u>	<u>(3,774)</u>	<u>13,379</u>	<u>(102,967)</u>
Governmental activities capital assets, net	<u>\$ 5,474</u>	<u>\$ 4,147</u>	<u>\$ -</u>	<u>\$ 9,621</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	(181)	(66)	-	(247)
Business-type activities capital assets, net	<u>\$ 482</u>	<u>\$ (66)</u>	<u>\$ -</u>	<u>\$ 416</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>\$ 3,774</u>
Business-type activities:	
Other:	
Depreciation	<u>\$ 66</u>

8. SHORT-TERM DEBT

On June 30, 2008, the Regional Office of Education #10 entered into a loan of \$5,361 with National Bank to repay interfund loans. The note has an interest rate of 5.00% and is due on September 30, 2008. The balance due at June 30, 2008 was \$5,361. The short-term debt activity for the year ended June 30, 2008 was as follows:

	Balance at July 1, 2007	Additions	Reductions	Balance at June 30, 2008
Note Payable	<u>\$ 11,331</u>	<u>\$ 5,361</u>	<u>\$ 11,331</u>	<u>\$ 5,361</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 funding 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, 2008 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2007 and 2006.

**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 0.63 percent during the year ended June 30, 2008, and the member THIS Fund health insurance contribution was 0.84 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, 2008, State of Illinois contributions were based on 13.11 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #10 recognized revenue and expenditures of \$22,451 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2007, and June 30, 2006, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal awards were 9.78 percent (\$16,616) and 7.06 percent (\$11,676), respectively.

The State contributions to TRS for the year ended June 30, 2008 were based on an actuarial formula. The state contributions for the years ended June 30, 2007 and June 30, 2006 were based on dollar amounts specified by the statute and were not actuarially determined.

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

2.2 Formula Contributions – Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2008 were \$993. Contributions for the years ended June 30, 2007, and June 30, 2006, were \$986 and \$959, respectively.

Federal and Special Trust Fund Contributions - When TRS members are paid from federal and special trust funds administered by the Regional Office of Education #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 for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2008, the employer pension contribution was 13.11 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2007 and 2006, the employer contribution was 9.78 and 7.06 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2008, salaries totaling \$15,719 were paid from federal and special trust funds that required employer contributions of \$2,061. For the years ended June 30, 2007, and June 30, 2006, required Regional Office of Education #10 contributions were \$1,980 and \$1,201, 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 was provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they met certain conditions and retired on or before July 1, 2007. If members did 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 qualified for the Pipeline ERO).

Under the Pipeline ERO, the maximum employer contribution was 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, 2008, the Regional Office of Education #10 made no payments to TRS for employer contributions under the ERO program. For the years ended June 30, 2007 and June 30, 2006, 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, 2008, 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 (17.62 percent of salary during the year ended June 30, 2008).

For the years ended June 30, 2008, 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, 2007. The report for the year ended June 30, 2008, is expected to be available in late 2008.

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

Plan Description – The Regional Office of Education #10's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #10's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy – As set by statute, the Regional Office of Education #10's regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2007 was 10.02 percent of annual covered payroll. The Regional Office of Education #10 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost – For 2007, the Regional Office of Education #10's annual pension cost of \$38,413 for the regular plan was equal to the Regional Office of Education #10's required and actual contributions.

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

NOTES TO THE FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Three-Year Trend Information for the Regular Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2007	\$ 38,413	100%	\$ -
12/31/2006	35,975	100%	-
12/31/2005	32,242	100%	-

The required contribution was determined as part of the December 31, 2005, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2005, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 10.0 percent per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3 percent annually. The actuarial value of Regional Office of Education #10's regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15 percent corridor between the actuarial and market value of assets. The Regional Office of Education #10's regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007, was 5 years.

Funded Status and Funding Progress – As of December 31, 2007, the most recent actuarial valuation date, the regular plan was 94.97 percent funded. The actuarial accrued liability for benefits was \$770,501 and the actuarial value of assets was \$731,775, resulting in an underfunded actuarial accrued liability (UAAL) of \$38,726. The covered payroll (annual payroll of active employees covered by the plan) was \$383,361 and the ratio of the UAAL to the covered payroll was 10 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

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	\$ 5,361
Illinois State Board of Education	34

Fiduciary Fund:

Illinois State Board of Education	34
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Total	<u>\$ 5,429</u>
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Due To Other Governments

Education Fund:

Local School Districts	\$ 34
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Fiduciary Fund:

Regional Delivery System	33,336
Local School Districts	156

Total	<u>\$ 33,526</u>
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**CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10**

NOTES TO THE FINANCIAL STATEMENTS

12. 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>\$ 29,622</u>
Montgomery County:	
Office Staff	<u>66,563</u>
State of Illinois:	
TRS pension contributions	22,451
Regional Superintendent - salary	101,218
Regional Superintendent - benefits (includes State paid insurance)	20,893
Assistant Regional Superintendent - salary	90,757
Assistant Regional Superintendent - benefits (includes State paid insurance)	<u>13,302</u>
	<u>248,621</u>
	<u><u>\$ 344,806</u></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. Supplemental payments for previous years were paid to previous Assistant Regional Superintendents in the current year.

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

13. 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.

14. 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]
12/31/2007	\$ 731,775	\$ 770,501	\$ 38,726	94.97 %	\$ 383,361	10.10 %
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 %

On a market value basis, the actuarial value of assets as of December 31, 2007 is \$775,123. On a market basis, the funded ratio would be 100.60 percent.

Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2007 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.

SUPPLEMENTAL INFORMATION

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

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2008**

	ROE/ISC Operations	Conferences	Fingerprinting	Total
ASSETS				
Cash	\$ 314	\$ 4,042	\$ 1,957	\$ 6,313
LIABILITIES AND FUND BALANCES				
LIABILITIES	\$ -	\$ -	\$ -	\$ -
FUND BALANCES				
Unreserved	314	4,042	1,957	6,313
Total liabilities and fund balance	\$ 314	\$ 4,042	\$ 1,957	\$ 6,313

**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, 2008**

	ROE/ISC Operations	Conferences	Fingerprinting	Total
Revenues:				
Local sources	\$ -	\$ 2,307	\$ 5,235	\$ 7,542
State sources	72,930	-	-	72,930
On-behalf payments	344,806	-	-	344,806
Interest	39	48	21	108
	<u>417,775</u>	<u>2,355</u>	<u>5,256</u>	<u>425,386</u>
Total revenues				
	<u>417,775</u>	<u>2,355</u>	<u>5,256</u>	<u>425,386</u>
Expenditures:				
Salaries and benefits	56,196	1,808	-	58,004
Purchased services	5,067	1,370	4,165	10,602
Supplies and materials	4,457	443	-	4,900
Capital outlay	4,926	-	-	4,926
Other objects	2,439	273	-	2,712
On-behalf payments	344,806	-	-	344,806
	<u>417,891</u>	<u>3,894</u>	<u>4,165</u>	<u>425,950</u>
Total expenditures				
	<u>417,891</u>	<u>3,894</u>	<u>4,165</u>	<u>425,950</u>
Excess (deficiency) of revenues over (under) expenditures				
	(116)	(1,539)	1,091	(564)
Fund balance, beginning of year				
	<u>430</u>	<u>5,581</u>	<u>866</u>	<u>6,877</u>
Fund balance, end of year				
	<u>\$ 314</u>	<u>\$ 4,042</u>	<u>\$ 1,957</u>	<u>\$ 6,313</u>

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

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND ACCOUNTS
ROE/ISC OPERATIONS - PROJECT #08-3730-00
For the year ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	\$ 72,930	\$ 72,930	\$ 72,930	\$ -
On-behalf payments	-	-	344,806	344,806
Interest	-	-	39	39
	<u>72,930</u>	<u>72,930</u>	<u>417,775</u>	<u>344,845</u>
Expenditures:				
Salaries and benefits	59,164	56,186	56,196	(10)
Purchased services	8,599	5,856	5,067	789
Supplies and materials	1,282	3,698	4,457	(759)
Capital outlay	500	4,927	4,926	1
Other objects	3,385	2,263	2,439	(176)
On-behalf payments	-	-	344,806	(344,806)
	<u>72,930</u>	<u>72,930</u>	<u>417,891</u>	<u>(344,961)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	(116)	<u>\$ (116)</u>
Fund balance, beginning of year			<u>430</u>	
Fund balance, end of year			<u>\$ 314</u>	

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2008**

	<u>Truants Alternative</u>	<u>State Standards & Assessment</u>	<u>LITES</u>	<u>Learning Express A & E Train</u>
ASSETS				
Cash	\$ 2,751	\$ -	\$ 9,821	\$ -
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,361</u>
Total assets	<u>\$ 2,751</u>	<u>\$ -</u>	<u>\$ 9,821</u>	<u>\$ 5,361</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Note payable	\$ -	\$ -	\$ -	\$ 5,361
Due to other governments	-	-	-	-
Unearned revenue	<u>-</u>	<u>-</u>	<u>9,045</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>9,045</u>	<u>5,361</u>
FUND BALANCES				
Unreserved	<u>2,751</u>	<u>-</u>	<u>776</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 2,751</u>	<u>\$ -</u>	<u>\$ 9,821</u>	<u>\$ 5,361</u>

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (continued)
June 30, 2008**

	Standards Aligned Classroom	National School Lunch Program	State Lunch
ASSETS			
Cash	\$ 6	\$ -	\$ -
Due from other governments	-	-	34
Total assets	\$ 6	\$ -	\$ 34
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Note payable	\$ -	\$ -	\$ -
Due to other governments	-	-	34
Unearned revenue	-	-	-
Total liabilities	-	-	34
FUND BALANCES			
Unreserved	6	-	-
Total liabilities and fund balance	\$ 6	\$ -	\$ 34

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (continued)
June 30, 2008**

	<u>School Breakfast Program</u>	<u>Regional Safe Schools</u>	<u>Early Childhood</u>
ASSETS			
Cash	\$ -	\$ 10,485	\$ 37
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ -</u></u>	<u><u>\$ 10,485</u></u>	<u><u>\$ 37</u></u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Note payable	\$ -	\$ -	\$ -
Due to other governments	-	-	-
Unearned revenue	<u>-</u>	<u>8,754</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>8,754</u>	<u>-</u>
FUND BALANCES			
Unreserved	<u>-</u>	<u>1,731</u>	<u>37</u>
Total liabilities and fund balance	<u><u>\$ -</u></u>	<u><u>\$ 10,485</u></u>	<u><u>\$ 37</u></u>

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (continued)**

June 30, 2008

	<u>Rural School Achievement Program</u>	<u>No Child Left Behind</u>	<u>Total</u>
ASSETS			
Cash	\$ -	\$ 8,628	\$ 31,728
Due from other governments	-	-	5,395
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ -</u>	<u>\$ 8,628</u>	<u>\$ 37,123</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Note payable	\$ -	\$ -	\$ 5,361
Due to other governments	-	-	34
Unearned revenue	-	8,628	26,427
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>8,628</u>	<u>31,822</u>
FUND BALANCES			
Unreserved	-	-	5,301
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 8,628</u>	<u>\$ 37,123</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, 2008**

	Truants Alternative	State Standards & Assessment	LITES	Learning Express A & E Train
Revenues:				
Local sources	\$ 18,154	\$ -	\$ -	\$ -
State sources	108,728	4,242	-	-
Federal sources	-	-	403	30,373
Interest	100	-	102	-
Total revenues	126,982	4,242	505	30,373
Expenditures:				
Salaries and benefits	108,653	4,133	-	24,845
Purchased services	17,383	124	403	3,466
Supplies and materials	1,368	-	-	1,234
Capital outlay	-	-	-	-
Payments to other governments	-	-	-	828
Other objects	-	-	-	-
Total expenditures	127,404	4,257	403	30,373
Excess (deficiency) of revenues over (under) expenditures	(422)	(15)	102	-
Fund balance, beginning of year	3,173	15	674	-
Fund balance, end of year	<u>\$ 2,751</u>	<u>\$ -</u>	<u>\$ 776</u>	<u>\$ -</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, 2008

	Standards Aligned Classroom	National School Lunch Program	State Lunch
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	-	-	315
Federal sources	25,628	4,133	-
Interest	33	-	-
Total revenues	25,661	4,133	315
Expenditures:			
Salaries and benefits	15,401	-	-
Purchased services	8,830	-	-
Supplies and materials	1,490	-	-
Capital outlay	-	-	-
Payments to other governments	-	-	-
Other objects	-	4,133	315
Total expenditures	25,721	4,133	315
Excess (deficiency) of revenues over (under) expenditures	(60)	-	-
Fund balance, beginning of year	66	-	-
Fund balance, end of year	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ -</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, 2008

	<u>School Breakfast Program</u>	<u>Regional Safe Schools</u>	<u>Early Childhood</u>
Revenues:			
Local sources	\$ -	\$ 1,919	\$ -
State sources	-	218,355	249,442
Federal sources	2,424	-	-
Interest	-	47	-
	<hr/>	<hr/>	<hr/>
Total revenues	2,424	220,321	249,442
	<hr/>	<hr/>	<hr/>
Expenditures:			
Salaries and benefits	-	190,924	231,088
Purchased services	-	24,486	14,839
Supplies and materials	-	6,607	3,586
Capital outlay	-	2,995	-
Payments to other governments	-	-	-
Other objects	2,424	214	-
	<hr/>	<hr/>	<hr/>
Total expenditures	2,424	225,226	249,513
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	-	(4,905)	(71)
Fund balance, beginning of year	<hr/>	<hr/>	<hr/>
	-	6,636	108
Fund balance, end of year	<hr/>	<hr/>	<hr/>
	\$ -	\$ 1,731	\$ 37
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**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, 2008**

	Rural School Achievement Program	No Child Left Behind	Total
Revenues:			
Local sources	\$ -	\$ -	\$ 20,073
State sources	-	-	581,082
Federal sources	20,440	361	83,762
Interest	-	92	374
Total revenues	<u>20,440</u>	<u>453</u>	<u>685,291</u>
Expenditures:			
Salaries and benefits	18,189	444	593,677
Purchased services	708	9	70,248
Supplies and materials	1,543	-	15,828
Capital outlay	-	-	2,995
Payments to other governments	-	-	828
Other objects	-	-	7,086
Total expenditures	<u>20,440</u>	<u>453</u>	<u>690,662</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(5,371)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>10,672</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,301</u></u>

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE - PROJECT #08-3695-00
For the year ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources	\$ -	\$ -	\$ 18,154	\$ 18,154
State sources	98,196	108,728	108,728	-
Interest	-	-	100	100
	<u>98,196</u>	<u>108,728</u>	<u>126,982</u>	<u>18,254</u>
Total revenues				
Expenditures:				
Salaries and benefits	83,683	93,028	108,653	(15,625)
Purchased services	13,654	14,841	17,383	(2,542)
Supplies and materials	859	859	1,368	(509)
	<u>98,196</u>	<u>108,728</u>	<u>127,404</u>	<u>(18,676)</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	(422)	<u>\$ (422)</u>
Fund balance, beginning of year			<u>3,173</u>	
Fund balance, end of year			<u>\$ 2,751</u>	

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS - PROJECT #08-3696-00
For the year ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	\$ 113,365	\$ 113,365	\$ 113,365	\$ -
Interest	<u>-</u>	<u>-</u>	<u>8</u>	<u>8</u>
Total revenues	<u>113,365</u>	<u>113,365</u>	<u>113,373</u>	<u>8</u>
Expenditures:				
Salaries and benefits	106,044	106,044	106,044	-
Purchased services	<u>7,321</u>	<u>7,321</u>	<u>7,321</u>	<u>-</u>
Total expenditures	<u>113,365</u>	<u>113,365</u>	<u>113,365</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	8	<u>\$ 8</u>
Fund balance, beginning of year			<u>165</u>	
Fund balance, end of year			<u>\$ 173</u>	

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS (GENERAL STATE AID) - PROJECT #08-3001-93
For the year ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources	\$ -	\$ -	\$ 1,919	\$ 1,919
State sources	-	-	104,990	104,990
Interest	-	-	39	39
	<u>-</u>	<u>-</u>	<u>106,948</u>	<u>106,948</u>
Total revenues				
Expenditures:				
Salaries and benefits	-	-	84,880	(84,880)
Purchased services	-	-	17,165	(17,165)
Supplies and materials	-	-	6,607	(6,607)
Capital outlay	-	-	2,995	(2,995)
Other objects	-	-	214	(214)
	<u>-</u>	<u>-</u>	<u>111,861</u>	<u>(111,861)</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	(4,913)	<u>\$ (4,913)</u>
Fund balance, beginning of year			<u>6,471</u>	
Fund balance, end of year			<u>\$ 1,558</u>	

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD - PROJECT #08-3705-01
For the year ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
Revenues:				
State sources	<u>\$ 246,970</u>	<u>\$ 249,440</u>	<u>\$ 249,442</u>	<u>\$ 2</u>
Total revenues	<u>246,970</u>	<u>249,440</u>	<u>249,442</u>	<u>2</u>
Expenditures:				
Salaries and benefits	228,665	230,832	231,088	(256)
Purchased services	17,015	15,251	14,839	412
Supplies and materials	<u>1,290</u>	<u>3,357</u>	<u>3,586</u>	<u>(229)</u>
Total expenditures	<u>246,970</u>	<u>249,440</u>	<u>249,513</u>	<u>(73)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	(71)	<u>\$ (71)</u>
Fund balance, beginning of year			<u>108</u>	
Fund balance, end of year			<u>\$ 37</u>	

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

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2008**

	General Education Development	Transportation	Supervisory	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash	<u>\$ 7,170</u>	<u>\$ 5,896</u>	<u>\$ 1,623</u>	<u>\$ 14,689</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES	\$ -	\$ -	\$ -	\$ -
FUND BALANCES				
Unreserved	<u>7,170</u>	<u>5,896</u>	<u>1,623</u>	<u>14,689</u>
Total liabilities and fund balance	<u>\$ 7,170</u>	<u>\$ 5,896</u>	<u>\$ 1,623</u>	<u>\$ 14,689</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, 2008**

	General Education Development	Transportation	Supervisory	Total
Revenues:				
Local sources	\$ 6,370	\$ 264	\$ -	\$ 6,634
State sources	-	480	2,000	2,480
Interest	85	61	31	177
Total revenues	6,455	805	2,031	9,291
Expenditures:				
Salaries and benefits	4,143	-	-	4,143
Purchased services	1,799	797	3,029	5,625
Supplies and materials	3,476	6	252	3,734
Total expenditures	9,418	803	3,281	13,502
Excess (deficiency) of revenues over (under) expenditures	(2,963)	2	(1,250)	(4,211)
Fund balance, beginning of year	10,133	5,894	2,873	18,900
Fund balance, end of year	<u>\$ 7,170</u>	<u>\$ 5,896</u>	<u>\$ 1,623</u>	<u>\$ 14,689</u>

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

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2008**

	Distributive	Regional Delivery System	Total
ASSETS			
Cash	\$ 122	\$ 33,336	\$ 33,458
Due from other governments	34	-	34
Total assets	\$ 156	\$ 33,336	\$ 33,492
LIABILITIES			
Due to other governments	\$ 156	\$ 33,336	\$ 33,492

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

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

For the year ended June 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
<u>DISTRIBUTIVE</u>				
ASSETS				
Cash	\$ 210	\$ 1,034,464	\$ 1,034,552	\$ 122
Due from other governments	-	1,034,586	1,034,552	34
	<u>\$ 210</u>	<u>\$ 2,069,050</u>	<u>\$ 2,069,104</u>	<u>\$ 156</u>
Total assets				
LIABILITIES				
Due to other governments	\$ 210	\$ 1,034,498	\$ 1,034,552	\$ 156
	<u>\$ 210</u>	<u>\$ 1,034,498</u>	<u>\$ 1,034,552</u>	<u>\$ 156</u>
Total liabilities				
<u>REGIONAL DELIVERY SYSTEM</u>				
ASSETS				
Cash	\$ 32,596	\$ 388,645	\$ 387,905	\$ 33,336
	<u>\$ 32,596</u>	<u>\$ 388,645</u>	<u>\$ 387,905</u>	<u>\$ 33,336</u>
Total assets				
LIABILITIES				
Due to other governments	\$ 32,596	\$ 388,645	\$ 387,905	\$ 33,336
	<u>\$ 32,596</u>	<u>\$ 388,645</u>	<u>\$ 387,905</u>	<u>\$ 33,336</u>
Total liabilities				

**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, 2008**

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 32,806	\$ 1,423,109	\$ 1,422,457	\$ 33,458
Due from other governments	<u> -</u>	<u>1,034,586</u>	<u>1,034,552</u>	<u> 34</u>
Total assets	<u>\$ 32,806</u>	<u>\$ 2,457,695</u>	<u>\$ 2,457,009</u>	<u>\$ 33,492</u>
LIABILITIES				
Due to other governments	<u>\$ 32,806</u>	<u>\$ 1,423,143</u>	<u>\$ 1,422,457</u>	<u>\$ 33,492</u>
Total liabilities	<u>\$ 32,806</u>	<u>\$ 1,423,143</u>	<u>\$ 1,422,457</u>	<u>\$ 33,492</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, 2008**

	Regional Vocational System	Christian- Montgomery ROE	Total
General State Aid	\$ -	\$ 104,990	\$ 104,990
Career and Technical Ed. Improvement	245,778	-	245,778
Agriculture Education	23,149	-	23,149
State Free Lunch and Breakfast	-	282	282
ROE School Bus Driver Training	-	480	480
Truants Alternative/Optional Ed.	-	108,728	108,728
Regional Safe Schools	-	113,365	113,365
Early Childhood Block Grant	-	249,440	249,440
ROE and ISC Operations	-	72,930	72,930
Supervisory Expense	-	2,000	2,000
National School Lunch Program	-	4,133	4,133
School Breakfast Program	-	2,424	2,424
V.E. - Perkins- Title IIC - Secondary	106,853	-	106,853
TOTAL	\$ 375,780	\$ 658,772	\$ 1,034,552