

State of Illinois  
CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
FINANCIAL AUDIT  
For the Year Ended June 30, 2010

Performed as Special Assistant Auditors  
for the Office of the Auditor General

CHRISTIAN/MONTGOMERY COUNTIES  
 REGIONAL OFFICE OF EDUCATION #10  
 JUNE 30, 2010

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CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
JUNE 30, 2010

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CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10

OFFICIALS

Regional Superintendent  
(Current as of July 1, 2011)

Mr. Thomas L. Campbell

Regional Superintendent  
(During the audit period and through July 1, 2011)

Dr. Greg Springer

Assistant Regional Superintendent  
(Current and during the audit period from June 1, 2010  
through June 30, 2010)

Ms. Marsha Blackman

Assistant Regional Superintendent  
(During the audit period from July 1, 2009  
through May 31, 2010)

Ms. Marie Joy

Offices are located at:

203 South Main Street  
Hillsboro, IL 62049

101 South Main Street  
Taylorville, IL 62568

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.

AUDITOR'S REPORTS

The auditor's reports on compliance and on internal controls do not contain scope limitations, disclaimers, or other significant nonstandard language.

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	2	0
Repeated audit findings	0	0
Prior recommendations implemented or not repeated	0	0

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

SUMMARY OF FINDINGS AND RESPONSES

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

10-01	10a	Internal Controls over Checks	Material Weakness
10-02	10b	Controls over Restricted Cash	Material Weakness

PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

There were no prior findings.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10

FINANCIAL REPORT SUMMARY (Concluded)

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on October 15, 2010. Attending were Dr. Greg Springer, Regional Superintendent, Dawn DeClerck, Controller of the Regional Office, and Tami Knight, Partner, Kemper CPA Group, LLP. Responses to the recommendations were provided by Dr. Greg Springer, Regional Superintendent.

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 Kemper CPA Group LLP, Certified Public Accountants and Consultants.

Based on their audit, the auditors expressed an unqualified opinion on the Regional Office of Education #10's basic financial statements.



## INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Christian/Montgomery Counties Regional Office of Education #10, as of and for the year ended June 30, 2010, which collectively comprise the Regional Office of Education #10's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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, 2010, 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 June 7, 2011 on our consideration of the 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 13a through 13i and page 48 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Office of Education #10's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules 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 and budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Kemper CPA Group LLP*

Certified Public Accountants and Consultants

Mattoon, Illinois  
June 7, 2011



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

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Christian/Montgomery Counties Regional Office of Education #10, as of and for the year ended June 30, 2010, which collectively comprise the Regional Office of Education #10's basic financial statements and have issued our report thereon dated June 7, 2011. 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 the 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 Regional Office of Education #10's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education #10's internal control over financial reporting.

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

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

corrected on a timely basis. We consider the deficiency described in finding 10-01 in the accompanying Schedule of Findings and Responses to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as finding 10-02.

The Regional Office of Education #10's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Regional Office of Education #10's responses, and accordingly, we express no opinion on them.

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

*Kemper CPA Group LLP*

Certified Public Accountants and Consultants

Mattoon, Illinois  
June 7, 2011

CHRISTIAN/MONTGOMERY COUNTIES  
 REGIONAL OFFICE OF EDUCATION #10  
 SCHEDULE OF FINDINGS AND RESPONSES  
 FOR THE YEAR ENDED JUNE 30, 2010

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes

Significant deficiency(ies) identified that are not considered to be material weakness(es)? No

Noncompliance material to financial statements noted? Yes

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified? N/A

Significant deficiency(ies) identified that are not considered to be material weakness(es)? N/A

Type of auditor’s report issued on compliance for major programs: N/A

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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N/A

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

Auditee qualified as a low-risk auditee? N/A

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2010

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding No. 10-01 – Internal Controls over Checks**

**Criteria/Specific Requirement:**

The Regional Office's current internal control procedures have established the Regional Superintendent as the authorized signature on the Regional Office's bank accounts and require that the Regional Superintendent sign every check prepared for a disbursement. In addition, banking practices require that checks be signed by authorized signatures prior to being processed by the financial institution.

**Condition:**

During our audit, we noted seven instances throughout the fiscal year where a check had been processed by the Regional Office's financial institution and the check was not signed by the Regional Superintendent. The signature line was blank.

**Effect:**

A material unauthorized check could have been processed by the Regional Office's financial institution and not detected by the Regional Office in a timely manner.

**Cause:**

The Regional Office was not following their established internal controls when processing checks prior to being mailed. In addition, the Regional Office was not properly reviewing the copies of canceled checks in each bank statement noting the omission of the Regional Superintendent's signature.

**Auditors' Recommendation:**

The Regional Office should ensure that all personnel are aware of and follow the Regional Office's established internal controls to ensure that all checks contain the Regional Superintendent's signature prior to mailing the disbursement to a vendor. In addition, the Regional Office should carefully review the canceled checks on each bank statement noting any unusual items.

**Management's Response:**

The Regional Superintendent assumes responsibility for this omission and will strive to ensure that the auditors' recommendations are implemented.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2010

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

**Finding No. 10-02 – Controls over Restricted Cash**

**Criteria/Specific Requirement:**

Illinois statute 105 ILCS 5/3-12 restricts the use of monies in the Institute Fund to specific purposes: to defray expenses associated with the work of the regional professional development review committees; to defray expenses connected with improving the technology necessary for the efficient processing of certificates; to defray expenses incidental to teachers' institutes, workshops, or professional meetings designed to promote the professional growth of teachers; or to defray the expense of any general or special meeting of teachers or school personnel of the region that has been approved by the Regional Superintendent. In addition, programs funded by State and federal grant contracts restrict the use of grant monies for the specific purposes of the grant and must be tracked and maintained separately.

**Condition:**

The Regional Office pools its cash for all programs in a single bank account. At June 30, 2010, cash in all State and federal grant funded programs, as well as a significant portion of the Institute Fund's cash was depleted in order to cover deficit cash balances in the various programs/funds of the Regional Office. Short term lending is an unauthorized use of designated and restricted cash funding.

**Effect:**

The Regional Office was not in compliance with Illinois statute 105 ILCS 5/3-12 or with State and federal grant agreements. Cash balances that were designated and/or restricted for specific purposes were used to fund expenditures other than those for which the revenue source was intended.

**Cause:**

Because the Regional Office is primarily funded on a reimbursement basis, the delay in funding receipt from the State of Illinois has caused programs which the Regional Office was already in the midst of operating to have severe cash deficits. To continue operating as the grant agreement stipulates, cash had to be used from other reserves in order to fund expenditures that were to be reimbursed by the State.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2010

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

**Finding No. 10-02 – Controls over Restricted Cash (Concluded)**

**Auditors' Recommendation:**

The Regional Office should not use cash that has been designated or restricted for a specific purpose to cover deficit cash balances in a program/fund other than those for which the cash is intended. Additionally, the Regional Office should develop procedures to ensure unauthorized borrowing from designated and restricted cash does not occur and to ensure cash in each fund is expended only for the purposes permitted by the applicable Illinois statute or grant contract.

**Management's Response:**

The Regional Superintendent will continue to operate under the premise that the State of Illinois will live up to contractual obligations and, if that is again not the case, will make every effort to fulfill his/her legal responsibilities as described in this finding.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2010

CORRECTIVE ACTION PLAN

**Finding No. 10-01 – Internal Controls over Checks**

**Condition:**

During our audit, we noted seven instances throughout the fiscal year where a check had been processed by the Regional Office's financial institution and the check was not signed by the Regional Superintendent. The signature line was blank.

**Plan:**

The Regional Office will ensure that all personnel are aware of and follow the Regional Office's established internal controls to ensure that all checks contain the Regional Superintendent's signature prior to mailing the disbursement to a vendor. In addition, the Regional Office will carefully review the canceled checks on each bank statement noting any unusual items.

**Anticipated Date of Completion:**

June 30, 2011

**Contact Person Responsible for Corrective Action:**

Honorable Greg Springer, Regional Superintendent of Schools

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2010

CORRECTIVE ACTION PLAN (Concluded)

**Finding No. 10-02 – Controls over Restricted Cash**

**Condition:**

The Regional Office pools its cash for all programs in a single bank account. At June 30, 2010, cash in all State and federal grant funded programs, as well as a significant portion of the Institute Fund's cash was depleted in order to cover deficit cash balances in the various programs/funds of the Regional Office. Short term lending is an unauthorized use of designated and restricted cash funding.

**Plan:**

The Regional Office will not use cash that has been designated or restricted for a specific purpose to cover deficit cash balances in a program/fund other than those for which the cash is intended. Additionally, the Regional Office will develop procedures to ensure unauthorized borrowing from designated and restricted cash does not occur and will ensure cash in each fund is expended only for the purposes permitted by the applicable Illinois statute or grant contract.

**Anticipated Date of Completion:**

June 30, 2011

**Contact Person Responsible for Corrective Action:**

Honorable Greg Springer, Regional Superintendent of Schools

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2010

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
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No findings were noted in 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, 2010

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, 2010. Readers are encouraged to consider the discussion information in conjunction with the financial statements.

**2009-2010 (FY: 10) Financial Highlights:**

- Total liabilities and fund balances were as follows: General Fund - \$38,808, Education Fund - \$279,079, Institute Fund - \$66,794, Nonmajor Special Revenue Funds - \$14,296.
- Total liabilities were: General Fund - \$53,266, Education Fund - \$418,475.
- Fund balance deficits were \$14,458 in the General Fund and \$139,396 in the Education Fund. The explanation for these deficits follows later in this report.
- Net assets included \$116,117 in Governmental Activities and \$31,529 in Business-Type Activities, totaling \$147,646.
- The \$116,117 total in Governmental Activities represents a decrease of \$150 from the previous year.
- Business-Type Activities saw an increase in net assets from \$27,530 to \$31,529, up \$3,999.
- Within the Governmental Funds, total assets were \$291,267 and liabilities were \$364,031, leaving a negative fund balance of \$72,764.
- Net assets of Governmental Activities (total of \$116,117) included \$14,768 investment in capital assets plus \$34,555 in unrestricted net assets and \$66,794 in restricted net assets.

**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 Regional Office #10's financial activities.
- The Basic Financial Statements include the Statement of Net Assets, Statement of Activities, Balance Sheets, and Reconciliations. 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, 2010

**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.

CHRISTIAN-MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2010

**Reporting the Office as a Whole (Concluded)**

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 liabilities in amounts due to other governmental units, accounts payable, and accrued salaries and benefits.

**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.

**CONDENSED STATEMENT OF NET ASSETS**  
**June 30, 2010 and 2009**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current Assets	\$ 262,618	\$ 235,235	\$31,246	\$27,181	\$ 293,864	\$ 262,416
Capital Assets, net	14,768	18,430	283	349	15,051	18,779
Total Assets	<u>277,386</u>	<u>253,665</u>	<u>31,529</u>	<u>27,530</u>	<u>308,915</u>	<u>281,195</u>
Current Liabilities	161,269	137,398	-	-	161,269	137,398
Total Liabilities	<u>161,269</u>	<u>137,398</u>	<u>-</u>	<u>-</u>	<u>161,269</u>	<u>137,398</u>
Net Assets:						
Invested in Capital Assets	14,768	18,430	283	349	15,051	18,779
Restricted for Teacher Professional Development	66,794	73,467	-	-	66,794	73,467
Unrestricted	34,555	24,370	31,246	27,181	65,801	51,551
Total Net Assets	<u>\$ 116,117</u>	<u>\$ 116,267</u>	<u>\$31,529</u>	<u>\$27,530</u>	<u>\$ 147,646</u>	<u>\$ 143,797</u>

CHRISTIAN-MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2010

**ROE #10 Financial Analysis (Concluded)**

**CHANGES IN NET ASSETS  
For the Years Ended June 30, 2010 and 2009**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 26,074	\$ 28,875	\$ 26,074	\$ 28,875
Operating grants & contributions	640,625	719,486	-	-	640,625	719,486
General revenues:						
Local sources	93,679	66,147	-	-	93,679	66,147
State sources	53,229	-	-	-	53,229	-
Federal sources	19,403	-	-	-	19,403	-
On-behalf payments	361,160	340,941	-	-	361,160	340,941
Interest	721	896	111	157	832	1,053
Total revenues	<u>1,168,817</u>	<u>1,127,470</u>	<u>26,185</u>	<u>29,032</u>	<u>1,195,002</u>	<u>1,156,502</u>
Expenses:						
Program expenses:						
Instructional services:						
Salaries & benefits	664,163	657,591	-	-	664,163	657,591
Purchased services	104,103	83,767	-	-	104,103	83,767
Supplies & materials	23,316	26,080	-	-	23,316	26,080
Other objects	7,701	8,457	-	-	7,701	8,457
Depreciation	7,257	6,301	-	-	7,257	6,301
Administrative expenses:						
Debt service - interest	1,267	-	-	-	1,267	-
On-behalf payments	361,160	340,941	-	-	361,160	340,941
Business-type expenses	-	-	22,186	22,405	22,186	22,405
Total expenses	<u>1,168,967</u>	<u>1,123,137</u>	<u>22,186</u>	<u>22,405</u>	<u>1,191,153</u>	<u>1,145,542</u>
Change in net assets	(150)	4,333	3,999	6,627	3,849	10,960
Net assets, beginning of year	<u>116,267</u>	<u>111,934</u>	<u>27,530</u>	<u>20,903</u>	<u>143,797</u>	<u>132,837</u>
Net assets, end of year	<u>\$ 116,117</u>	<u>\$ 116,267</u>	<u>\$ 31,529</u>	<u>\$ 27,530</u>	<u>\$ 147,646</u>	<u>\$ 143,797</u>

CHRISTIAN-MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2010

**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.

Management and financial staff members review on a continuing basis all parts of the ROE's financial statements, including the format, accounting and reporting of fixed assets, and internal service funds. 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. Meetings include analysis of the financial status of the ROE, looking at current and expected future funding. Analysis and balancing of funds are accomplished monthly. A former ROE #10 head bookkeeper, now retired, and a retired assistant bookkeeper help to oversee the office's financial status. The former assistant bookkeeper works part-time. The former head bookkeeper consults with the office head bookkeeper on request. Both also make recommendations, and the former assistant bookkeeper reviews the financial statements on an as-needed basis.

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.

During meetings with Program Directors and the Bookkeeper, the Superintendent always discusses plans for addressing current financial issues. Late payments from the State of Illinois, always a problem, became a more serious than ever problem in FY: 10. Short-term borrowing was again utilized as a means of addressing this situation; but for the first time, employee layoffs were required. Layoffs commenced July 1, 2010. Full payment for promised funding was not received by the end of the fiscal year, and the Illinois General Assembly as of June 30 had no plan for addressing the state's financial shortfall. The law required payment of all state bills by August 31 (after the end of the fiscal year), but the talk in Springfield was that the deadline would be extended. Thus, FY: 10 funds might not be sent till the end of the calendar year or later, and FY: 11 funds, although promised, might not flow until after that, long after the start of the fiscal year July 1, 2010. A local lending institution provided funds through much of FY: 10, enabling the ROE to meet payroll and other obligations. The lender charged a reasonable lending rate.

CHRISTIAN-MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2010

**Monitoring and Analysis (Continued)**

The depressed state of the national economy throughout FY: 10 and the corresponding economic difficulties experienced by the State of Illinois did not allow for much optimism as FY: 10 ended. Legislators in Illinois were preparing for an election and did not address the state's financial woes through tax increase, borrowing, or spending cuts. The ROE was operating using \$115,000 in borrowed funds at the end of FY: 10. These funds were borrowed beginning early in the fiscal year (December, 2009) – earlier than ever - in order that payroll might be met during FY: 10. The FY: 10 borrowing not only came earlier but also as a whole exceeded the money that needed to be borrowed to keep the office solvent in previous years.

In addition to holding meetings and other informal conversations with the head Bookkeeper and consultants, 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 and to allow for changes if such changes are deemed necessary.

In recent years - until FY: 09 - funding has generally been sufficient to assure a basic level of office operation. However, in general, reduced funding over the past decade and late payments from the State of Illinois have had an impact on office operations and the ability to carry out mandated responsibilities. This has been especially true the last two fiscal years.

Reduced state funding has brought about curtailed services. This reduction in service capability continued through FY: 09 and into FY: 10. Budgets for FY: 11 could very possibly be reduced further, only making matters worse. The FY: 11 Operations budget does not allow payment for full-time bookkeeping services, nor did the FY: 10 budgets. In some instances, largely because of staff reductions, services have been eliminated altogether. Necessary cost increases (utility costs, rent, and to a lesser extent - payroll) will make it more difficult to continue service at the present level as the ROE moves into the future. The threat of mid-year reductions in State funding, always possible, makes it difficult to project plans for programming too far into the future. Such unplanned cuts have been rare, but the impact in the long term has been great, on attitude as much as on anything else. It is difficult to plan for a future program when it is possible that the notice will come reducing or eliminating funding for that program at some time prior to the implementation date. Contracts must always contain an escape clause, and these are not always enforceable. Providers sometimes are reluctant to sign agreements they suspect may be terminated before they can be carried out. Constant concern over whether or not a program will be fully-funded or even funded at all also is not conducive to encouraging experienced staff members to stay or to attracting qualified new staff members. Borrowing, even for a short time, results in the payment of interest to the lender, and this deprives ROE programs of funding that could better 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, 2010

**Monitoring and Analysis (Continued)**

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 is sometimes problematic. Several 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. That funding 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 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 three budgets following; it appears presently that the FY: 10 joint county budget to fund ROE #10 will be approved also. The FY: 07 budget restored the office at the one site to four days per week operation. The office remains open to the public four days per week at the satellite site and five days per week at the main office site. However, it should be noted that while one of the Region's two counties is fairly well off financially, the other county is experiencing serious funding issues and has authorized cutbacks. Thus, even though it is outside the Regional Superintendent's control, the adoption of a joint budget is generally a serious problem for the counties' leaders.

Staff numbers remain lower than they were a few years ago. Some full-time staff members have been replaced by retirees who work on a part-time basis. It is difficult to find individuals willing to work in such uncertain conditions such as the office currently offers. Unemployment insurance costs will rise as a result of the end-of-the-fiscal-year layoffs. A 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 beginning speaker, breakout sessions, and an educational exhibit hall to a program that includes only large-group presenters. Institutes are now held once every two years rather than annually. This change has met with objections from teaching staff, although the programs offered still are 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. A positive aspect has been the ability to concentrate in each institute on one major topic of significance. Yet most professionals would agree that the previous practice is better suited to developing professional performance.

CHRISTIAN-MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2010

**Monitoring and Analysis (Continued)**

It is management's opinion that the staff reductions brought about by financial strain weakened the ROE's capacity to offer the "high quality professional development programming close to home" that constitutes a potential strength of this kind of agency. Cuts in funding at the state level have not brought about actual cost reductions. Costs for carrying out programming have just been shifted to the local level – to ROEs and local districts. The shortage of ROE 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, hence the move to the an institute that is not annual.

Reduction in funding also brings about reduction in services in other areas as well. The number of clients served in programs such as the Truants' Alternative Program, the Early Childhood Block Grant, and the Regional Safe Schools Program, among others, is necessarily impacted by the funding stream. Numbers declined in FY: 10, partly because of the late start resulting from layoffs and the failure of the state to approve funding letters till later than usual in the fiscal year. The number of clients served could erode further in FY: 11 without a major improvement in the state's revenue.

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. It would also be helpful if legislators and the executive branch would conclude their budget negotiations in a timely fashion, by May 31. Stronger support from the Illinois State Board of Education (ISBE) for ROE budget lines would be desirable as well; too often, it appears that the ISBE gives only lip service to an entity on whom the state agency relies quite heavily. Both ISBE and the ROEs need really to work harder on maintaining the partnership they so often claim they have with one another.

Though the once prominent statewide ROE restructuring issue seems to have been resolved for now (again), 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. An issue with an ROE in another county, far to the north, briefly caused a "ripple" in the Illinois General Assembly, the thought being that all ROEs might be affected by whatever action was or is taken.

CHRISTIAN-MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2010

**Monitoring and Analysis (Concluded)**

Management finds it interesting that other county and regional offices do not seem to be held to the same standard as ROEs – which the problems of one office seem to affect the attitude toward all others. Because of this, 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, including 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 favored position, especially if the offices can do the work for less money or none extra at all, something ROEs must fight if they are to continue to survive and thrive. 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 and whether or not our policy-makers consider it important to keep Illinois as a national education leader. It is still not clear how state leaders will answer that question.

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

This financial report is designed to provide the Regional Office's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education #10 at 203 South Main Street, Hillsboro, IL 62049.

## BASIC FINANCIAL STATEMENTS

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 25,850	\$ -	\$ 25,850
Prepaid interest	2,597	-	2,597
Due (to) from other funds	(31,246)	31,246	-
Due from other governments			
State	265,417	-	265,417
Total current assets	<u>262,618</u>	<u>31,246</u>	<u>293,864</u>
<b>NONCURRENT ASSETS</b>			
Capital assets, being depreciated, net	<u>14,768</u>	<u>283</u>	<u>15,051</u>
<b>TOTAL ASSETS</b>	<u>277,386</u>	<u>31,529</u>	<u>308,915</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Note payable	115,000	-	115,000
Due to other governments			
State	1,288	-	1,288
Deferred revenue	44,981	-	44,981
Total current liabilities	<u>161,269</u>	<u>-</u>	<u>161,269</u>
<b>TOTAL LIABILITIES</b>	<u>161,269</u>	<u>-</u>	<u>161,269</u>
<b>NET ASSETS</b>			
Invested in capital assets	14,768	283	15,051
Restricted for teacher professional development	66,794	-	66,794
Unrestricted	34,555	31,246	65,801
<b>TOTAL NET ASSETS</b>	<u>\$ 116,117</u>	<u>\$ 31,529</u>	<u>\$ 147,646</u>

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, 2010

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
<b>PRIMARY GOVERNMENT</b>						
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 664,163	\$ -	\$ 525,893	\$ (138,270)	\$ -	\$ (138,270)
Purchased services	104,103	-	66,459	(37,644)	-	(37,644)
Supplies and materials	23,316	-	32,140	8,824	-	8,824
Other objects	7,701	-	12,538	4,837	-	4,837
Depreciation	7,257	-	-	(7,257)	-	(7,257)
Capital outlay	-	-	3,595	3,595	-	3,595
Administrative:						
Debt service - interest expense	1,267	-	-	(1,267)	-	(1,267)
On-behalf payments - State	299,291	-	-	(299,291)	-	(299,291)
On-behalf payments - County	61,869	-	-	(61,869)	-	(61,869)
<b>Total governmental activities</b>	<b>1,168,967</b>	<b>-</b>	<b>640,625</b>	<b>(528,342)</b>	<b>-</b>	<b>(528,342)</b>
Business-type activities:						
Registration fees	22,186	26,074	-	-	3,888	3,888
<b>Total business-type activities</b>	<b>22,186</b>	<b>26,074</b>	<b>-</b>	<b>-</b>	<b>3,888</b>	<b>3,888</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 1,191,153</b>	<b>\$ 26,074</b>	<b>\$ 640,625</b>	<b>(528,342)</b>	<b>3,888</b>	<b>(524,454)</b>
<b>GENERAL REVENUES:</b>						
Local sources				93,679	-	93,679
State sources				53,229	-	53,229
Federal sources				19,403	-	19,403
On-behalf payments - State				299,291	-	299,291
On-behalf payments - County				61,869	-	61,869
Interest income				721	111	832
<b>Total general revenues</b>				<b>528,192</b>	<b>111</b>	<b>528,303</b>
<b>CHANGE IN NET ASSETS</b>				<b>(150)</b>	<b>3,999</b>	<b>3,849</b>
<b>NET ASSETS - BEGINNING</b>				<b>116,267</b>	<b>27,530</b>	<b>143,797</b>
<b>NET ASSETS - ENDING</b>				<b>\$ 116,117</b>	<b>\$ 31,529</b>	<b>\$ 147,646</b>

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, 2010

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 3	\$ 25,847	\$ -	\$ -	\$ 25,850
Due from other funds	7,553	44,914	40,947	14,296	(107,710)	-
Due from other governments:						
Local	-	-	-	-	-	-
State	31,255	234,162	-	-	-	265,417
Federal	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 38,808</u>	<u>\$ 279,079</u>	<u>\$ 66,794</u>	<u>\$ 14,296</u>	<u>\$ (107,710)</u>	<u>\$ 291,267</u>
<b>LIABILITIES</b>						
Accounts payable	-	-	-	-	-	-
Note payable	\$ -	\$ 115,000	\$ -	\$ -	\$ -	\$ 115,000
Due to other funds	30,934	108,022	-	-	(107,710)	31,246
Due to other governments:						
State	7	1,281	-	-	-	1,288
Deferred revenue	22,325	194,172	-	-	-	216,497
<b>Total Liabilities</b>	<u>53,266</u>	<u>418,475</u>	<u>-</u>	<u>-</u>	<u>(107,710)</u>	<u>364,031</u>
<b>FUND BALANCE (DEFICIT)</b>						
Unreserved, reported in:						
General fund	(14,458)	-	-	-	-	(14,458)
Special revenue fund	-	(139,396)	66,794	14,296	-	(58,306)
<b>Total Fund Balance (Deficit)</b>	<u>(14,458)</u>	<u>(139,396)</u>	<u>66,794</u>	<u>14,296</u>	<u>-</u>	<u>(72,764)</u>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<u>\$ 38,808</u>	<u>\$ 279,079</u>	<u>\$ 66,794</u>	<u>\$ 14,296</u>	<u>\$ (107,710)</u>	<u>\$ 291,267</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  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

TOTAL FUND BALANCES—GOVERNMENTAL FUNDS	\$ (72,764)
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Prepaid interest expense is recognized as an expenditure in the governmental funds; however, it is recognized as a current asset in the government-wide financial statements.	2,597
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	14,768
Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are therefore not considered "available" revenues and are deferred in the governmental funds.	<u>171,516</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 116,117</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, 2010

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>REVENUES</b>						
Local sources	\$ 18,205	\$ 42,891	\$ 23,521	\$ 9,062	\$ -	\$ 93,679
On-behalf payments - County	61,869	-	-	-	-	61,869
State sources	34,444	394,461	-	2,680	-	431,585
On-behalf payments - State	299,291	-	-	-	-	299,291
Federal sources	-	110,156	-	-	-	110,156
Total Revenues	<u>413,809</u>	<u>547,508</u>	<u>23,521</u>	<u>11,742</u>	<u>-</u>	<u>996,580</u>
<b>EXPENDITURES</b>						
Instructional Services						
Salaries and benefits	50,936	597,939	13,214	2,074	-	664,163
Purchased services	11,929	71,755	16,643	3,776	-	104,103
Supplies and materials	3,589	16,502	387	2,838	-	23,316
Other objects	126	7,375	200	-	-	7,701
On-behalf payments	361,160	-	-	-	-	361,160
Capital outlay	2,100	1,495	-	-	-	3,595
Debt service						
Interest expense	3,864	-	-	-	-	3,864
Total Expenditures	<u>433,704</u>	<u>695,066</u>	<u>30,444</u>	<u>8,688</u>	<u>-</u>	<u>1,167,902</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(19,895)</u>	<u>(147,558)</u>	<u>(6,923)</u>	<u>3,054</u>	<u>-</u>	<u>(171,322)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	12	-	-	-	(12)	-
Transfers out	-	(12)	-	-	12	-
Interest income	31	395	250	45	-	721
Total Other Financing Sources (Uses)	<u>43</u>	<u>383</u>	<u>250</u>	<u>45</u>	<u>-</u>	<u>721</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(19,852)</u>	<u>(147,175)</u>	<u>(6,673)</u>	<u>3,099</u>	<u>-</u>	<u>(170,601)</u>
<b>FUND BALANCE - BEGINNING</b>	<u>5,394</u>	<u>7,779</u>	<u>73,467</u>	<u>11,197</u>	<u>-</u>	<u>97,837</u>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<u>\$ (14,458)</u>	<u>\$ (139,396)</u>	<u>\$ 66,794</u>	<u>\$ 14,296</u>	<u>\$ -</u>	<u>\$ (72,764)</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, 2010

NET CHANGE IN FUND BALANCES — GOVERNMENTAL FUNDS \$ (170,601)

Amounts reported for governmental activities in the Statement of Activities are different because:

Prepaid interest expense is recognized as an expenditure in the governmental funds; however, it is recognized as a current asset in the government-wide financial statements. 2,597

Some revenues will not be collected for several months after the Regional Office fiscal year ends; they are therefore not considered "available" revenues and are deferred in the governmental funds. 171,516

Governmental funds report capital outlays as expenditures. However, in the government-wide financial statements, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 3,595	
Depreciation expense	<u>(7,257)</u>	<u>(3,662)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (150)

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, 2010

	Business-Type Activities -- Enterprise Funds		Total
	Co-op	Workshop	
<b>ASSETS</b>			
Current assets:			
Due from other funds	\$ 25,435	\$ 5,811	\$ 31,246
Total current assets	<u>25,435</u>	<u>5,811</u>	<u>31,246</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation:	283	-	283
Total noncurrent assets	<u>283</u>	<u>-</u>	<u>283</u>
<b>TOTAL ASSETS</b>	<u>25,718</u>	<u>5,811</u>	<u>31,529</u>
<b>NET ASSETS</b>			
Invested in capital assets	283	-	283
Unrestricted	25,435	5,811	31,246
<b>TOTAL NET ASSETS</b>	<u>\$ 25,718</u>	<u>\$ 5,811</u>	<u>\$ 31,529</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, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	Business-Type Activities – Enterprise Funds		
	Co-op	Workshops	Total
<b>OPERATING REVENUES</b>			
Local sources	\$ 25,774	\$ 300	\$ 26,074
Total operating revenues	<u>25,774</u>	<u>300</u>	<u>26,074</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	2,419	-	2,419
Purchased services	17,125	2,020	19,145
Supplies and materials	372	184	556
Depreciation	66	-	66
Total operating expenses	<u>19,982</u>	<u>2,204</u>	<u>22,186</u>
Operating income (loss)	5,792	(1,904)	3,888
<b>NONOPERATING REVENUES</b>			
Interest income	<u>88</u>	<u>23</u>	<u>111</u>
CHANGE IN NET ASSETS	5,880	(1,881)	3,999
TOTAL NET ASSETS - BEGINNING	<u>19,838</u>	<u>7,692</u>	<u>27,530</u>
TOTAL NET ASSETS - ENDING	<u>\$ 25,718</u>	<u>\$ 5,811</u>	<u>\$ 31,529</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, 2010

	Business-Type Activities – Enterprise Funds		Total
	Co-op	Workshops	
Cash flows from operating activities:			
Receipts from customers	\$ 25,774	\$ 300	\$ 26,074
Payments to suppliers and providers of goods and services	(17,497)	(2,204)	(19,701)
Payments to employees	(2,419)	-	(2,419)
Net cash provided by (used for) operating activities	<u>5,858</u>	<u>(1,904)</u>	<u>3,954</u>
Cash flows from investing activities:			
Interest income	88	23	111
Net cash provided by investing activities	<u>88</u>	<u>23</u>	<u>111</u>
Cash flows from noncapital financing activities:			
Receipts (payments) for interfund borrowing, net	(5,946)	1,881	(4,065)
Net cash provided by (used for) noncapital financing activities	<u>(5,946)</u>	<u>1,881</u>	<u>(4,065)</u>
Net increase (decrease) in cash and cash equivalents	-	-	-
Cash and cash equivalents - Beginning	-	-	-
Cash and cash equivalents - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 5,792	\$ (1,904)	\$ 3,888
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	66	-	66
Net cash provided by (used for) operating activities	<u>\$ 5,858</u>	<u>\$ (1,904)</u>	<u>\$ 3,954</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, 2010

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>154</u>
Total Assets	\$ <u><u>154</u></u>
<b>LIABILITIES</b>	
Due to other governments	\$ <u>154</u>
Total Liabilities	\$ <u><u>154</u></u>

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

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Christian/Montgomery Counties Regional Office of Education #10 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2010, the Regional Office of Education #10 implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*; GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*; GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*; and GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. GASB Statement No. 45 is implemented prospectively. The Regional Office of Education #10 implemented these standards during the current year; however, GASB Statements Nos. 51, 53, and 58 had no impact on the financial statements, and GASB Statement No. 45 had no significant impact on the financial statements.

A. FINANCIAL REPORTING ENTITY

The Regional Office of Education #10 was created by Illinois Public Act 75-735, as amended, effective August 8, 1995. The region encompasses Christian and Montgomery Counties.

The Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to State-controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; serving as the official advisor and assistant of school officers and teachers; conducting teachers' institutes as well as aiding and encouraging the formation of other teachers' meetings and assisting in their management; evaluating the schools in the region; examining evidence of indebtedness; filing and keeping the returns of elections required to be returned to the Regional Superintendent's office; and filing and keeping the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #10's districts; providing township treasurers with a list of district treasurers; inspecting and approving building plans which comply with State law; performing and reporting on annual building inspections; investigating bus drivers for valid bus driver permits and taking related action as may be required; maintaining a list of unfilled teaching positions and carrying out other related duties required or permitted by law.

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

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. FINANCIAL REPORTING ENTITY (Concluded)

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

For the period ended June 30, 2010, the Regional Office of Education #10 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Region #10. Such activities are reported as a single special revenue fund (Education Fund).

B. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #10's reporting entity includes all related organizations for which it exercises oversight responsibility.

The Regional Office of Education #10 has developed criteria to determine whether outside agencies with activities that benefit the citizens of the region, including districts or joint agreements which serve pupils from numerous regions, should be included in its financial reporting entity. The criteria include, but are not limited to, whether the Regional Office of Education #10 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the criteria of exercising oversight, scope of public service, and special financing relationships, and they are therefore excluded from the accompanying financial statements because the Regional Office of Education #10 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #10 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #10 being considered a component unit of the entity.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #10's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by State and federal grants and other intergovernmental revenues. The Regional Office of Education #10 has two business-type activities that rely on fees and charges for support.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Concluded)**

The Regional Office of Education #10's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present a summary of governmental and business-type activities for the Regional Office of Education #10 accompanied by a total column. These statements are presented using an economic resources measurement focus as prescribed by GASB Statement No. 34. All of the Regional Office of Education #10's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges for services and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as payables, receivables, and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from other funds on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Assets and as other financing sources/uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Assets. All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/due from on the government-wide financial statements. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, transactions between governmental and business-type activities have not been eliminated.

The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent shortfalls in cash flow within grant programs and funds or to move unrestricted funding.

**D. PROPRIETARY FUND FINANCIAL STATEMENTS**

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and nonmajor funds aggregated.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**D. PROPRIETARY FUND FINANCIAL STATEMENTS (Concluded)**

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Fund Net Assets present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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

**E. GOVERNMENTAL FUND FINANCIAL STATEMENTS**

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

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

**F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

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

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #10; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually recoverable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict the guidance of the Governmental Accounting Standards Board.

Under the provision of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Regional Office of Education applies all GASB pronouncements and has elected to apply only the pronouncements issued on or before November 30, 1989, for the following: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedures.

Under the terms of grant agreements, Christian/Montgomery Counties Regional Office of Education #10 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is Christian/Montgomery Counties Regional Office of Education #10's policy is to first apply restricted resources to such programs, and then unrestricted resources.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND ACCOUNTING

The Regional Office of Education #10 uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Regional Office of Education #10 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are reported. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: (1) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #10 has presented all major funds that met the above qualifications.

The Regional Office of Education #10 reports the following major governmental funds:

**General Fund** – The General Fund is the operating fund of the Regional Office of Education #10. It is used to account for all financial resources that are not restricted for specified purposes. This fund is available to pay the general and administrative expenditures of the Regional Office of Education #10. General Fund accounts include the following:

**ROE/ISC Operations** – This fund accounts for monies for general and administrative expenditures.

**Fingerprinting** – This fund accounts for local monies received from school districts to share the cost of criminal background checks for substitute teachers.

**Conferences** – This fund accounts for miscellaneous revenues and expenditures not related to any other programs.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**GOVERNMENTAL FUNDS (Continued)**

Major Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are legally restricted to expenditures for specified purposes. Major special revenue funds include the following:

Institute Fund – The Institute Fund accounts for teacher registration fees. These funds are to be used to defray expenses connected with improving the technology necessary for the efficient processing of certificates as well as any expenses incidental to teacher institutes, workshops, or meetings of a professional nature that are designed to promote the professional growth of teachers. All funds generated remain restricted until expended only on the aforementioned activities.

Education Fund – This fund is used to account for various grants supporting education enhancement programs as follows:

Truants Alternative and Optional Education (TAOEP) – This program provides truancy prevention programs and services for monitoring truants.

Leaders in Technology Enhanced Schools (LITES) – This program is funded by federal grants 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.

Standards Aligned Classroom (SAC) – This program accounts for expenditures to create and support ongoing learning teams focused on alignment of classroom-level assessment and instruction.

National School Lunch – This program is funded by federal grants to provide reimbursement of meals through the school lunch program and free or reduced-price meals for students enrolled in the Regional Safe Schools Program.

State Free Lunch and Breakfast – This program is funded by State monies to provide free breakfast and lunch to eligible needy students enrolled in the Regional Safe Schools Program.

National School Breakfast – This program provides breakfasts that meet federal requirements to all children in attendance at the Regional Safe Schools Program.

School Breakfast Incentive – This program is designed to provide breakfast and lunch free or at reduced prices to eligible students as a healthy start to the school day to enhance the students' learning abilities.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Regional Safe Schools – This program provides activities for disruptive students who are eligible for suspension or expulsion.

Early Childhood Block Grant – This program is intended 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 under the age of three and their families.

Rural School Achievement Program – This program is intended to enhance education through technology and to improve the academic achievement of disadvantaged children.

No Child Left Behind – This program provides activities to increase student achievement through the implementation of inquiry-based learning and technology enhancement.

Substance Abuse Prevention Program – This program provides community substance abuse prevention services and substance abuse prevention education services to students in Christian County.

ARRA General State Aid (Education) – This program accounts for federal monies for salaries to address the educational needs of children at risk of academic failure.

ARRA General State Aid (Government) – This program accounts for federal monies for general and administrative salaries.

English Language Learning – This program provides training, resources, and support to increase the knowledge of educators regarding English language learners.

Gifted Education – This program is intended to enhance gifted education.

Title I – Reading First Part B SEA – This program supports reading initiatives for students in kindergarten through third grade.

Town Hall Meeting – This program is part of a national effort to raise awareness about the dangers of alcohol abuse and underage drinking, its consequences, and its impact on our community. The Town Hall Meeting format includes speakers, panelists, exhibitors, and questions and answers from the audience.

Nonmajor Special Revenue Funds – The Regional Office of Education #10 reports the following nonmajor special revenue funds:

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Concluded)

General Education Development (GED) – Illinois law requires the Regional Superintendent of Schools to administer the GED test. Testing fees provide testing materials and staff salaries.

Bus Driver Training – Experienced bus drivers must take a two-hour refresher course annually, while all new drivers must take an eight-hour course in bus driver safety and first aid prescribed by the Illinois State Board of Education and administered by the Regional Office.

Supervisory – This fund was developed by the General Assembly to help support the day-to-day activities of the Regional Superintendent.

PROPRIETARY FUNDS

Proprietary funds account for revenues and expenses related to services provided to organizations within the region on a cost-reimbursement basis. Enterprise funds are proprietary funds that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to external entities or the general public on a continuing basis should be financed or recovered primarily through user charges. The Regional Office of Education #10 reports the following enterprise funds:

Co-op – This fund tracks revenues received and expenses incurred in offering professional development workshops for teachers and administrators in Christian and Montgomery Counties who are members of the regional cooperative.

Workshops – This fund tracks revenues received and expenses incurred in offering workshops for nonmembers of the regional cooperative.

FIDUCIARY FUNDS

Agency Fund – 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 individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Regional Office of Education #10 reports the following agency fund:

Regional Delivery System – This fund accounts for the assets the Regional Office of Education #10 holds as an agent for the benefit of the Regional Vocational System.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. NET ASSETS

Net assets present the difference between assets and liabilities in the Statement of Net Assets. Net assets are 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 their 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.”

I. CASH AND CASH EQUIVALENTS

The Regional Office of Education #10 considers cash on hand, checking accounts, savings accounts, and investments with an original maturity date of less than three months to be cash and cash equivalents. As of June 30, 2010, cash and cash equivalents consisted of cash on deposit.

J. INVENTORY

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

K. 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.

L. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 or more and estimated useful lives of greater than one year are reported at historical cost or estimated historical cost in the government-wide financial statements. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

L. CAPITAL ASSETS (Concluded)

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

Office equipment and furniture	5-10 years
Computer equipment	3 years
Software and licenses	2 years

In the governmental fund financial statements, capital assets are reported as capital outlay expenditures when acquired.

M. COMPENSATED ABSENCES

Full-time employees can earn from 10 to 20 vacation days for a full year of service. Part-time employees earn vacation time on a prorated basis. Vacation days may accumulate to a maximum of 20 days per year. Teaching and administrative staff at the Regional Safe School Program are entitled to personal and professional days as stipulated in their contracts but no vacation days. Accumulated vacation days are not paid upon termination, and therefore no liability has been accrued.

Employees receive up to 12 sick days annually. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay, and therefore no liability is accrued.

N. BUDGET INFORMATION

The Regional Office of Education #10 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted, nor are they required to be. Certain programs within the General Fund and Special Revenue Funds do not have separate budgets. Comparisons of budgeted and actual results are presented as supplementary information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: ROE/ISC Operations, Truants Alternative and Optional Education, Regional Safe Schools, Early Childhood Block Grant, English Language Learning, Gifted Education, Title I – Reading First Part B SEA, and Substance Abuse Prevention Program.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 2 – DEPOSITS AND INVESTMENTS

The Regional Office of Education #10 is permitted to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7. It is the policy of the Regional Office to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Regional Office and conforming to all State statutes governing the investment of public funds. This policy includes all funds under the care and control of the Regional Superintendent of Schools.

**A. DEPOSITS**

At June 30, 2010, the carrying amount of the Regional Office of Education #10's government-wide and Agency Fund deposits were \$25,850 and \$154, respectively, and the bank balances were \$147,036 and \$154, respectively. Of the total bank balances as of June 30, 2010, \$146,156 was secured by federal depository insurance, and \$1,034 was fully collateralized and backed by the full faith and credit of the U.S. Treasury.

**CUSTODIAL CREDIT RISK**

Custodial credit risk for deposits with financial institutions is the risk that, in the event of bank failure, the Regional Office's deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, the Regional Office of Education #10's investment policy requires that deposits with financial institutions in excess of FDIC limits be secured by some form of collateral, by a written agreement, and held at an independent, third-party institution in the name of the Regional Office.

**B. INVESTMENTS**

The Regional Office of Education #10 has a formal investment policy that permits it to invest only in certain instruments, including, among others, securities guaranteed by the full faith and credit of the United States of America as to principal and interest; bonds, notes, and similar obligations of the United States of America; interest-bearing deposits or other direct obligations of any bank as defined by the Illinois Banking Act, 205 ILCS 5/1 et seq.; short-term obligations of U.S. corporations with assets exceeding \$500,000,000 if they are rated at the time of purchase at of the three highest classifications by at least two standard rating services, if they do not exceed 10% of the corporation's outstanding obligations, and if no more than one-third of the Regional Office's funds are invested in commercial paper; and certain money market mutual funds registered under the Federal Investment Company Act of 1940, 14 U.S.C. ¶ 80a-1 et seq. As of June 30, 2010, the Regional Office of Education #10 had deposits totaling \$1,034 in the Illinois Funds Money Market Fund, which is reported as cash and cash equivalents in the financial statements.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

B. INVESTMENTS (Concluded)

CREDIT RISK

At June 30, 2010, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor, and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

CONCENTRATION OF CREDIT RISK

Unless specifically authorized by the Treasurer, the Illinois Funds Money Market Fund's investment policy limits investment categories to not exceed 25% of the portfolio with the exception of cash equivalents and U.S. Treasury securities. Further certificates of deposit cannot exceed 10% of any single financial institution's total deposits.

INTEREST RATE RISK

The Illinois Funds Money Market Fund, created by the Illinois General Assembly, enables custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. The investment policy of the Illinois Funds Money Market Funds states that, unless authorized specifically by the Treasurer, a minimum of 75% of its investments shall have less than one-year maturity and no investment shall exceed two years maturity.

NOTE 3 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #10 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2010:

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 3 – CAPITAL ASSETS (Concluded)

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Governmental Activities				
Capital assets being depreciated:				
Furniture and fixtures	\$ 3,143	\$ -	\$ -	\$ 3,143
Equipment	87,330	3,595	7,211	83,714
Total capital assets being depreciated	<u>90,473</u>	<u>3,595</u>	<u>7,211</u>	<u>86,857</u>
Less accumulated depreciation:				
Furniture and fixtures	(2,401)	(209)	-	(2,610)
Equipment	(69,642)	(7,048)	(7,211)	(69,479)
Total accumulated depreciation	<u>(72,043)</u>	<u>(7,257)</u>	<u>(7,211)</u>	<u>(72,089)</u>
Governmental Activities -				
Investment in Capital Assets	<u>\$ 18,430</u>	<u>\$ (3,662)</u>	<u>\$ -</u>	<u>\$ 14,768</u>
Business-Type Activities				
Capital assets being depreciated:				
Furniture and fixtures	\$ 663	\$ -	\$ -	\$ 663
Less accumulated depreciation:				
Furniture and fixtures	(314)	(66)	-	(380)
Business-Type Activities -				
Investment in Capital Assets	<u>\$ 349</u>	<u>\$ (66)</u>	<u>\$ -</u>	<u>\$ 283</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$7,257 and \$66 was charged to the governmental activities and to the business-type activities, respectively, on the government-wide Statement of Activities for the year ended June 30, 2010. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

NOTE 4 – SHORT-TERM DEBT

The Regional Office of Education #10 obtained short-term loans from a local bank to cover cash shortages created when program expenditures occurred before grant payments were received from the State. The Regional Office received loans on June 30, 2009, for \$122,595; on December 15, 2009, for \$125,000; and on May 28, 2010, for \$114,000. All three notes were secured by grant funds from the Education Fund and had an interest rate of 4.0%. The June 30, 2009, note had a maturity date of December 30, 2009. The December 15, 2009, and May 28, 2010, notes had a maturity date of June 30, 2010. Interest expense totaling \$1,267 was reported for these notes in the year ending June 30, 2010. All three of these notes were paid in full by their maturity dates.

CHRISTIAN/MONTGOMERY COUNTIES  
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NOTE 4 – SHORT-TERM DEBT (Concluded)

The Regional Office also obtained a short-term note from a local bank on June 29, 2010, for \$115,000, secured by grant funds from the Education Fund, with a maturity date of December 31, 2010, and an interest rate of 4.0%. Interest and principal are due on maturity. A total of \$2,597 in interest expense was prepaid on this note in the year ending June 30, 2010.

The short-term debt activity for the year ended June 30, 2010, was as follows:

	Balance at July 1, 2009	Additions	Reductions	Balance at June 30, 2010
Note payable	\$122,595	\$354,000	\$361,595	\$115,000

NOTE 5 – DEFINED-BENEFIT PENSION PLAN

**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 online at [www.imrf.org](http://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 statutes require 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 2009 was 10.30 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 the year ending December 31, 2009, the Regional Office of Education #10’s annual pension cost of \$38,214 for the Regular plan was equal to the Regional Office of Education #10’s required and actual contributions.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/09	38,214	100%	0
12/31/08	37,946	100%	0
12/31/07	38,413	100%	0

CHRISTIAN/MONTGOMERY COUNTIES  
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NOTE 5 – DEFINED-BENEFIT PENSION PLAN (Concluded)

The required contribution for 2009 was determined as part of the December 31, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the 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% 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 the December 31, 2007, valuation was 5 years.

**Funded Status and Funding Progress.** As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 79.68 percent funded. The actuarial accrued liability for benefits was \$852,650 and the actuarial value of assets was \$679,371, resulting in an underfunded actuarial accrued liability (UAAL) of \$173,279. The covered payroll (annual payroll of active employees covered by the plan) was \$371,009 and the ratio of the UAAL to the covered payroll was 47 percent. In conjunction with the December 2009 actuarial valuation, the market value of investments was determined using techniques that spread the effect of short-term volatility in the market value of investments over a five-year period, with a 20 percent corridor between the actuarial and market value of assets. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 10-year basis.

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

NOTE 6 – 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 of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

CHRISTIAN/MONTGOMERY COUNTIES  
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NOTE 6 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

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, 2010, 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, 2009 and 2008.

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 to TRS.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #10. For the year ended June 30, 2010, the State of Illinois contributions were based on 23.38 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #10 recognized revenue and expenditures of \$81,293 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2009 and 2008, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 17.08 percent (\$36,955) and 13.11 percent (\$22,451), respectively.

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 ending June 30, 2010, were \$1,062. Contributions for the years ending June 30, 2009 and 2008, were \$1,347 and \$993, 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 in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the State contribution rate to TRS.

For the year ended June 30, 2010, the employer pension contribution was 23.38 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2009 and 2008, the employer contribution was 17.08 and 13.11 percent of salaries paid from those funds, respectively. For the year ended June 30, 2010, salaries totaling \$15,991 were paid from federal and special trust funds that required employer contributions of \$3,739. For the years ended June 30, 2009 and 2008, required Regional Office of Education #10 contributions were \$2,737 and \$2,061, respectively.

**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.

CHRISTIAN/MONTGOMERY COUNTIES  
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JUNE 30, 2010

NOTE 6 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

Public Act 94-0004 made changes in the ERO program that were in effect for all ERO retirements in fiscal years 2008 through 2010. The act increased member and employer contributions and eliminated the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service. Under the current ERO, the maximum employer contribution is 117.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2010, the Regional Office of Education #10 paid no employer contributions to TRS under the ERO program. For the years ended June 30, 2009 and 2008, the Regional Office of Education #10 paid no employer ERO contributions.

**Salary increases over 6 percent and excess sick leave.** Public Act 94-0004 added two new employer contributions to TRS.

If the Regional Office of Education #10 grants salary increases over 6 percent and those salaries are used to calculate a retiree’s final average salary, the Regional Office of Education #10 makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increase of up to 6 percent. For the year ended June 30, 2010, the Regional Office of Education #10 paid no employer contributions to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2009 and 2008, the Regional Office of Education #10 paid no employer contributions due on salary increases in excess of 6 percent.

If the Regional Office of Education #10 grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the Regional Office of Education #10 makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.55 percent of salary during the year ended June 30, 2010.) For the year ended June 30, 2010, the Regional Office of Education #10 paid no employer contributions to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2009 and 2008, the Regional Office of Education #10 paid no employer contributions granted for sick leave days.

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, 2009. The report for the year ended June 30, 2010, is expected to be available in late 2010. 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, Illinois 62794-9253. The most current report is also available on the TRS Web site at [trs.illinois.gov](http://trs.illinois.gov).

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**NOTE 7 – TEACHERS’ HEALTH INSURANCE SECURITY FUND**

The Regional Office of Education #10 participates in the Teachers’ Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined-benefit post-employment health care plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers’ Retirement System (TRS). Annuitants may participate in the State-administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund, and amendments to the plan can be made only by legislative action with the Governor’s approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. The director of HFS determines the rates and premiums for annuitants and dependent beneficiaries and establishes the cost-sharing parameters. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the State to make a contribution to THIS.

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

**On-behalf contributions to THIS Fund.** The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #10. State contributions are intended to match contributions to THIS Fund from active members, which were 0.84 percent of pay during the year ended June 30, 2010. State of Illinois contributions were \$1,516, and the Regional Office of Education #10 recognized revenue and expenditures of this amount during the year.

Had the Regional Office of Education #10 recognized revenue and expenditures for State contributions intended to match active member contributions during the years ended June 30, 2009 and 2008, under the current standards, the contribution match would have been 0.84 percent of pay, or \$1,952 and \$1,438, respectively.

**Employer contributions to THIS Fund.** The Regional Office of Education #10 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.63 percent during the years ended June 30, 2010, 2009, and 2008. For the year ended June 30, 2010, the Regional Office of Education #10 paid \$1,137 to THIS Fund. For the years ended June 30, 2009 and 2008, the Regional Office paid \$1,464 and \$1,079 to THIS Fund, respectively, which was 100 percent of the required contribution.

**Further information on THIS Fund.** The publicly available financial report of the THIS Fund may be obtained by writing to the Department of Healthcare and Family Services, 201 S. Grand Ave., Springfield, IL 62763-3838.

CHRISTIAN/MONTGOMERY COUNTIES  
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 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2010

NOTE 8 – LOCAL GOVERNMENT HEALTH PLAN

The Regional Office of Education #10 participates in the Local Government Health Plan (LGHP), a cost-sharing, multiple-employer defined-benefit health care plan. The LGHP is a self-insured employee health, prescription drug, dental, and vision benefit program funded solely by participating local government units. Premiums are deposited into the Local Government Health Insurance Reserve Fund (LGHIRF), from which all claims are paid. The LGHP is administered by the Illinois Department of Central Management Services, who is authorized to set and adjust premium rates, and the Illinois Department of Healthcare and Family Services (HFS), who processes and pays claims. HFS contracts with third-party administrators to process health, dental, and prescription claims submitted by health care service providers relating to the LGHIRF.

The Regional Office of Education #10 allows employees who retire through the Regional Office of Education #10's IMRF defined-benefit pension plan, disclosed in Note 5, the option to continue in the Regional Office of Education #10's LGHP health insurance plan as required by the Illinois Compiled Statutes, but the retiree pays the full premium for the health insurance. Participating employees and retirees paid \$250 per month in premiums in the year ended June 30, 2010. This has not created an implicit subsidy as defined by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as the Regional Office of Education #10's health insurance plan is considered a community-rated plan. In addition, the Regional Office has no explicit subsidy as defined in GASB Statement No. 45.

**Further information on LGHIRF.** The publicly available financial report of the Local Government Health Insurance Reserve Fund may be obtained by writing to the Department of Healthcare and Family Services, 201 S. Grand Ave., Springfield, IL 62763-3838. It is also available online at [www.auditor.illinois.gov/Audit-Reports/](http://www.auditor.illinois.gov/Audit-Reports/).

NOTE 9 – DUE TO/FROM OTHER GOVERNMENTS

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

Due from Other Governments	
General Fund	
Illinois State Board of Education	\$ 31,255
Education Fund	
Illinois State Board of Education	226,289
Illinois Department of Human Services	7,873
Total Due from Other Governments	<u>\$ 265,417</u>

CHRISTIAN/MONTGOMERY COUNTIES  
 REGIONAL OFFICE OF EDUCATION #10  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2010

NOTE 9 – DUE TO/FROM OTHER GOVERNMENTS (Concluded)

Due to Other Governments

General Fund

Illinois State Board of Education	\$	7
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Education Fund

Illinois State Board of Education		1
Illinois Department of Human Services		1,280

Agency Fund

Local governments		154
Total Due to Other Governments	\$	<u>1,442</u>

NOTE 10 – INTERFUND ACTIVITY

TRANSFERS

Interfund transfers into/out of other fund balances at June 30, 2010, consist of the following individual transfers in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund:		
Conferences	\$ 12	\$ -
Education Fund:		
Standards Aligned Classroom	-	12
	<u>\$ 12</u>	<u>\$ 12</u>

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2010, consist of the following individual due to/from other funds in the governmental fund Balance Sheet. These balances, except for those between governmental funds and business-type funds, were eliminated in the government-wide Statement of Net Assets.

CHRISTIAN/MONTGOMERY COUNTIES  
 REGIONAL OFFICE OF EDUCATION #10  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2010

NOTE 10 – INTERFUND ACTIVITY (Concluded)

DUE TO/FROM OTHER FUNDS (Concluded)

Fund	Due from Other Funds	Due to Other Funds
<b>General Fund</b>		
ROE/ISC Operations	\$ -	\$ 30,934
Fingerprinting	7,088	-
Conferences	465	-
<b>Education Fund</b>		
Truants Alternative & Optional Education	-	16,113
LITES	5,610	-
Regional Safe Schools	-	49,124
Early Childhood Block Grant	-	36,209
No Child Left Behind	5,182	-
Substance Abuse Prevention Program	-	6,576
Gifted Education	33,412	-
Reading First	710	-
Institute Fund	40,947	-
<b>Nonmajor Special Revenue Funds</b>		
General Education Development	6,527	-
Bus Driver Training	6,844	-
Supervisory	925	-
<b>Proprietary Funds</b>		
Co-op	25,435	-
Workshops	5,811	-
	<u>\$ 138,956</u>	<u>\$ 138,956</u>

NOTE 11 – RISK MANAGEMENT

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; injuries to employees; and natural disasters. The Regional Office of Education #10 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010

NOTE 12 – ON-BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Regional Office of Education #10:

Regional Superintendent Salary	\$ 96,435
Assistant Regional Superintendent Salary	86,792
Regional Superintendent Benefits (includes State-paid insurance)	21,368
Assistant Regional Superintendent Benefits (includes State-paid insurance)	11,887
TRS Pension Contribution	81,293
Teachers' Health Insurance Security (THIS) Contribution	<u>1,516</u>
Total	<u>\$ 299,291</u>

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

These amounts have been recorded in the accompanying financial statements as State revenues and expenditures.

Christian and Montgomery Counties provide the Regional Office with staff and pay certain expenditures on behalf of the Regional Office. The expenditures paid on the Regional Office of Education #10's behalf for the year ended June 30, 2010, were as follows:

Salaries and benefits	\$ 49,140
Purchased services	11,037
Supplies and materials	<u>1,692</u>
Total	<u>\$ 61,869</u>

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

NOTE 13 – OPERATING LEASES

The ROE leases five classrooms and offices, located at 214 N. Prairie St., Morrisonville, Illinois, for the ChrisMont Safe School from Mid-State Special Education. The lease term is one year with an option to renew; the current lease expired on June 30, 2010, but was renewed for another year. Rent expense for the year ended June 30, 2010, was \$7,800. The ROE also leases two copiers over a 60-month term ending April 2012. Total equipment lease expense for the year ended June 30, 2010, was \$5,892. Future minimum rentals are as follows for the years ending June 30:

CHRISTIAN/MONTGOMERY COUNTIES  
 REGIONAL OFFICE OF EDUCATION #10  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2010

NOTE 13 – OPERATING LEASES (Concluded)

2010	\$	13,692
2011		5,892
2012		1,968
2013		-
2014		-
	<u>\$</u>	<u>21,552</u>

NOTE 14 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Generally accepted accounting principles require disclosure of certain information concerning individual funds that are presented only in combination on the financial statements. Funds having deficit fund balances/net assets and funds which overexpend appropriations during the year are required to be disclosed.

The following funds/fund accounts had deficit fund balances/net assets at June 30, 2010:

<u>Fund</u>	<u>Amount</u>
General Fund	
ROE/ISC Operations	\$ (22,011)
Education Fund	
Truants Alternative and Optional Education	(34,602)
Regional Safe Schools	(30,697)
Early Childhood Block Grant	(74,097)

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 7, 2011, the date on which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**  
(other than Management's Discussion and Analysis)

CHRISTIAN/MONTGOMERY COUNTIES  
 REGIONAL OFFICE OF EDUCATION #10  
 REQUIRED SUPPLEMENTARY INFORMATION  
 ILLINOIS MUNICIPAL RETIREMENT FUND  
 SCHEDULE OF FUNDING PROGRESS  
 (UNAUDITED)  
 JUNE 30, 2010

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 )
12/31/09	679,371	852,650	173,279	79.68%	371,009	46.70%
12/31/08	684,451	733,326	48,875	93.34%	373,482	13.09%
12/31/07	731,775	770,501	38,726	94.97%	383,361	10.10%

On a market value basis, the actuarial value of assets as of December 31, 2009, is \$655,467.  
 On a market basis, the funded ratio would be 76.87%.

See accompanying Independent Auditor's Report.

OTHER SUPPLEMENTARY INFORMATION

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
JUNE 30, 2010

	ROE/ISC Operations	Fingerprinting	Conferences	TOTALS
<b>ASSETS</b>				
Due from other funds	\$ -	\$ 7,088	\$ 465	\$ 7,553
Due from other governments				
State	31,255	-	-	31,255
<b>TOTAL ASSETS</b>	<b>\$ 31,255</b>	<b>\$ 7,088</b>	<b>\$ 465</b>	<b>\$ 38,808</b>
<b>LIABILITIES</b>				
Due to other funds	\$ 30,934	\$ -	\$ -	\$ 30,934
Due to other governments				
State	7	-	-	7
Deferred revenue	22,325	-	-	22,325
<b>Total Liabilities</b>	<b>53,266</b>	<b>-</b>	<b>-</b>	<b>53,266</b>
<b>FUND BALANCE (DEFICIT)</b>				
Unreserved	(22,011)	7,088	465	(14,458)
<b>Total Fund Balance (Deficit)</b>	<b>(22,011)</b>	<b>7,088</b>	<b>465</b>	<b>(14,458)</b>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ 31,255</b>	<b>\$ 7,088</b>	<b>\$ 465</b>	<b>\$ 38,808</b>

See accompanying Independent Auditor's Report.

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, 2010

	ROE/ISC Operations	Fingerprinting	Conferences	TOTALS
<b>REVENUES</b>				
Local sources	\$ -	\$ 7,221	\$ 10,984	\$ 18,205
On-behalf payments - County	61,869	-	-	61,869
State sources	34,444	-	-	34,444
On-behalf payments - State	299,291	-	-	299,291
<b>Total Revenues</b>	<u>395,604</u>	<u>7,221</u>	<u>10,984</u>	<u>413,809</u>
<b>EXPENDITURES</b>				
Salaries and benefits	40,337	-	10,599	50,936
Purchased services	8,026	2,649	1,254	11,929
Supplies and materials	3,329	-	260	3,589
Capital outlay	2,100	-	-	2,100
Other objects	-	-	126	126
On-behalf payments	361,160	-	-	361,160
Debt service				
Interest expense	2,977	-	887	3,864
<b>Total Expenditures</b>	<u>417,929</u>	<u>2,649</u>	<u>13,126</u>	<u>433,704</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	12	12
Interest income	-	28	3	31
<b>Total Other Financing Sources</b>	<u>-</u>	<u>28</u>	<u>15</u>	<u>43</u>
<b>NET CHANGE IN FUND BALANCE</b>	(22,325)	4,600	(2,127)	(19,852)
<b>FUND BALANCE - BEGINNING</b>	<u>314</u>	<u>2,488</u>	<u>2,592</u>	<u>5,394</u>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<u>\$ (22,011)</u>	<u>\$ 7,088</u>	<u>\$ 465</u>	<u>\$ (14,458)</u>

See accompanying Independent Auditor's Report.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 1, 2009, to June 30, 2010)  
GENERAL FUND ACCOUNT  
ROE/ISC OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUE</b>			
On-behalf payments - County	\$ -	\$ -	\$ 61,869
State sources	36,377	56,776	34,444
On-behalf payments - State	-	-	299,291
<b>Total Revenue</b>	<u>36,377</u>	<u>56,776</u>	<u>395,604</u>
<b>EXPENDITURES</b>			
Salaries and benefits	31,082	40,932	40,337
Purchased services	2,438	5,946	8,026
Supplies and materials	200	2,606	3,329
Capital outlay	257	2,100	2,100
Other objects	2,400	5,192	-
On-behalf payments	-	-	361,160
Debt service - interest	-	-	2,977
<b>Total Expenditures</b>	<u>36,377</u>	<u>56,776</u>	<u>417,929</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 (22,325)
 FUND BALANCE - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>314</u>
 FUND DEFICIT - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ (22,011)</u>

See accompanying Independent Auditor's Report.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2010

	Truants Alternative Optional Education	LITES	Standards Aligned Classroom	National School Lunch	State Free Lunch & Breakfast	National School Breakfast	School Breakfast Incentive
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	5,610	-	-	-	-	-
Due from other governments State	59,298	-	-	-	47	-	-
<b>TOTAL ASSETS</b>	<b>\$ 59,298</b>	<b>\$ 5,610</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 47</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES</b>							
Note payable	\$ 38,255	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	16,113	-	-	-	-	-	-
Due to other governments State	-	-	-	-	-	-	-
Deferred revenue	39,532	5,610	-	-	47	-	-
<b>Total Liabilities</b>	<b>93,900</b>	<b>5,610</b>	<b>-</b>	<b>-</b>	<b>47</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE (DEFICIT)</b>							
Unreserved	(34,602)	-	-	-	-	-	-
<b>Total Fund Balance (Deficit)</b>	<b>(34,602)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>							
	<b>\$ 59,298</b>	<b>\$ 5,610</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 47</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying Independent Auditor's Report.

CHRISTIAN/MONTGOMERY COUNTIES  
 REGIONAL OFFICE OF EDUCATION #10  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2010

	Regional Safe Schools	Early Childhood Block Grant	Rural School Achievement Program	No Child Left Behind	Substance Abuse Prevention Program	ARRA General State Aid (Education)	ARRA General State Aid (Government)
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	5,182	-	-	-
Due from other governments State	54,607	112,337	-	-	7,873	-	-
<b>TOTAL ASSETS</b>	<b>\$ 54,607</b>	<b>\$ 112,337</b>	<b>\$ -</b>	<b>\$ 5,182</b>	<b>\$ 7,873</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES</b>							
Note payable	\$ 737	\$ 76,008	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	49,124	36,209	-	-	6,576	-	-
Due to other governments State	-	1	-	-	1,280	-	-
Deferred revenue	35,443	74,216	-	5,182	17	-	-
<b>Total Liabilities</b>	<b>85,304</b>	<b>186,434</b>	<b>-</b>	<b>5,182</b>	<b>7,873</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE (DEFICIT)</b>							
Unreserved	(30,697)	(74,097)	-	-	-	-	-
<b>Total Fund Balance (Deficit)</b>	<b>(30,697)</b>	<b>(74,097)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ 54,607</b>	<b>\$ 112,337</b>	<b>\$ -</b>	<b>\$ 5,182</b>	<b>\$ 7,873</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying Independent Auditor's Report.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2010

	English Language Learning	Gifted Education	Title I - Reading First Part B SEA	Town Hall Meeting	TOTALS
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3	\$ -	\$ -	\$ -	\$ 3
Due from other funds	-	33,412	710	-	44,914
Due from other governments State	-	-	-	-	234,162
<b>TOTAL ASSETS</b>	<b>\$ 3</b>	<b>\$ 33,412</b>	<b>\$ 710</b>	<b>\$ -</b>	<b>\$ 279,079</b>
<b>LIABILITIES</b>					
Note payable	\$ -	\$ -	\$ -	\$ -	\$ 115,000
Due to other funds	-	-	-	-	108,022
Due to other governments State	-	-	-	-	1,281
Deferred revenue	3	33,412	710	-	194,172
<b>Total Liabilities</b>	<b>3</b>	<b>33,412</b>	<b>710</b>	<b>-</b>	<b>418,475</b>
<b>FUND BALANCE (DEFICIT)</b>					
Unreserved	-	-	-	-	(139,396)
<b>Total Fund Balance (Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(139,396)</b>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ 3</b>	<b>\$ 33,412</b>	<b>\$ 710</b>	<b>\$ -</b>	<b>\$ 279,079</b>

See accompanying Independent Auditor's Report.

CHRISTIAN/MONTGOMERY COUNTIES  
 REGIONAL OFFICE OF EDUCATION #10  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2010

	Truants Alternative Optional Education	LITES	Standards Aligned Classroom	National School Lunch	State Free Lunch & Breakfast	National School Breakfast	School Breakfast Incentive
<b>REVENUES</b>							
Local sources	\$ 20,593	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	59,302	-	-	-	212	-	11
Federal sources	-	590	6	4,382	-	2,614	-
Total Revenues	<u>79,895</u>	<u>590</u>	<u>6</u>	<u>4,382</u>	<u>212</u>	<u>2,614</u>	<u>11</u>
<b>EXPENDITURES</b>							
Salaries and benefits	106,223	1,231	-	-	-	-	-
Purchased services	12,840	12	-	-	-	-	-
Supplies and materials	427	144	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other objects	-	-	-	4,382	339	2,614	11
Total Expenditures	<u>119,490</u>	<u>1,387</u>	<u>-</u>	<u>4,382</u>	<u>339</u>	<u>2,614</u>	<u>11</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers out	-	-	(12)	-	-	-	-
Interest income	54	21	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>54</u>	<u>21</u>	<u>(12)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(39,541)	(776)	(6)	-	(127)	-	-
FUND BALANCE - BEGINNING	<u>4,939</u>	<u>776</u>	<u>6</u>	<u>-</u>	<u>127</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ (34,602)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2010

	Regional Safe Schools	Early Childhood Block Grant	Rural School Achievement Program	No Child Left Behind	Substance Abuse Prevention Program	ARRA General State Aid (Education)	ARRA General State Aid (Government)
<b>REVENUES</b>							
Local sources	\$ 22,298	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	154,387	154,803	-	-	-	-	-
Federal sources	-	-	20,256	792	48,576	14,552	4,851
Total Revenues	<u>176,685</u>	<u>154,803</u>	<u>20,256</u>	<u>792</u>	<u>48,576</u>	<u>14,552</u>	<u>4,851</u>
<b>EXPENDITURES</b>							
Salaries and benefits	179,244	221,811	20,234	802	40,337	14,488	4,853
Purchased services	23,492	6,908	22	9	4,442	64	-
Supplies and materials	6,583	266	-	-	2,318	-	-
Capital outlay	-	-	-	-	1,495	-	-
Other objects	29	-	-	-	-	-	-
Total Expenditures	<u>209,348</u>	<u>228,985</u>	<u>20,256</u>	<u>811</u>	<u>48,592</u>	<u>14,552</u>	<u>4,853</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers out	-	-	-	-	-	-	-
Interest income	72	48	-	19	16	-	2
Total Other Financing Sources (Uses)	<u>72</u>	<u>48</u>	<u>-</u>	<u>19</u>	<u>16</u>	<u>-</u>	<u>2</u>
<b>NET CHANGE IN FUND BALANCE</b>	(32,591)	(74,134)	-	-	-	-	-
<b>FUND BALANCE - BEGINNING</b>	<u>1,894</u>	<u>37</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<u>\$ (30,697)</u>	<u>\$ (74,097)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2010

	English Language Learning	Gifted Education	Title I – Reading First Part B SEA	Town Hall Meeting	TOTALS
<b>REVENUES</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 42,891
State sources	-	25,746	-	-	394,461
Federal sources	1,997	-	11,040	500	110,156
Total Revenues	<u>1,997</u>	<u>25,746</u>	<u>11,040</u>	<u>500</u>	<u>547,508</u>
<b>EXPENDITURES</b>					
Salaries and benefits	40	8,120	556	-	597,939
Purchased services	1,489	14,316	7,661	500	71,755
Supplies and materials	470	3,470	2,824	-	16,502
Capital outlay	-	-	-	-	1,495
Other objects	-	-	-	-	7,375
Total Expenditures	<u>1,999</u>	<u>25,906</u>	<u>11,041</u>	<u>500</u>	<u>695,066</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	-	-	-	-	(12)
Interest income	2	160	1	-	395
Total Other Financing Sources (Uses)	<u>2</u>	<u>160</u>	<u>1</u>	<u>-</u>	<u>383</u>
NET CHANGE IN FUND BALANCE	-	-	-	-	(147,175)
FUND BALANCE - BEGINNING	-	-	-	-	7,779
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (139,396)</u>

See accompanying Independent Auditor's Report.

CHRISTIAN/MONTGOMERY COUNTIES  
 REGIONAL OFFICE OF EDUCATION #10  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period July 1, 2009, to June 30, 2010)  
 EDUCATION FUND ACCOUNT  
 TRUANTS ALTERNATIVE AND OPTIONAL EDUCATION  
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
REVENUE			
Local	\$ -	\$ -	\$ 20,593
State sources	98,834	98,834	59,302
Total Revenue	<u>98,834</u>	<u>98,834</u>	<u>79,895</u>
EXPENDITURES			
Salaries and benefits	87,546	87,546	106,223
Purchased services	10,954	10,954	12,840
Supplies and materials	334	334	427
Total Expenditures	<u>98,834</u>	<u>98,834</u>	<u>119,490</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(39,595)</u>
OTHER FINANCING SOURCES:			
Interest income	-	-	54
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>54</u>
NET CHANGE IN FUND BALANCE	-	-	(39,541)
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>4,939</u>
FUND DEFICIT - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (34,602)</u>

See accompanying Independent Auditor's Report.

CHRISTIAN/MONTGOMERY COUNTIES  
 REGIONAL OFFICE OF EDUCATION #10  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period July 1, 2009, to June 30, 2010)  
 EDUCATION FUND ACCOUNT  
 REGIONAL SAFE SCHOOLS  
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
Local sources	\$ -	\$ -	\$ 22,298
State sources	<u>102,517</u>	<u>102,517</u>	<u>154,387</u>
Total Revenue	<u>102,517</u>	<u>102,517</u>	<u>176,685</u>
EXPENDITURES			
Salaries and benefits	102,517	102,517	179,244
Purchased services	-	-	23,492
Supplies and materials	-	-	6,583
Other objects	-	-	29
Total Expenditures	<u>102,517</u>	<u>102,517</u>	<u>209,348</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(32,663)</u>
OTHER FINANCING SOURCES:			
Interest income	-	-	72
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>72</u>
NET CHANGE IN FUND BALANCE	-	-	(32,591)
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>1,894</u>
FUND DEFICIT - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30,697)</u>

See accompanying Independent Auditor's Report.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 1, 2009, to June 30, 2010)  
EDUCATION FUND ACCOUNT  
EARLY CHILDHOOD BLOCK GRANT  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
State sources	\$ 228,986	\$ 228,986	\$ 154,803
Total Revenue	<u>228,986</u>	<u>228,986</u>	<u>154,803</u>
EXPENDITURES			
Salaries and benefits	222,036	222,036	221,811
Purchased services	6,448	6,448	6,908
Supplies and materials	502	502	266
Total Expenditures	<u>228,986</u>	<u>228,986</u>	<u>228,985</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(74,182)</u>
OTHER FINANCING SOURCES:			
Interest income	-	-	48
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>48</u>
NET CHANGE IN FUND BALANCE	-	-	(74,134)
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>37</u>
FUND DEFICIT - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (74,097)</u>

See accompanying Independent Auditor's Report.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 1, 2009, to June 30, 2010)  
EDUCATION FUND ACCOUNT  
SUBSTANCE ABUSE PREVENTION PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
Federal sources	\$ 49,873	\$ 49,873	\$ 48,576
Total Revenue	<u>49,873</u>	<u>49,873</u>	<u>48,576</u>
EXPENDITURES			
Salaries and benefits	40,506	40,506	40,337
Purchased services	5,600	5,600	4,442
Supplies and materials	2,107	2,107	2,318
Capital outlay	1,660	1,660	1,495
Total Expenditures	<u>49,873</u>	<u>49,873</u>	<u>48,592</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(16)</u>
OTHER FINANCING SOURCES:			
Interest income	<u>-</u>	<u>-</u>	<u>16</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>16</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
BUDGETARY COMPARISON SCHEDULE  
(For the Period September 1, 2009, to June 30, 2010)  
EDUCATION FUND ACCOUNT  
ENGLISH LANGUAGE LEARNING  
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 2,000	\$ 2,000	\$ 1,997
Total Revenue	<u>2,000</u>	<u>2,000</u>	<u>1,997</u>
EXPENDITURES			
Salaries and benefits	100	100	40
Purchased services	1,650	1,453	1,489
Supplies and materials	250	447	470
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>1,999</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(2)</u>
OTHER FINANCING SOURCES:			
Interest income	-	-	2
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>2</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

CHRISTIAN/MONTGOMERY COUNTIES  
 REGIONAL OFFICE OF EDUCATION #10  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period May 18, 2009, to August 31, 2010)  
 EDUCATION FUND ACCOUNT  
 GIFTED EDUCATION  
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<b>REVENUE</b>			
State sources	\$ 59,158	\$ 59,158	\$ 25,746
Total Revenue	<u>59,158</u>	<u>59,158</u>	<u>25,746</u>
<b>EXPENDITURES</b>			
Salaries and benefits	18,992	9,433	8,120
Purchased services	33,239	27,475	14,316
Supplies and materials	6,927	22,250	3,470
Total Expenditures	<u>59,158</u>	<u>59,158</u>	<u>25,906</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<u>-</u>	<u>-</u>	<u>(160)</u>
<b>OTHER FINANCING SOURCES:</b>			
Interest income	-	-	160
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>160</u>
<b>NET CHANGE IN FUND BALANCE</b>			
	-	-	-
<b>FUND BALANCE - BEGINNING</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
BUDGETARY COMPARISON SCHEDULE  
(For the Period March 18, 2010, to August 31, 2010)  
EDUCATION FUND ACCOUNT  
TITLE I - READING FIRST PART B SEA  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<b>REVENUE</b>			
Federal sources	\$ 11,750	\$ 11,750	\$ 11,040
Total Revenue	<u>11,750</u>	<u>11,750</u>	<u>11,040</u>
<b>EXPENDITURES</b>			
Salaries and benefits	556	556	556
Purchased services	7,444	7,444	7,661
Supplies and materials	3,750	3,750	2,824
Total Expenditures	<u>11,750</u>	<u>11,750</u>	<u>11,041</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<u>-</u>	<u>-</u>	<u>(1)</u>
<b>OTHER FINANCING SOURCES:</b>			
Interest income	-	-	1
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>1</u>
<b>NET CHANGE IN FUND BALANCE</b>			
	-	-	-
<b>FUND BALANCE - BEGINNING</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

CHRISTIAN/MONTGOMERY COUNTIES  
 REGIONAL OFFICE OF EDUCATION #10  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2010

	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Supervisory</u>	<u>TOTALS</u>
<b>ASSETS</b>				
Due from other funds	\$ 6,527	\$ 6,844	\$ 925	\$ 14,296
<b>TOTAL ASSETS</b>	<u>\$ 6,527</u>	<u>\$ 6,844</u>	<u>\$ 925</u>	<u>\$ 14,296</u>
<b>FUND BALANCE</b>				
Unreserved	\$ 6,527	\$ 6,844	\$ 925	\$ 14,296
Total Fund Balance	<u>6,527</u>	<u>6,844</u>	<u>925</u>	<u>14,296</u>
<b>TOTAL FUND BALANCE</b>	<u>\$ 6,527</u>	<u>\$ 6,844</u>	<u>\$ 925</u>	<u>\$ 14,296</u>

See accompanying Independent Auditor's Report.

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, 2010

	General Education Development	Bus Driver Training	Supervisory	TOTALS
REVENUES				
Local sources	\$ 8,606	\$ 456	\$ -	\$ 9,062
State sources	-	680	2,000	2,680
Total Revenues	<u>8,606</u>	<u>1,136</u>	<u>2,000</u>	<u>11,742</u>
EXPENDITURES				
Salaries and benefits	2,074	-	-	2,074
Purchased services	1,620	596	1,560	3,776
Supplies and materials	2,581	-	257	2,838
Total Expenditures	<u>6,275</u>	<u>596</u>	<u>1,817</u>	<u>8,688</u>
OTHER FINANCING SOURCES				
Interest income	19	23	3	45
Total Other Financing Sources	<u>19</u>	<u>23</u>	<u>3</u>	<u>45</u>
NET CHANGE IN FUND BALANCE	2,350	563	186	3,099
FUND BALANCE - BEGINNING	4,177	6,281	739	11,197
FUND BALANCE - ENDING	<u>\$ 6,527</u>	<u>\$ 6,844</u>	<u>\$ 925</u>	<u>\$ 14,296</u>

See accompanying Independent Auditor's Report.

CHRISTIAN/MONTGOMERY COUNTIES  
 REGIONAL OFFICE OF EDUCATION #10  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUND  
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<b><u>REGIONAL DELIVERY SYSTEM</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 29,802	\$ 247,262	\$ 276,910	\$ 154
Due from other governments	201,818	-	201,818	-
 Total Assets	 <u>\$ 231,620</u>	 <u>\$ 247,262</u>	 <u>\$ 478,728</u>	 <u>\$ 154</u>
<b>LIABILITIES</b>				
Due to other governments	\$ 231,620	\$ 247,262	\$ 478,728	\$ 154
 Total Liabilities	 <u>\$ 231,620</u>	 <u>\$ 247,262</u>	 <u>\$ 478,728</u>	 <u>\$ 154</u>

See accompanying Independent Auditor's Report.