

State of Illinois  
CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
FINANCIAL AUDIT  
For the Year Ended June 30, 2011

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

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
JUNE 30, 2011

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CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
JUNE 30, 2011

OFFICIALS

Regional Superintendent (Current, Effective January 1, 2012)	Ms. Marchelle Kassebaum
Regional Superintendent (November 16, 2011, through December 31, 2011)	No Regional Superintendent
Regional Superintendent (Acting Effective July 1, 2011, through November 15, 2011)	Mr. Thomas L. Campbell
Regional Superintendent (During the Audit Period, Retired July 1, 2011)	Dr. Greg Springer
Assistant Regional Superintendent (Current, Effective January 16, 2012)	Ms. Marie Joy
Assistant Regional Superintendent (September 1, 2011, through January 15, 2012)	Mr. Bob Jackson
Assistant Regional Superintendent (July 1, 2011, through August 31, 2011)	No Assistant Regional Superintendent
Assistant Regional Superintendent (During the Audit Period, Acting Effective June 15, 2011, through June 30, 2011)	Mr. Thomas L. Campbell
Assistant Regional Superintendent (During the Audit Period, Acting Effective April 15, 2011, through June 15, 2011)	Mr. Jerry Wesley
Assistant Regional Superintendent (During the Audit Period, Acting Effective January 1, 2011, through April 15, 2011)	Mr. Larry Marsh
Assistant Regional Superintendent (During the Audit Period, Acting Effective July 1, 2010, through December 31, 2010)	Ms. Marsha Blackman

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  
JUNE 30, 2011

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	0	2
Repeated audit findings	0	0
Prior recommendations implemented or not repeated	2	0

An additional matter which is less than a significant deficiency or material weakness but more than inconsequential has been reported in a Management Letter of Comments to the Regional Superintendent. In prior years, these issues may have been included as immaterial findings in the auditors' reports.

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*)

None

PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

10-01	11	Internal Controls over Checks	Material Weakness
10-02	11	Controls over Restricted Cash	Material Weakness

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
JUNE 30, 2011

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 August 26, 2011. Attending were Mr. Thomas Campbell, Regional Superintendent; Dawn DeClerck, Controller of the Regional Office; and Tami Knight, Partner, Kemper CPA Group, LLP. Responses to the recommendations were provided by Mr. Thomas Campbell, Regional Superintendent.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
JUNE 30, 2011

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, 2011, 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, 2011, 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.

As described in Note 1, the Regional Office of Education #10 adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended June 30, 2011. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on any of Regional Office of Education #10's governmental funds' assets or liabilities nor was there any effect to the total amount of any of Regional Office of Education #10's governmental fund balances as of and for the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2012, 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 12a through 12i and page 47 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  
March 30, 2012



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, 2011, which collectively comprise the Regional Office of Education #10's basic financial statements and have issued our report thereon dated March 30, 2012. 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

Management of the Regional Office of Education #10 is responsible for establishing and maintaining effective 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.

*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.

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Regional Office of Education #10's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that we reported to the management of the Regional Office of Education #10 in a separate letter dated March 30, 2012.

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, and the Illinois State Board of Education 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  
March 30, 2012

CHRISTIAN/MONTGOMERY COUNTIES  
 REGIONAL OFFICE OF EDUCATION #10  
 SCHEDULE OF FINDINGS AND RESPONSES  
 FOR THE YEAR ENDED JUNE 30, 2011

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? No

Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified? N/A

Significant deficiency(ies) identified? 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 Section 510(a) of OMB Circular A-133? N/A

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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  
JUNE 30, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no audit findings for the year ended June 30, 2011.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
10-01	Internal Controls over Checks	Corrected
10-02	Controls over Restricted Cash	Corrected

## MANAGEMENT'S DISCUSSION AND ANALYSIS

CHRISTIAN-MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2011

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, 2011. Readers are encouraged to consider the discussion information in conjunction with the financial statements.

**2010-2011 (FY 11) Financial Highlights:**

- Total liabilities and fund balances were as follows: General Fund - \$36,283, Education Fund - \$323,255, Institute Fund - \$66,491, Non-major Special Revenue Funds - \$16,256.
- Total liabilities were: General Fund - \$0, Education Fund - \$364,621, Institute Fund - \$110, Nonmajor Special Revenue Funds - \$0.
- Fund balance deficits were \$(41,366) in the Education Fund.
- Net assets included \$143,306 in Governmental Activities and \$34,453 in Business-Type Activities, totaling \$177,759.
- The \$143,306 total net assets in Governmental Activities represents an increase of \$27,189 from the previous year.
- Business-Type Activities saw an increase in net assets from \$31,529 to \$34,453, up \$2,924.
- Within the Governmental Funds, total assets were \$442,555 and liabilities were \$364,731, leaving a fund balance of \$77,824.
- Net assets of Governmental Activities (total of \$143,306) included \$19,577 investment in capital assets plus \$36,283 in unrestricted net assets and \$87,446 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, Fund Financial Statements, 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, 2011

**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 Non-major 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, 2011

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

2. Proprietary Funds include the revenues derived from charges for services, as well as interest. Operating expenses against income determine the operating income or loss in these funds. The required financial statements for Proprietary Funds include a statement of net assets; a 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.

**ROE #10 Financial Analysis**

Below are the following: ROE #10 Condensed Statement of Net Assets and Condensed 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, 2011 and 2010

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current Assets	\$ 431,555	\$ 262,618	\$ 34,452	\$ 31,246	\$ 466,007	\$ 293,864
Capital Assets, net	19,577	14,768	216	283	19,793	15,051
Total Assets	<u>451,132</u>	<u>277,386</u>	<u>34,668</u>	<u>31,529</u>	<u>485,800</u>	<u>308,915</u>
Current Liabilities	307,826	161,269	215	-	308,041	161,269
Total Liabilities	<u>307,826</u>	<u>161,269</u>	<u>215</u>	<u>-</u>	<u>308,041</u>	<u>161,269</u>
Net Assets						
Invested in Capital Assets	19,577	14,768	216	283	19,793	15,051
Restricted for Educational Purposes	87,446	66,794	-	-	87,446	66,794
Unrestricted	36,283	34,555	34,237	31,246	70,520	65,801
Total Net Assets	<u>\$ 143,306</u>	<u>\$ 116,117</u>	<u>\$ 34,453</u>	<u>\$ 31,529</u>	<u>\$ 177,759</u>	<u>\$ 147,646</u>

CHRISTIAN-MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2011

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

**CHANGES IN NET ASSETS  
For the Years Ended June 30, 2011 and 2010**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
	<b>Revenues:</b>					
Program revenues:						
Charges for services	\$ -	\$ -	\$ 24,267	\$ 26,074	\$ 24,267	\$ 26,074
Operating grants & contributions	661,915	640,625	-	-	661,915	640,625
General revenues:						
Local sources	140,774	93,679	-	-	140,774	93,679
State sources	83,895	53,229	-	-	83,895	53,229
Federal sources	-	19,403	-	-	-	19,403
On-behalf payments	335,093	361,160	-	-	335,093	361,160
Interest	618	721	118	111	736	832
Total revenues	<u>1,222,295</u>	<u>1,168,817</u>	<u>24,385</u>	<u>26,185</u>	<u>1,246,680</u>	<u>1,195,002</u>
<b>Expenses:</b>						
Program expenses:						
Instructional services:						
Salaries & benefits	634,780	664,163	-	-	634,780	664,163
Purchased services	154,154	104,103	-	-	154,154	104,103
Supplies & materials	51,624	23,316	-	-	51,624	23,316
Other objects	271	7,701	-	-	271	7,701
Payments to other governments	8,913	-	-	-	8,913	-
Depreciation	8,150	7,257	-	-	8,150	7,257
Administrative expenses:						
Debt service - interest	2,121	1,267	-	-	2,121	1,267
On-behalf payments	335,093	361,160	-	-	335,093	361,160
Business-type expenses	-	-	21,461	22,186	21,461	22,186
Total expenses	<u>1,195,106</u>	<u>1,168,967</u>	<u>21,461</u>	<u>22,186</u>	<u>1,216,567</u>	<u>1,191,153</u>
Change in net assets	27,189	(150)	2,924	3,999	30,113	3,849
Net assets, beginning 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>
Net assets, end of year	<u>\$ 143,306</u>	<u>\$ 116,117</u>	<u>\$ 34,453</u>	<u>\$ 31,529</u>	<u>\$ 177,759</u>	<u>\$ 147,646</u>

CHRISTIAN-MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2011

**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 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 assistant bookkeeper worked part-time in FY 11 to help oversee the office's financial status. She consulted with the office head bookkeeper on request. Both also make recommendations, and the former assistant bookkeeper reviewed the financial statements on an as-needed basis. In addition, another staff member was trained and assisted in FY 11 with all bookkeeping matters. 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 discusses plans for addressing current financial issues. Late payments from the State of Illinois, in previous years a problem, became an even more serious problem in FY 11. Short-term borrowing was again utilized as a means of addressing this situation; employees were laid off until funding letters from the state were received by the ROE, thus providing a lending entity collateral for a loan. Layoffs commenced in July, and employees were called back only after assurance in the state letter that grant monies would be extended. Full payment for promised funding was not received by the end of the fiscal year, so the year ended with the ROE operating on borrowed funds. Montgomery County provided a \$250,000 loan, interest free, enabling the ROE to meet payroll and other financial obligations through the fiscal year. Subsequently, a local lending institution provided funds, charging minimal interest.

The national economy continued in a depressed state throughout FY 11. The corresponding economic difficulties experienced by the State of Illinois did not allow for much optimism as FY 11 ended. Legislators in Illinois enacted a temporary income tax increase, certain to be a political issue in the 2012 election. The impact of the increase in terms of revenues was not felt during FY 11. The ROE was operating using borrowed funds at the end of FY 10. FY 11 borrowing was continuous from the beginning of the fiscal year, as had been the case the previous year. Had funds not been borrowed, the office would have been closed and no services would have been provided most likely

CHRISTIAN-MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2011

until late in the calendar year or perhaps after the beginning of the next calendar year (2011), when state payments for FY 11 were first received.

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 ensure 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 three fiscal years. Reduced state funding has brought about curtailed services. This reduction in service capability continued through FY 09, FY 10, and FY 11. Budgets for FY 12 could very possibly be reduced further, only making matters worse. The FY 11 Operations budget, for example, did not allow payment for full-time bookkeeping services. 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 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 employee morale as well as on service. It is difficult to plan for a future program when staff members know it is possible, maybe even likely, that the notice will come reducing or eliminating funding for that program at some time prior to the start date or between the announced implementation and termination dates. Management must remember that contracts issued by the ROE 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, wasting in their minds all their preparatory work. 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, often 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.

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

CHRISTIAN-MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2011

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 following years' budgets. The FY 07 budget restored the office at the Taylorville satellite site to four days per week operation; it had been reduced to two days. The office remains open to the public four days per week at the satellite site and five days per week at the Hillsboro main office site. However, it should be noted that while one of the Region's two counties has been financially sound in recent years, the other county has been 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 always poses a potential 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 uncertain conditions such as the office currently offers. Unemployment insurance costs will rise as a result of end-of-the-fiscal-year layoffs, and, of course, this impacts on grant allocations for services. 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 or even more rarely 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.

It is management's opinion that the staff reductions brought about by financial strain have 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 local 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 noticeably impacted staff

CHRISTIAN-MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2011

members' 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 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 same was true in FY 11, and the new administration in the ROE subcontracted the Regional Safe Schools Program partly as a means of reducing administrative costs and other concerns. The number of clients served could erode further in future years without a major improvement in the state's revenue stream. 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 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. This would enhance planning as funding letters for individual grants could be mailed and received earlier. Stronger support from the Illinois State Board of Education (ISBE) for ROE budget lines would be desirable as well. ISBE relies heavily on ROEs to assist in accomplishing the state agency's mission, and more than just "lip service" support is necessary if the ROEs are to be supported by state funds. The fate of state funding for ROEs, in fact, hangs in the balance after the governor announced during FY 11 that it was his desire to have Regional Offices funded from local tax sources. There were no guarantees for funding even through the remainder of the next regional superintendents' terms, which were to begin July 1. The resulting debate included legal action and considerable input from both state and local government sources. Time will reveal the outcome, but at the start of FY 12, it did not seem likely that the governor was willing to back off his plans. The legislature was more difficult to predict. The current political climate has caused the ROE restructuring issue to be raised again.

A commission was to be appointed to study the matter and make recommendations to the governor and legislature sometime during FY 12. The major funding cuts and the somewhat understandable county wariness to provide financial 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 a northern Illinois county, Cook, helped raise the restructuring issue again; and in the end, the suburban Cook ROE was eliminated by legislative action. Services once provided by that entity were passed on to other, appointive agencies, and the alleged cost savings became highly suspect. Supporters of ROEs pointed out that the \$11 million total budget statewide for ROEs is a bargain compared to what the costs might be if others are called upon to assume the hundreds of

CHRISTIAN-MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10

MANAGEMENT’S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2011

state-mandated duties regional superintendents have. Nonetheless, the current political climate seemed to call for at least the appearance of cost reduction, even if in the end the reductions are only part of a “shell game.” Again, only time will reveal the outcome.

Management finds it interesting that other county and regional offices do not seem to be held to the same standard as ROEs – with regard to audits or otherwise. In addition, other county offices could very likely be targets for consolidation, funding cuts, and other negative actions, yet that possibility seems to this point to have not been recognized by many, if any. 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. Other county officers seem not to have to do this. Such time spent proving value 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. Strangely, there have been calls for eliminating ROEs, sometimes by the same legislators who vote to give them even greater legal responsibilities. That contradiction seems to suggest that the compromise result can be for ROEs to continue their work but do it for less money or no money at all. In the real world, that is not possible. 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. As has been the case the past several years, it remains unclear 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, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 183,902	\$ 23,452	\$ 207,354
Due (to) from other funds	(11,000)	11,000	-
Due from other governments			
State	258,653	-	258,653
Total current assets	<u>431,555</u>	<u>34,452</u>	<u>466,007</u>
<b>NONCURRENT ASSETS</b>			
Capital assets, being depreciated, net	19,577	216	19,793
<b>TOTAL ASSETS</b>	<u>451,132</u>	<u>34,668</u>	<u>485,800</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	-	215	215
Note payable	299,930	-	299,930
Due to other governments			
State	220	-	220
Deferred revenue	7,676	-	7,676
Total current liabilities	<u>307,826</u>	<u>215</u>	<u>308,041</u>
<b>TOTAL LIABILITIES</b>	<u>307,826</u>	<u>215</u>	<u>308,041</u>
<b>NET ASSETS</b>			
Invested in capital assets	19,577	216	19,793
Restricted for educational purposes	87,446	-	87,446
Unrestricted	36,283	34,237	70,520
<b>TOTAL NET ASSETS</b>	<u>\$ 143,306</u>	<u>\$ 34,453</u>	<u>\$ 177,759</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, 2011

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	\$ 634,780	\$ -	\$ 461,498	\$ (173,282)	\$ -	\$ (173,282)
Purchased services	154,154	-	134,959	(19,195)	-	(19,195)
Supplies and materials	51,624	-	43,586	(8,038)	-	(8,038)
Other objects	271	-	-	(271)	-	(271)
Depreciation	8,150	-	-	(8,150)	-	(8,150)
Capital outlay	-	-	12,959	12,959	-	12,959
Payments to other governments	8,913	-	8,913	-	-	-
Administrative:						
Debt service - interest expense	2,121	-	-	(2,121)	-	(2,121)
On-behalf payments - State	280,520	-	-	(280,520)	-	(280,520)
On-behalf payments - County	54,573	-	-	(54,573)	-	(54,573)
Total governmental activities	<u>1,195,106</u>	<u>-</u>	<u>661,915</u>	<u>(533,191)</u>	<u>-</u>	<u>(533,191)</u>
Business-type activities:						
Registration fees	21,461	24,267	-	-	2,806	2,806
Total business-type activities	<u>21,461</u>	<u>24,267</u>	<u>-</u>	<u>-</u>	<u>2,806</u>	<u>2,806</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 1,216,567</u>	<u>\$ 24,267</u>	<u>\$ 661,915</u>	<u>(533,191)</u>	<u>2,806</u>	<u>(530,385)</u>
GENERAL REVENUES:						
Local sources				140,774	-	140,774
State sources				83,895	-	83,895
On-behalf payments - State				280,520	-	280,520
On-behalf payments - County				54,573	-	54,573
Interest income				618	118	736
Total general revenues				<u>560,380</u>	<u>118</u>	<u>560,498</u>
CHANGE IN NET ASSETS				27,189	2,924	30,113
NET ASSETS - BEGINNING				<u>116,117</u>	<u>31,529</u>	<u>147,646</u>
NET ASSETS - ENDING				<u>\$ 143,306</u>	<u>\$ 34,453</u>	<u>\$ 177,759</u>

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, 2011

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 36,283	\$ 64,602	\$ 66,491	\$ 16,526	\$ -	\$ 183,902
Due from other governments:						
State	-	258,653	-	-	-	258,653
<b>TOTAL ASSETS</b>	<b>\$ 36,283</b>	<b>\$ 323,255</b>	<b>\$ 66,491</b>	<b>\$ 16,526</b>	<b>\$ -</b>	<b>\$ 442,555</b>
<b>LIABILITIES</b>						
Note payable	\$ -	\$ 299,930	\$ -	\$ -	\$ -	\$ 299,930
Due to other funds	-	11,000	-	-	-	11,000
Due to other governments:						
State	-	110	110	-	-	220
Deferred revenue	-	53,581	-	-	-	53,581
<b>Total Liabilities</b>	<b>-</b>	<b>364,621</b>	<b>110</b>	<b>-</b>	<b>-</b>	<b>364,731</b>
<b>FUND BALANCE (DEFICIT)</b>						
Restricted	-	-	66,381	16,526	-	82,907
Assigned	33,899	-	-	-	-	33,899
Unassigned	2,384	(41,366)	-	-	-	(38,982)
<b>Total Fund Balance (Deficit)</b>	<b>36,283</b>	<b>(41,366)</b>	<b>66,381</b>	<b>16,526</b>	<b>-</b>	<b>77,824</b>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>						
	<b>\$ 36,283</b>	<b>\$ 323,255</b>	<b>\$ 66,491</b>	<b>\$ 16,526</b>	<b>\$ -</b>	<b>\$ 442,555</b>

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, 2011

TOTAL FUND BALANCES—GOVERNMENTAL FUNDS	\$ 77,824
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	19,577
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. FY11 revenue deferred	<u>45,905</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 143,306</u></u>

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

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>REVENUES</b>						
Local sources	\$ 95,567	\$ 20,354	\$ 15,132	\$ 9,721	\$ -	\$ 140,774
On-behalf payments - County	54,573	-	-	-	-	54,573
State sources	102,916	602,223	-	680	-	705,819
On-behalf payments - State	280,520	-	-	-	-	280,520
Federal sources	-	165,602	-	-	-	165,602
Total Revenues	<u>533,576</u>	<u>788,179</u>	<u>15,132</u>	<u>10,401</u>	<u>-</u>	<u>1,347,288</u>
<b>EXPENDITURES</b>						
Instructional Services						
Salaries and benefits	155,953	461,498	14,794	2,535	-	634,780
Purchased services	15,245	134,959	441	3,509	-	154,154
Supplies and materials	2,736	43,586	530	2,175	-	49,027
Payments to other governments	-	8,913	-	-	-	8,913
Other objects	271	-	-	-	-	271
On-behalf payments	335,093	-	-	-	-	335,093
Capital outlay	-	12,959	-	-	-	12,959
Debt service						
Interest expense	445	1,676	-	-	-	2,121
Total Expenditures	<u>509,743</u>	<u>663,591</u>	<u>15,765</u>	<u>8,219</u>	<u>-</u>	<u>1,197,318</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>23,833</u>	<u>124,588</u>	<u>(633)</u>	<u>2,182</u>	<u>-</u>	<u>149,970</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	175	199	-	-	(374)	-
Transfers out	(199)	(175)	-	-	374	-
Interest income	175	175	220	48	-	618
Total Other Financing Sources (Uses)	<u>151</u>	<u>199</u>	<u>220</u>	<u>48</u>	<u>-</u>	<u>618</u>
NET CHANGE IN FUND BALANCE	23,984	124,787	(413)	2,230	-	150,588
FUND BALANCE (DEFICIT) - BEGINNING, RESTATE	<u>12,299</u>	<u>(166,153)</u>	<u>66,794</u>	<u>14,296</u>	<u>-</u>	<u>(72,764)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 36,283</u>	<u>\$ (41,366)</u>	<u>\$ 66,381</u>	<u>\$ 16,526</u>	<u>\$ -</u>	<u>\$ 77,824</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, 2011

NET CHANGE IN FUND BALANCES — GOVERNMENTAL FUNDS \$ 150,588

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

Prepaid interest expense was recognized as an expenditure in the governmental funds in the prior year; however, it is recognized as an expenditure in the current year in the government-wide financial statements. (2,597)

Some revenues are not collected for several months after the Regional Office fiscal year ends; they are therefore not considered "available" revenues and are reported as deferred in the governmental funds.

FY10 revenue deferred	\$ (171,516)	
FY11 revenue deferred	45,905	(125,611)

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	12,959	
Depreciation expense	(8,150)	4,809

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 27,189

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2011

	Business-Type Activities – Enterprise Funds		Total
	Co-op	Workshops	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 17,248	\$ 6,204	\$ 23,452
Due from other funds	11,000	-	11,000
Total current assets	<u>28,248</u>	<u>6,204</u>	<u>34,452</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation:	<u>216</u>	<u>-</u>	<u>216</u>
Total noncurrent assets	<u>216</u>	<u>-</u>	<u>216</u>
<b>TOTAL ASSETS</b>	<u>28,464</u>	<u>6,204</u>	<u>34,668</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	<u>-</u>	<u>215</u>	<u>215</u>
Total current liabilities	<u>-</u>	<u>215</u>	<u>215</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>215</u>	<u>215</u>
<b>NET ASSETS</b>			
Invested in capital assets	216	-	216
Unrestricted	28,248	5,989	34,237
<b>TOTAL NET ASSETS</b>	<u>\$ 28,464</u>	<u>\$ 5,989</u>	<u>\$ 34,453</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, 2011

	Business-Type Activities – Enterprise Funds		Total
	Co-op	Workshops	
OPERATING REVENUES			
Local sources	\$ 23,867	\$ 400	\$ 24,267
Total operating revenues	<u>23,867</u>	<u>400</u>	<u>24,267</u>
OPERATING EXPENSES			
Salaries and benefits	2,124	-	2,124
Purchased services	15,047	26	15,073
Supplies and materials	3,982	215	4,197
Depreciation	67	-	67
Total operating expenses	<u>21,220</u>	<u>241</u>	<u>21,461</u>
Operating income	2,647	159	2,806
NONOPERATING REVENUES			
Interest income	<u>99</u>	<u>19</u>	<u>118</u>
CHANGE IN NET ASSETS	2,746	178	2,924
TOTAL NET ASSETS - BEGINNING	<u>25,718</u>	<u>5,811</u>	<u>31,529</u>
TOTAL NET ASSETS - ENDING	<u>\$ 28,464</u>	<u>\$ 5,989</u>	<u>\$ 34,453</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, 2011

	Business-Type Activities – Enterprise Funds		Total
	Co-op	Workshops	
Cash flows from operating activities:			
Receipts from customers	\$ 23,867	\$ 400	\$ 24,267
Payments to suppliers and providers of goods and services	(19,029)	(26)	(19,055)
Payments to employees	(2,124)	-	(2,124)
Net cash provided by operating activities	<u>2,714</u>	<u>374</u>	<u>3,088</u>
Cash flows from investing activities:			
Interest income	99	19	118
Net cash provided by investing activities	<u>99</u>	<u>19</u>	<u>118</u>
Cash flows from noncapital financing activities:			
Receipts from interfund borrowing, net	14,435	5,811	20,246
Net cash provided by noncapital financing activities	<u>14,435</u>	<u>5,811</u>	<u>20,246</u>
Net increase in cash and cash equivalents	17,248	6,204	23,452
Cash and cash equivalents - Beginning	-	-	-
Cash and cash equivalents - Ending	<u>\$ 17,248</u>	<u>\$ 6,204</u>	<u>\$ 23,452</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 2,647	\$ 159	\$ 2,806
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	67	-	67
Change in assets and liabilities:			
Increase in Accounts payable	-	215	215
Net cash provided by operating activities	<u>\$ 2,714</u>	<u>\$ 374</u>	<u>\$ 3,088</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, 2011

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$          158</u>
Total Assets	<u><u>\$          158</u></u>
LIABILITIES	
Due to other governments	<u>\$          158</u>
Total Liabilities	<u><u>\$          158</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, 2011

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 2011, the Regional Office of Education #10 implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*; GASB Statement No. 59, *Financial Instruments Omnibus*; and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Regional Office of Education #10 implemented these standards during the current year; however, GASB Statements No. 59 and 62 had no impact on the financial statements. The implementation of GASB Statement No. 54 changed fund balance reporting for governmental funds by adding some additional fund balance classifications, clarifying governmental fund type definitions, and providing additional disclosures on how fund balance constraints are imposed and may be modified or eliminated.

A. DATE OF MANAGEMENT’S REVIEW

Management has evaluated subsequent events through March 30, 2012, the date on which the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

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.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

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.

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, 2011, 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).

C. 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.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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.

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.

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JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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.

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 presents 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.

F. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #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.

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 the Regional Office of Education #10's policy to first apply restricted funds to such programs, and then unrestricted funds. For unrestricted funds, committed funds are used first, then assigned funds, then unassigned funds if any.

H. FUND ACCOUNTING

The Regional Office of Education #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.

CHRISTIAN/MONTGOMERY COUNTIES  
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

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:

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

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

General State Aid – Regional Safe School – This fund accounts for General State Aid received from the Illinois State Board of Education based on the average daily attendance at the Regional Safe School and is used to increase safety and promote the learning environment in schools and to meet the particular educational needs of disruptive students more appropriately and individually in the alternative educational environments.

CHRISTIAN/MONTGOMERY COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (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 and report the proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for specified purposes supporting education enhancement programs as follows:

American Recovery and Reinvestment (ARRA) – Education Jobs – Accounts for the federal funding provided to LEAs to save or create education jobs for school year 2010-2011

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.

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.

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.

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

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

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.

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

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

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

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

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.

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

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

Title II – Teacher Quality – This program accounts for the proceeds of a grant from the Illinois State Board of Education to improve teacher effectiveness in the classroom.

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

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

CHRISTIAN/MONTGOMERY COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

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.

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.

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  
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NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES

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

Nonspendable Fund Balance - The portion of a Governmental Fund's net assets that are not available to be spent, either short term or long term, due to either their form or legal restrictions. The Regional Office of Education #10 has no nonspendable fund balances.

Restricted Fund Balance - The portion of a Governmental Fund's net assets that are subject to external enforceable legal restrictions. The following funds are restricted by Illinois Statute: Institute Fund, Bus Driver Training Fund, and General Education Development Fund.

Committed Fund Balance - The portion of a Governmental Fund's net assets with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Regional Office of Education #10 has no committed fund balances.

Assigned Fund Balance - The portion of a Governmental Fund's net assets for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Regional Superintendent. The following General Fund accounts have assigned fund balances: Fingerprinting and General State Aid - Regional Safe School.

Unassigned Fund Balance - Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following General Fund account has an unassigned fund balance: Conferences. The following Education Fund accounts have unassigned fund balances: Early Childhood Block Grant, Regional Safe Schools, ROE/ISC Operations, and Truants Alternative Optional Education.

J. NET ASSETS

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

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

Restricted net assets – Consists of net assets with constraints placed on 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.”

CHRISTIAN/MONTGOMERY COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. 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, 2011, cash and cash equivalents consisted of cash on deposit.

L. INVENTORY

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

M. 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.

N. 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.

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.

CHRISTIAN/MONTGOMERY COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

O. 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.

P. 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: Early Childhood Block Grant, Gifted Education, Regional Safe Schools, ROE/ISC Operations, Substance Abuse Prevention Program, Title I – Reading First Part B SEA, Title II – Teacher Quality, and Truants Alternative Optional Education.

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, 2011, the carrying amount of the Regional Office of Education #10's government-wide and Agency Fund deposits were \$207,354 and \$158, respectively, and the bank balances were \$262,804 and \$158, respectively. Of the total bank balances as of June 30, 2011, \$250,000 was secured by federal depository insurance, and \$12,962 was fully collateralized and/or backed by the full faith and credit of the U.S. Treasury.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

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, 2011, the Regional Office of Education #10 had deposits totaling \$863 in the Illinois Funds Money Market Fund, which is reported as cash and cash equivalents in the financial statements.

CREDIT RISK

At June 30, 2011, 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.

CHRISTIAN/MONTGOMERY COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

B. INVESTMENTS (Concluded)

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, 2011:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Governmental Activities				
Capital assets being depreciated:				
Furniture and fixtures	\$ 3,143	\$ -	\$ 800	\$ 2,343
Equipment	83,714	12,959	22,459	74,214
Total capital assets being depreciated	<u>86,857</u>	<u>12,959</u>	<u>23,259</u>	<u>76,557</u>
Less accumulated depreciation:				
Furniture and fixtures	(2,610)	(184)	(800)	(1,994)
Equipment	(69,479)	(7,966)	(22,459)	(54,986)
Total accumulated depreciation	<u>(72,089)</u>	<u>(8,150)</u>	<u>(23,259)</u>	<u>(56,980)</u>
Governmental Activities -				
Investment in Capital Assets	<u>\$ 14,768</u>	<u>\$ 4,809</u>	<u>\$ -</u>	<u>\$ 19,577</u>
Business-Type Activities				
Capital assets being depreciated:				
Furniture and fixtures	\$ 663	\$ -	\$ -	\$ 663
Less accumulated depreciation:				
Furniture and fixtures	(380)	(67)	-	(447)
Business-Type Activities -				
Investment in Capital Assets	<u>\$ 283</u>	<u>\$ (67)</u>	<u>\$ -</u>	<u>\$ 216</u>

CHRISTIAN/MONTGOMERY COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 3 – CAPITAL ASSETS (Concluded)

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$8,150 and \$67 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, 2011. 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 29, 2010, for \$115,000; and on June 13, 2011, for \$299,930. Both notes were secured by grant funds from the Education Fund and had an interest rate of 4.0%. The June 29, 2010, note had a maturity date of December 31, 2010 and was paid in full by the maturity date. The June 13, 2011 note has a maturity date of December 31, 2011. Interest expense totaling \$2,121 was reported for these notes in the year ending June 30, 2011.

The short-term debt activity for the year ended June 30, 2011, was as follows:

	Balance at July 1, 2010	Additions	Reductions	Balance at June 30, 2011
Note payable	\$115,000	\$299,930	\$115,000	\$299,930

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 on-line 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 annual required contribution rate for calendar year 2010 was 10.00 percent. 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.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 5 – DEFINED-BENEFIT PENSION PLAN (Concluded)

**Annual Pension Cost.** The required contribution for calendar year 2010 was \$30,110.

**Three-Year Trend Information for the Regular Plan**

<u>Calendar Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/10	\$30,110	100%	\$0
12/31/09	38,214	100%	0
12/31/08	37,946	100%	0

The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, 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 20% corridor between the actuarial and market value of assets. The Regional Office of Education #10's Regular plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 10 year basis.

**Funded Status and Funding Progress.** As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 60.39 percent funded. The actuarial accrued liability for benefits was \$608,002 and the actuarial value of assets was \$367,196, resulting in an underfunded actuarial accrued liability (UAAL) of \$240,806. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$301,101 and the ratio of the UAAL to the covered payroll was 80 percent.

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

NOTE 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  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

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

TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2011, was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after Jan. 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2010 and 2009.

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, 2011, the State of Illinois contributions were based on 23.10 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #10 recognized revenue and expenditures of \$79,697 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2010 and 2009, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 23.38 percent (\$81,293) and 17.08 percent (\$36,955), 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, 2011, were \$1,101. Contributions for the years ending June 30, 2010 and 2009, were \$1,062 and \$1,347, 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, 2011, the employer pension contribution was 23.10 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2010 and 2009, the employer contribution was 23.38 and 17.08 percent of salaries paid from those funds, respectively. For the year ended June 30, 2011, salaries totaling \$13,604 were paid from federal and special trust funds that required employer contributions of \$3,598. For the years ended June 30, 2010 and 2009, required Regional Office of Education #10 contributions were \$3,739 and \$2,737, respectively.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

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

**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.

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

For the years ended June 30, 2011, 2010, and 2009 the Regional Office of Education #10 paid no employer contributions to TRS under the ERO program.

**Salary increases over 6 percent and excess sick leave.** 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 years ended June 30, 2011, 2010, and 2009 the Regional Office of Education #10 paid no employer contributions to TRS for 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 (18.03 percent of salary during the year ended June 30, 2011, as recertified pursuant to Public Act 96-1511).

For the year ended June 30, 2011, 2010, and 2009 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.

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, 2010. The report for the year ended June 30, 2011, is expected to be available in late 2011.

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

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

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 Fund.

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 0.88 percent of pay during the year ended June 30, 2011. State of Illinois contributions were \$1,220, and the Regional Office of Education #10 recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the year ended June 30, 2010 were 0.84 percent of pay. State contributions on behalf of the Regional Office of Education #10 employees were \$1,516.

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

**Employer contributions to THIS Fund.** The Regional Office of Education #10 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.66 percent during the year ended June 30, 2011, and 0.63 percent during the years ended June 30, 2010, and June 30, 2009. For the year ended June 30, 2011, the Regional Office of Education #10 paid \$1,220, to the THIS Fund. For the years ended June 30, 2010 and June 30, 2009, the Regional Office paid \$1,137 and \$1,464 to the THIS Fund, respectively, which was 100 percent of the required contribution.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 7 – TEACHERS’ HEALTH INSURANCE SECURITY FUND (Concluded)

**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.

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, 2011. 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 – 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, 2011

NOTE 10 – DUE TO/FROM OTHER GOVERNMENTS

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

Due from Other Governments:

Education Fund

Illinois State Board of Education	\$ 244,564
Illinois Department of Human Services	14,089
Total Due from Other Governments	\$ 258,653

Due to Other Governments:

Education Fund

Illinois State Board of Education	\$ 110
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Institute Fund

Illinois State Superintendent	110
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Agency Fund

Local governments	158
Total Due to Other Governments	\$ 378

NOTE 11 – INTERFUND ACTIVITY

TRANSFERS

Interfund transfers into/out of other fund balances at June 30, 2011, 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	\$ 175	\$ -
General State Aid - Regional		
Safe School	-	199
Education Fund:		
Regional Safe Schools	199	-
English Language Learning	-	3
Gifted	-	171
Title I - Reading First Part B SEA	-	1
	\$ 374	\$ 374

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 11 – INTERFUND ACTIVITY (Concluded)

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2011, 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.

Fund	Due from Other Funds	Due to Other Funds
Education Fund	\$ -	\$ 11,000
Proprietary Funds	11,000	-
	<u>\$ 11,000</u>	<u>\$ 11,000</u>

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	77,389
Regional Superintendent Benefits (includes State-paid insurance)	24,657
Assistant Regional Superintendent Benefits (includes State-paid insurance)	1,122
TRS Pension Contribution	79,697
Teachers' Health Insurance Security (THIS) Contribution	<u>1,220</u>
Total	<u>\$ 280,520</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, 2011, were as follows:

Salaries and benefits	\$ 43,546
Purchased services	9,989
Supplies and materials	<u>1,038</u>
Total	<u>\$ 54,573</u>

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

CHRISTIAN/MONTGOMERY COUNTIES  
 REGIONAL OFFICE OF EDUCATION #10  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011

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, 2011, but was renewed for another year. Rent expense for the year ended June 30, 2011, 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, 2011, was \$5,892. Future minimum rentals are as follows for the years ending June 30:

2012	\$ <u>12,710</u>
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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, 2011:

<u>Fund</u>	<u>Amount</u>
Education Fund	
Truants Alternative and Optional Education	\$(35,556)
Regional Safe Schools	(35,223)

NOTE 15 – SUBSEQUENT EVENTS

For fiscal year 2012, the Governor of Illinois vetoed the appropriation line for the Regional Superintendent's and Assistant Regional Superintendent's salaries and benefits, as well as the appropriation line for the Regional Office's general operations grant. The Regional Superintendent's and Assistant Regional Superintendent's salaries were reinstated in November 2011 for one year only, to be paid from corporate personal property replacement tax funds, and the general operations grant has been reinstated but at a lower level. The effect of these funding cuts on the Regional Office's long-term ability to continue to provide services at their current level is unknown.

CHRISTIAN/MONTGOMERY COUNTIES  
 REGIONAL OFFICE OF EDUCATION #10  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011

NOTE 16 – RECLASSIFICATION

As a result of implementing GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, at June 30, 2011, General State Aid (GSA) funding has been reclassified from the Education Fund to the General Fund and the ROE/ISC Operation grant has been reclassified from the General Fund to the Education Fund.

The Regional Office of Education #10 receives GSA from the Illinois State Board of Education based on attendance in the Regional Safe Schools. This funding supports the general operations of the Regional Safe Schools and the Regional Office has historically reported this funding in the Education Fund with the Regional Safe Schools grant funding, however, GSA does not meet the committed or restricted criteria set forth in GASB 54 for special revenue funds. The ROE/ISC Operations grant which supports the general operations of the Regional Office has historically been reported the General Fund, however, because this funding is governed by a grant agreement with the grantor the funding is restricted and is required to be reported as a Special Revenue Fund.

The following is the effect of these reclassifications on the beginning fund balances for the General Fund and Education Fund:

General Fund:

Fund Balance - July 1, 2010	\$ (14,458)
Effect of reclassifying General State Aid funding	4,746
Effect of reclassifying ROE/ISC Operation grant	22,011
Fund Balance, Restated - July 1, 2010	\$ 12,299

Education Fund:

Fund Balance - July 1, 2010	\$ (139,396)
Effect of reclassifying General State Aid funding	(4,746)
Effect of reclassifying ROE/ISC Operation grant	(22,011)
Fund Balance, Restated - July 1, 2010	\$ (166,153)

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, 2011

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 )
12/31/10	367,196	608,002	240,806	60.39%	301,101	79.98%
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%

On a market value basis, the actuarial value of assets as of December 31, 2010, is \$424,890.

On a market basis, the funded ratio would be 69.88%.

OTHER SUPPLEMENTARY INFORMATION

CHRISTIAN/MONTGOMERY COUNTIES  
 REGIONAL OFFICE OF EDUCATION #10  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 JUNE 30, 2011

	<u>Conferences</u>	<u>Fingerprinting</u>	<u>General State Aid - Regional Safe School</u>	<u>TOTALS</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,384	\$ 11,585	\$ 22,314	\$ 36,283
<b>TOTAL ASSETS</b>	<u>\$ 2,384</u>	<u>\$ 11,585</u>	<u>\$ 22,314</u>	<u>\$ 36,283</u>
<b>FUND BALANCE</b>				
Assigned	\$ -	\$ 11,585	\$ 22,314	\$ 33,899
Unassigned	2,384	-	-	2,384
Total Fund Balance	<u>2,384</u>	<u>11,585</u>	<u>22,314</u>	<u>36,283</u>
<b>TOTAL FUND BALANCE</b>	<u>\$ 2,384</u>	<u>\$ 11,585</u>	<u>\$ 22,314</u>	<u>\$ 36,283</u>

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GENERAL FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2011

	Conferences	Fingerprinting	General State Aid - Regional Safe School	TOTALS
<b>REVENUES</b>				
Local sources	\$ 15,059	\$ 7,241	\$ 73,267	\$ 95,567
On-behalf payments - County	54,573	-	-	54,573
State sources	-	-	102,916	102,916
On-behalf payments - State	280,520	-	-	280,520
Total Revenues	<u>350,152</u>	<u>7,241</u>	<u>176,183</u>	<u>533,576</u>
<b>EXPENDITURES</b>				
Salaries and benefits	11,461	-	144,492	155,953
Purchased services	1,768	2,782	10,695	15,245
Supplies and materials	-	-	2,736	2,736
Other objects	89	-	182	271
On-behalf payments	335,093	-	-	335,093
Debt service				
Interest expense	-	-	445	445
Total Expenditures	<u>348,411</u>	<u>2,782</u>	<u>158,550</u>	<u>509,743</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	175	-	-	175
Transfers out	-	-	(199)	(199)
Interest income	3	38	134	175
Total Other Financing Sources (Uses)	<u>178</u>	<u>38</u>	<u>(65)</u>	<u>151</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,919	4,497	17,568	23,984
<b>FUND BALANCE - BEGINNING, RESTATED</b>	<u>465</u>	<u>7,088</u>	<u>4,746</u>	<u>12,299</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 2,384</u>	<u>\$ 11,585</u>	<u>\$ 22,314</u>	<u>\$ 36,283</u>

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2011

	ARRA Education Jobs Fund	Early Childhood Block Grant	English Language Learning	Gifted Education	LITES	National School Breakfast
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 50,531	\$ -	\$ -	\$ 3,663	\$ -
Due from other governments						
State	-	108,322	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 158,853</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,663</b>	<b>\$ -</b>
<b>LIABILITIES</b>						
Note payable	\$ -	\$ 147,700	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	11,000	-	-	-	-
Due to other governments						
State	-	-	-	-	-	-
Deferred revenue	-	27,500	-	-	3,663	-
<b>Total Liabilities</b>	<b>-</b>	<b>186,200</b>	<b>-</b>	<b>-</b>	<b>3,663</b>	<b>-</b>
<b>FUND BALANCE (DEFICIT)</b>						
Unassigned	-	(27,347)	-	-	-	-
<b>Total Fund Balance (Deficit)</b>	<b>-</b>	<b>(27,347)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ -</b>	<b>\$ 158,853</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,663</b>	<b>\$ -</b>

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2011

	National School Lunch	No Child Left Behind	Regional Safe Schools	ROE/ISC Operations	Rural School Achievement Program	State Free Lunch & Breakfast
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 3,741	\$ 220	\$ 375	\$ -	\$ -
Due from other governments						
State	-	-	27,926	30,987	-	46
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 3,741</b>	<b>\$ 28,146</b>	<b>\$ 31,362</b>	<b>\$ -</b>	<b>\$ 46</b>
<b>LIABILITIES</b>						
Note payable	\$ -	\$ -	\$ 27,926	\$ 30,987	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Due to other governments						
State	-	-	-	32	-	-
Deferred revenue	-	3,741	4,654	5,087	-	46
<b>Total Liabilities</b>	<b>-</b>	<b>3,741</b>	<b>32,580</b>	<b>36,106</b>	<b>-</b>	<b>46</b>
<b>FUND BALANCE (DEFICIT)</b>						
Unassigned	-	-	(4,434)	(4,744)	-	-
<b>Total Fund Balance (Deficit)</b>	<b>-</b>	<b>-</b>	<b>(4,434)</b>	<b>(4,744)</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>						
	<b>\$ -</b>	<b>\$ 3,741</b>	<b>\$ 28,146</b>	<b>\$ 31,362</b>	<b>\$ -</b>	<b>\$ 46</b>

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2011

	Substance Abuse Prevention Program	Title I - Reading First Part B SEA	Title II - Teacher Quality	Truants Alternative Optional Education	TOTALS
<b>ASSETS</b>					
Cash and cash equivalents	\$ 793	\$ -	\$ 1,296	\$ 3,983	\$ 64,602
Due from other governments					
State	14,089	-	24,381	52,902	258,653
<b>TOTAL ASSETS</b>	<b>\$ 14,882</b>	<b>\$ -</b>	<b>\$ 25,677</b>	<b>\$ 56,885</b>	<b>\$ 323,255</b>
<b>LIABILITIES</b>					
Note payable	\$ 14,793	\$ -	\$ 25,622	\$ 52,902	\$ 299,930
Due to other funds	-	-	-	-	11,000
Due to other governments					
State	71	-	-	7	110
Deferred revenue	18	-	55	8,817	53,581
<b>Total Liabilities</b>	<b>14,882</b>	<b>-</b>	<b>25,677</b>	<b>61,726</b>	<b>364,621</b>
<b>FUND BALANCE (DEFICIT)</b>					
Unassigned	-	-	-	(4,841)	(41,366)
<b>Total Fund Balance (Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,841)</b>	<b>(41,366)</b>
<b>TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)</b>	<b>\$ 14,882</b>	<b>\$ -</b>	<b>\$ 25,677</b>	<b>\$ 56,885</b>	<b>\$ 323,255</b>

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, 2011

	ARRA Education Jobs Fund	Early Childhood Block Grant	English Language Learning	Gifted Education	LITES	National School Breakfast
<b>REVENUES</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	276,479	-	30,938	-	-
Federal sources	9,370	-	3	-	1,947	3,135
Total Revenues	<u>9,370</u>	<u>276,479</u>	<u>3</u>	<u>30,938</u>	<u>1,947</u>	<u>3,135</u>
<b>EXPENDITURES</b>						
Salaries and benefits	9,370	191,992	-	1,503	-	-
Purchased services	-	18,561	-	11,160	1,228	-
Supplies and materials	-	7,512	-	18,115	734	-
Capital outlay	-	10,679	-	-	-	-
Payments to other governments	-	-	-	-	-	3,135
Debt service						
Interest expense	-	1,018	-	-	-	-
Total Expenditures	<u>9,370</u>	<u>229,762</u>	<u>-</u>	<u>30,778</u>	<u>1,962</u>	<u>3,135</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(3)	(171)	-	-
Interest income	-	33	-	11	15	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>33</u>	<u>(3)</u>	<u>(160)</u>	<u>15</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	46,750	-	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING, RESTATED	-	(74,097)	-	-	-	-
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ (27,347)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2011

	National School Lunch	No Child Left Behind	Regional Safe Schools	ROE/ISC Operations	Rural School Achievement Program	State Free Lunch & Breakfast
<b>REVENUES</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	97,750	68,920	-	330
Federal sources	5,448	1,441	-	-	19,115	-
Total Revenues	<u>5,448</u>	<u>1,441</u>	<u>97,750</u>	<u>68,920</u>	<u>19,115</u>	<u>330</u>
<b>EXPENDITURES</b>						
Salaries and benefits	-	-	50,646	33,196	18,394	-
Purchased services	-	1,456	16,315	8,756	237	-
Supplies and materials	-	-	-	7,092	484	-
Capital outlay	-	-	-	2,280	-	-
Payments to other governments	5,448	-	-	-	-	330
Debt service	-	-	-	-	-	-
Interest expense	-	-	-	358	-	-
Total Expenditures	<u>5,448</u>	<u>1,456</u>	<u>66,961</u>	<u>51,682</u>	<u>19,115</u>	<u>330</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	199	-	-	-
Transfers out	-	-	-	-	-	-
Interest income	-	15	21	29	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>15</u>	<u>220</u>	<u>29</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	31,009	17,267	-	-
FUND BALANCE (DEFICIT) - BEGINNING, RESTATE	-	-	(35,443)	(22,011)	-	-
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,434)</u>	<u>\$ (4,744)</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2011

	Substance Abuse Prevention Program	Title I-- Reading First Part B SEA	Title II - Teacher Quality	Truants Alternative Optional Education	TOTALS
<b>REVENUES</b>					
Local sources	\$ -	\$ -	\$ -	\$ 20,354	\$ 20,354
State sources	17,744	-	-	110,062	602,223
Federal sources	25,674	710	98,759	-	165,602
Total Revenues	<u>43,418</u>	<u>710</u>	<u>98,759</u>	<u>130,416</u>	<u>788,179</u>
<b>EXPENDITURES</b>					
Salaries and benefits	41,362	-	30,218	84,817	461,498
Purchased services	1,716	193	61,317	14,020	134,959
Supplies and materials	340	516	7,224	1,569	43,586
Capital outlay	-	-	-	-	12,959
Payments to other governments	-	-	-	-	8,913
Debt service					
Interest expense	-	-	-	300	1,676
Total Expenditures	<u>43,418</u>	<u>709</u>	<u>98,759</u>	<u>100,706</u>	<u>663,591</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	199
Transfers out	-	(1)	-	-	(175)
Interest income	-	-	-	51	175
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>51</u>	<u>199</u>
NET CHANGE IN FUND BALANCE	-	-	-	29,761	124,787
FUND BALANCE (DEFICIT) - BEGINNING, RESTATED	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,602)</u>	<u>(166,153)</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,841)</u>	<u>\$ (41,366)</u>

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 1, 2010 to August 31, 2011)  
EDUCATION FUND ACCOUNT  
EARLY CHILDHOOD BLOCK GRANT  
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 252,640	\$ 280,140	\$ 276,479
Total Revenue	<u>252,640</u>	<u>280,140</u>	<u>276,479</u>
<b>EXPENDITURES</b>			
Salaries and benefits	217,421	230,810	191,992
Purchased services	23,970	24,906	18,561
Supplies and materials	9,249	12,630	7,512
Capital outlay	-	10,781	10,679
Other objects	2,000	1,013	-
Interest expense	-	-	1,018
Total Expenditures	<u>252,640</u>	<u>280,140</u>	<u>229,762</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>			
	<u>-</u>	<u>-</u>	<u>46,717</u>
<b>OTHER FINANCING SOURCES:</b>			
Interest income	-	-	33
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>33</u>
<b>NET CHANGE IN FUND BALANCE</b>			
	-	-	46,750
<b>FUND DEFICIT - BEGINNING</b>			
	<u>-</u>	<u>-</u>	<u>(74,097)</u>
<b>FUND DEFICIT - ENDING</b>			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,347)</u>

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, 2011

	Budgeted Amounts		Actual Amounts		Total Actual Amounts
	Original	Final	FY10	FY11	
<b>REVENUE</b>					
State sources	\$ 59,158	\$ 59,158	\$ 25,746	\$ 30,938	\$ 56,684
Total Revenue	<u>59,158</u>	<u>59,158</u>	<u>25,746</u>	<u>30,938</u>	<u>56,684</u>
<b>EXPENDITURES</b>					
Salaries and benefits	18,992	9,433	8,120	1,503	9,623
Purchased services	33,239	27,475	14,316	11,160	25,476
Supplies and materials	6,927	22,250	3,470	18,115	21,585
Total Expenditures	<u>59,158</u>	<u>59,158</u>	<u>25,906</u>	<u>30,778</u>	<u>56,684</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	<u>-</u>	<u>-</u>	<u>(160)</u>	<u>160</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfer out	-	-	-	(171)	(171)
Interest income	-	-	160	11	171
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>160</u>	<u>(160)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - BEGINNING</b>					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 1, 2010 to June 30, 2011)  
EDUCATION FUND ACCOUNT  
REGIONAL SAFE SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 66,961	\$ 66,961	\$ 97,750
Total Revenue	<u>66,961</u>	<u>66,961</u>	<u>97,750</u>
EXPENDITURES			
Salaries and benefits	50,559	50,559	50,646
Purchased services	16,402	16,402	16,315
Total Expenditures	<u>66,961</u>	<u>66,961</u>	<u>66,961</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>30,789</u>
OTHER FINANCING SOURCES:			
Transfer in	-	-	199
Interest income	-	-	21
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>220</u>
NET CHANGE IN FUND BALANCE	-	-	31,009
FUND DEFICIT - BEGINNING	<u>-</u>	<u>-</u>	<u>(35,443)</u>
FUND DEFICIT - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,434)</u>

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
BUDGETARY COMPARISON SCHEDULE  
(For the Period August 24, 2010 to June 30, 2011)  
EDUCATION FUND ACCOUNT  
ROE/ISC OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 51,797	\$ 51,707	\$ 68,920
Total Revenue	<u>51,797</u>	<u>51,707</u>	<u>68,920</u>
EXPENDITURES			
Salaries and benefits	32,427	32,062	33,196
Purchased services	6,491	6,708	8,756
Supplies and materials	4,841	7,001	7,092
Capital outlay	1,538	3,000	2,280
Other objects	6,500	2,936	-
Interest expense	-	-	358
Total Expenditures	<u>51,797</u>	<u>51,707</u>	<u>51,682</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>17,238</u>
OTHER FINANCING SOURCES:			
Interest income	-	-	29
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>29</u>
NET CHANGE IN FUND BALANCE	-	-	17,267
FUND DEFICIT- BEGINNING	<u>-</u>	<u>-</u>	<u>(22,011)</u>
FUND DEFICIT - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (4,744)</u></u>

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 1, 2010 to June 30, 2011)  
EDUCATION FUND ACCOUNT  
SUBSTANCE ABUSE PREVENTION PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ -	\$ -	\$ 17,744
Federal sources	44,437	44,437	25,674
Total Revenue	<u>44,437</u>	<u>44,437</u>	<u>43,418</u>
EXPENDITURES			
Salaries and benefits	41,735	41,735	41,362
Purchased services	700	700	1,716
Supplies and materials	1,500	1,500	340
Capital outlay	502	502	-
Total Expenditures	<u>44,437</u>	<u>44,437</u>	<u>43,418</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2011

	Budgeted Amounts		Actual Amounts		Total Actual Amounts
	Original	Final	FY10	FY11	
REVENUE					
Federal sources	\$ 11,750	\$ 11,750	\$ 11,040	\$ 710	\$ 11,750
Total Revenue	<u>11,750</u>	<u>11,750</u>	<u>11,040</u>	<u>710</u>	<u>11,750</u>
EXPENDITURES					
Salaries and benefits	556	556	556	-	556
Purchased services	7,444	7,444	7,661	193	7,854
Supplies and materials	3,750	3,750	2,824	516	3,340
Total Expenditures	<u>11,750</u>	<u>11,750</u>	<u>11,041</u>	<u>709</u>	<u>11,750</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>1</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
Transfer out	-	-	-	(1)	(1)
Interest income	-	-	1	-	1
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1</u>	<u>(1)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 1, 2010 to June 30, 2011)  
EDUCATION FUND ACCOUNT  
TITLE II - TEACHER QUALITY  
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 100,000	\$ 100,000	\$ 98,759
Total Revenue	<u>100,000</u>	<u>100,000</u>	<u>98,759</u>
EXPENDITURES			
Salaries and benefits	31,703	30,225	30,218
Purchased services	32,120	24,830	61,317
Supplies and materials	11,852	6,409	7,224
Payments to other governments	24,325	38,536	-
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>98,759</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 1, 2010 to June 30, 2011)  
EDUCATION FUND ACCOUNT  
TRUANTS ALTERNATIVE AND OPTIONAL EDUCATION  
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
Local sources	\$ -	\$ -	\$ 20,354
State sources	79,354	79,354	110,062
Total Revenue	<u>79,354</u>	<u>79,354</u>	<u>130,416</u>
<b>EXPENDITURES</b>			
Salaries and benefits	66,639	66,639	84,817
Purchased services	11,708	11,708	14,020
Supplies and materials	707	707	1,569
Other objects	300	300	-
Interest expense	-	-	300
Total Expenditures	<u>79,354</u>	<u>79,354</u>	<u>100,706</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>29,710</u>
<b>OTHER FINANCING SOURCES:</b>			
Interest income	-	-	51
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>51</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	29,761
<b>FUND DEFICIT - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>(34,602)</u>
<b>FUND DEFICIT - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,841)</u>

CHRISTIAN/MONTGOMERY COUNTIES  
 REGIONAL OFFICE OF EDUCATION #10  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2011

	Bus Driver Training	General Education Development	Supervisory	TOTALS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,115	\$ 9,411	\$ -	\$ 16,526
<b>TOTAL ASSETS</b>	<b>\$ 7,115</b>	<b>\$ 9,411</b>	<b>\$ -</b>	<b>\$ 16,526</b>
<b>FUND BALANCE</b>				
Restricted	\$ 7,115	\$ 9,411	\$ -	\$ 16,526
Total Fund Balance	7,115	9,411	-	16,526
<b>TOTAL FUND BALANCE</b>	<b>\$ 7,115</b>	<b>\$ 9,411</b>	<b>\$ -</b>	<b>\$ 16,526</b>

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, 2011

	Bus Driver Training	General Education Development	Supervisory	TOTALS
<b>REVENUES</b>				
Local sources	\$ 692	\$ 9,029	\$ -	\$ 9,721
State sources	680	-	-	680
Total Revenues	<u>1,372</u>	<u>9,029</u>	<u>-</u>	<u>10,401</u>
<b>EXPENDITURES</b>				
Salaries and benefits	-	2,535	-	2,535
Purchased services	1,123	1,492	894	3,509
Supplies and materials	-	2,143	32	2,175
Total Expenditures	<u>1,123</u>	<u>6,170</u>	<u>926</u>	<u>8,219</u>
<b>OTHER FINANCING SOURCES</b>				
Interest income	22	25	1	48
Total Other Financing Sources	<u>22</u>	<u>25</u>	<u>1</u>	<u>48</u>
<b>NET CHANGE IN FUND BALANCE</b>	271	2,884	(925)	2,230
<b>FUND BALANCE - BEGINNING</b>	6,844	6,527	925	14,296
<b>FUND BALANCE - ENDING</b>	<u>\$ 7,115</u>	<u>\$ 9,411</u>	<u>\$ -</u>	<u>\$ 16,526</u>

CHRISTIAN/MONTGOMERY COUNTIES  
 REGIONAL OFFICE OF EDUCATION #10  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUND  
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>REGIONAL DELIVERY SYSTEM</u>				
ASSETS				
Cash and cash equivalents	\$ 154	\$ 421,897	\$ 421,893	\$ 158
Total Assets	<u>\$ 154</u>	<u>\$ 421,897</u>	<u>\$ 421,893</u>	<u>\$ 158</u>
LIABILITIES				
Due to other governments	\$ 154	\$ 421,897	\$ 421,893	\$ 158
Total Liabilities	<u>\$ 154</u>	<u>\$ 421,897</u>	<u>\$ 421,893</u>	<u>\$ 158</u>