

State of Illinois
CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
FINANCIAL AUDIT
For the Year Ended June 30, 2014

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

CHRISTIAN/MONTGOMERY COUNTIES
 REGIONAL OFFICE OF EDUCATION #10
 JUNE 30, 2014

TABLE OF CONTENTS

	<u>PAGE</u>
Agency Officials	1
Financial Report Summary	2-3
Financial Statement Report Summary	4
 FINANCIAL SECTION	
Independent Auditors' Report	5-7
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	8-9
Schedule of Findings and Responses	
Section I – Summary of Auditors' Results	10
Section II – Financial Statement Findings	11
Summary Schedule of Prior Audit Findings	12
Management's Discussion and Analysis	13a-13f
 BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	14
Statement of Activities.....	15
 Fund Financial Statements	
Balance Sheet – Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position – Governmental Funds.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds	19
Statement of Net Position – Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds.....	22
Statement of Fiduciary Net Position – Fiduciary Fund	23

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
JUNE 30, 2014

TABLE OF CONTENTS (Concluded)

Notes to the Financial Statements	24-43
 REQUIRED SUPPLEMENTARY INFORMATION	
Illinois Municipal Retirement Fund Schedule of Funding Progress.....	44
 OTHER SUPPLEMENTARY INFORMATION	
General Fund	
Combining Schedule of Accounts – General Fund.....	45
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – General Fund Accounts	46
 Education Fund	
Combining Schedule of Accounts – Education Fund	47-49
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Education Fund Accounts	50-52
Budgetary Comparison Schedules – Education Fund Accounts	
Early Childhood Block Grant.....	53
Regional Safe Schools.....	54
ROE/ISC Operations	55
Substance Abuse Prevention Program	56
Title II – Teacher Quality	57
Truants Alternative and Optional Education.....	58
Title I School Improvement and Accountability	59
 Nonmajor Special Revenue Funds	
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	61
 Nonmajor Proprietary Funds	
Combining Statement of Net Position – Nonmajor Proprietary Funds	62
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Proprietary Funds	63
Combining Statement of Cash Flows – Nonmajor Proprietary Funds	64
 Agency Fund	
Statement of Changes in Assets and Liabilities – Agency Fund	65

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
JUNE 30, 2014

OFFICIALS

Regional Superintendent
(Current and during the audit period)

Ms. Marchelle Kassebaum

Assistant Regional Superintendent
(Current and during the audit period)

Mr. Greg Patrick

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, 2014

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

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*)

None

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
JUNE 30, 2014

FINANCIAL REPORT SUMMARY (Concluded)

EXIT CONFERENCE

An informal exit conference was held on September 3, 2014. Attending were Marchelle Kassebaum, Regional Superintendent; Dawn DeClerck, Controller of the Regional Office; and Matt Price, Kemper CPA Group, LLP. There were no audit findings to discuss.

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
JUNE 30, 2014

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 unmodified opinion on the Christian/Montgomery Regional Office of Education #10's basic financial statements.



INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

Report on Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the Christian/Montgomery Counties Regional Office of Education #10's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Christian/Montgomery Counties Regional Office of Education #10, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12, the Christian/Montgomery Counties Regional Office of Education #10 will disband effective July 1, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 13a through 13f and 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Christian/Montgomery Counties Regional Office of Education #10's financial statements. The combining schedule of accounts, the budgetary comparison schedules and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedule of accounts, the budgetary comparison schedules and the combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedule of accounts, the budgetary comparison schedules and the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2015 on our consideration of the Christian/Montgomery Counties Regional Office of Education #10's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Christian/Montgomery Counties Regional Office of Education #10's internal control over financial reporting and compliance.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Mattoon, Illinois
April 14, 2015



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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Christian/Montgomery Counties Regional Office of Education #10, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Christian/Montgomery Counties Regional Office of Education #10's basic financial statements, and have issued our report thereon dated April 14, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Christian/Montgomery Counties Regional Office of Education #10's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Christian/Montgomery Counties Regional Office of Education #10's internal control. Accordingly, we do not express an opinion on the effectiveness of Christian/Montgomery Counties Regional Office of Education #10's internal control.

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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Christian/Montgomery Counties Regional Office of Education #10's internal control or on compliance. This report is an integral part of an audit performed in accordance with the *Government Auditing Standards* in considering the Christian/Montgomery Counties Regional Office of Education #10's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kemper CPA Group LLP

Certified Public Accountants and Consultants

Mattoon, Illinois
April 14, 2015

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no audit findings for the year ended June 30, 2014.

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
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There are no audit findings for the year ended June 30, 2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2014

The Christian/Montgomery Counties Regional Office of Education #10 provides this Management's Discussion and Analysis of its financial statements for the fiscal year that ended June 30, 2014. Readers are encouraged to consider the discussion information in conjunction with the financial statements.

2013-2014 (FY14) Financial Highlights:

- Within the Governmental Funds, the General Fund revenues increased by \$11,240 from \$644,818 in FY13 to \$656,058 in FY14. General Fund expenditures increased by \$10,999 from \$646,090 in FY13 to \$657,089 in FY14. This was a result of an increase in General State Aid that corresponded with increased operating costs for the program.
- Within the Governmental Funds, the Special Revenue Fund revenues increased by \$17,137 from \$743,931 in FY13 to \$761,068 in FY14. The Special Revenue Fund expenditures increased by \$9,650 from \$756,532 in FY13 to \$766,182 in FY14. This was a result of an increase in the number of students in the Safe School program which generated more School Lunch and Breakfast program revenue based on number of meals served.
- Within the Proprietary Funds, revenues increased by \$17,574 from \$18,048 in FY13 to \$35,622 in FY14. Expenditures decreased by \$2,257 from \$35,310 in FY13 to \$33,053 in FY14. This was the result of an additional assessment to school districts for shift kits that were assembled and distributed by the ROE during FY14.

Using This Report

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

- Management's Discussion and Analysis introduces the Regional Office's basic financial statements and provides an overview of Regional Office's financial activities.
- The Basic Financial Statements include the Statement of Net Position, Statement of Activities, Fund Financial Statements, and Reconciliations. These provide information about the status and activities of the Regional Office and present an overall view of the office's finances.
- Supplemental Information reports the Regional Office's operations in greater detail.

Reporting the Office as a Whole

The Government-wide Financial Statements report information about the Regional Office as a whole. The Statement of Net Position 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 position has changed. Net position represents the difference between assets and liabilities. Net position can provide a measurement of the financial health of the Regional Office.

Over a period of time, changes in net position can indicate whether the office's financial position is improving or deteriorating. To assess the Regional Office'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.

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2014

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 has three kinds of funds:

1. Governmental Funds account for the Regional 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 position; 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.
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 position; a statement of revenues, expenses, and changes in fund net position; 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: the Regional Office's Condensed Statement of Net Position 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 position over the past fiscal year. The net position at the end of FY14 totaled \$78,632.

**CONDENSED STATEMENT OF NET POSITION
June 30, 2014 and 2013**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current Assets	\$ 249,804	\$ 209,766	\$ 7,722	\$ 5,058	\$ 257,526	\$ 214,824
Capital Assets, net	5,126	10,983	17	83	5,143	11,066
Total Assets	<u>254,930</u>	<u>220,749</u>	<u>7,739</u>	<u>5,141</u>	<u>262,669</u>	<u>225,890</u>
Current Liabilities	168,494	122,925	-	-	168,494	122,925
Noncurrent Liabilities	15,543	-	-	-	15,543	-
Total Liabilities	<u>184,037</u>	<u>122,925</u>	<u>-</u>	<u>-</u>	<u>184,037</u>	<u>122,925</u>
Net Position						
Investment in Capital Assets Restricted for Educational Purposes	5,126	10,983	17	83	5,143	11,066
Unrestricted	57,935	62,719	-	-	57,935	62,719
Total Net Position	<u>\$ 70,893</u>	<u>\$ 97,824</u>	<u>\$ 7,739</u>	<u>\$ 5,141</u>	<u>\$ 78,632</u>	<u>\$ 102,965</u>

**CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2014**

**CHANGES IN NET POSITION
For the Years Ended June 30, 2014 and 2013**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 35,622	\$ 18,048	\$ 35,622	\$ 18,048
Operating grants & contributions	741,115	719,804	-	-	741,115	719,804
General revenues:						
Local sources	118,651	162,342	-	-	118,651	162,342
State sources	172,080	143,534	-	-	172,080	143,534
On-behalf payments	385,280	363,069	-	-	385,280	363,069
Interest	614	465	29	34	643	499
Total revenues	<u>1,417,740</u>	<u>1,389,214</u>	<u>35,651</u>	<u>18,082</u>	<u>1,453,391</u>	<u>1,407,296</u>
Expenses:						
Program expenses:						
Instructional services:						
Salaries & benefits	563,093	555,571	-	-	563,093	555,571
Purchased services	411,213	419,403	-	-	411,213	419,403
Supplies & materials	24,268	28,530	-	-	24,268	28,530
Other objects	6,696	5,064	-	-	6,696	5,064
Payments to other governments	24,636	21,837	-	-	24,636	21,837
Depreciation	8,020	9,365	-	-	8,020	9,365
Administrative expenses:						
Debt service - interest	2,215	5,134	-	-	2,215	5,134
On-behalf payments	385,280	363,069	-	-	385,280	363,069
Business-type expenses	-	-	33,053	35,310	33,053	35,310
Total expenses	<u>1,425,421</u>	<u>1,407,973</u>	<u>33,053</u>	<u>35,310</u>	<u>1,458,474</u>	<u>1,443,283</u>
Change in net position	(7,681)	(18,759)	2,598	(17,228)	(5,083)	(35,987)
Net position, beginning of year, Restated	<u>78,574</u>	<u>116,583</u>	<u>5,141</u>	<u>22,369</u>	<u>83,715</u>	<u>138,952</u>
Net position, end of year	<u>\$ 70,893</u>	<u>\$ 97,824</u>	<u>\$ 7,739</u>	<u>\$ 5,141</u>	<u>\$ 78,632</u>	<u>\$ 102,965</u>

Governmental Activities

Revenues for governmental activities were \$1,417,740 and expenses were \$1,425,421. The Regional Office experienced a decrease in net position of \$7,681. The decrease was a result of unexpected expenses for Institute Fund seminars and less revenue received for teacher certifications.

Financial Analysis of the Regional Office's Funds

As previously noted, the Regional Office uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office's governmental funds reported combined fund balances of \$81,310 for FY14, a decrease of \$5,531 over FY13 fund balances of \$86,841.

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2014

Governmental Fund Highlights:

- County support for the Regional Office remained at FY13 levels in FY14.
- The State aid foundation level was reduced to 89% for the Foundation Level of \$6,119

Proprietary Fund Highlights:

- In FY14, the Regional Office offered 67 administrator and teacher workshops. As of July 1, 2014, the Regional Office anticipates having at least 50 workshops in FY15.
- There were 690 teachers and 46 administrators for the region in FY14.

Budgetary Highlights

The Regional Office annually adopts budgets for several funds. The Education Fund and the Nonmajor Special Revenue Fund budgets are prepared by the Regional Superintendent and serve as a guideline for activities and expenditures. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the two County Boards for their approval. The Office Operations Budget covers a fiscal year, which runs from December 1 to November 30. All grant budgets are prepared by the Regional Office and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Schedules showing the budget amounts compared to the Regional Office's actual financial activity are included in the supplementary information of this report.

Capital Assets

Capital assets of the Regional Office include office equipment, computers, audio-visual equipment, and office furniture. The Regional Office maintains an inventory of capital assets which have been accumulated over time. Governmental activities net capital assets for FY14 were \$5,126 and for FY13 were \$10,983. Excess depreciation expense over current year capital asset additions has caused the net book value of capital assets to decrease in FY14. More detailed information about capital assets is available in Note 3 to the financial statements.

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 the Regional Office. Management and financial staff members review on a continuing basis all parts of the Regional Office'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 Regional Office and looking at current and expected future funding. Analysis and balancing of funds are accomplished monthly. The Superintendent reviews bills prior to payment, including those bills which are recommended for payment by other members of the management staff. The Superintendent also approves or acknowledges all paid invoices. 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 FY12. Short-term borrowing was again utilized as a means of addressing this situation. Had funds not been borrowed, many services would have ceased until late in the calendar year or perhaps after the beginning of the next calendar year when state payments for FY13 were first received. Short term borrowing continued in FY14.

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2014

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 Regional Office. These meetings include analysis of the status of the Regional Office dependent upon projected grant funding. The intent is to project adequate funding for the Regional Office programming before program plans are carried out and to allow for changes if such changes are deemed necessary. In recent years – until FY09 – 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 six fiscal years. Reduced state funding has brought about curtailed services. This reduction in service capability continued through FY09, FY10, FY11, FY12, FY13, and FY14. The FY14 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 Regional Office moves into the future. 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 the Regional Office's 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 the Regional Office 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 Regional Office resulted in a major funding cut for the Regional Office, a cut that was serious enough that it threatened the Regional Office'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 Regional Office. The counties' leaders agreed without incident on the following years' budgets. The FY07 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. 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 increased as a result of the end-of-the-fiscal year layoffs in FY11. A result of staff reductions has been a decrease in the number of professional development programs the Regional Office 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 Professional Development Co-op and Institute funds are used to provide support on a region wide basis and individual basis depending on the needs of the school. Professional development includes, but not limited to, the implementation of PERA, Danielson, New Illinois State Standards, Next Science Generation Standards and the new state assessment PARCC (Partnership for Assessment of Readiness for College and Careers).

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2014

Level funding has allowed the Regional Office of Education to serve the same amount of students and families in FY14, such as, the Truants' Alternative Program, the Early Childhood Block Grant, and the Regional Safe Schools Program. A state budget that includes a regular, guaranteed revenue stream, with built-in cost-of-living adjustments, would assist the Regional Office 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.

On Behalf of Governor Pat Quinn, the Streamlining Illinois' Regional Offices of Education Commission was formed in the spring of 2012. The Commission reached consensus and recommended reducing the total number of Regional Offices of Education from 44 active (45 is language in the statute) to 35 Regional Offices and 3 ISC's by increasing the population minimum from 43,000 to 61,000. The School Code was amended by changing section 3A-4, mandatory consolidation of educational serviced regions. Effective July 1, 2015, Christian and Montgomery Counties will consolidate with the Regional Office of Education #3.

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 Christian/Montgomery Counties 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 POSITION
JUNE 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 165,511	\$ 7,722	\$ 173,233
Due from other governments			
State	81,476	-	81,476
Federal	2,817	-	2,817
Total current assets	<u>249,804</u>	<u>7,722</u>	<u>257,526</u>
NONCURRENT ASSETS			
Capital assets, net of depreciation	<u>5,126</u>	<u>17</u>	<u>5,143</u>
TOTAL ASSETS	<u>254,930</u>	<u>7,739</u>	<u>262,669</u>
LIABILITIES			
CURRENT LIABILITIES			
Note payable	121,423	-	121,423
Due to other governments			
Local	2,926	-	2,926
Unearned revenue	44,145	-	44,145
Total current liabilities	<u>168,494</u>	<u>-</u>	<u>168,494</u>
NONCURRENT LIABILITIES			
Liability for compensated absences	<u>15,543</u>	<u>-</u>	<u>15,543</u>
Total noncurrent liabilities	<u>15,543</u>	<u>-</u>	<u>15,543</u>
TOTAL LIABILITIES	<u>184,037</u>	<u>-</u>	<u>184,037</u>
NET POSITION			
Investment in capital assets	5,126	17	5,143
Restricted for educational purposes	57,935	-	57,935
Unrestricted	<u>7,832</u>	<u>7,722</u>	<u>15,554</u>
TOTAL NET POSITION	<u>\$ 70,893</u>	<u>\$ 7,739</u>	<u>\$ 78,632</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, 2014

FUNCTIONS/PROGRAMS	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
PRIMARY GOVERNMENT						
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 563,093	\$ -	\$ 537,541	\$ (25,552)	\$ -	\$ (25,552)
Purchased services	411,213	-	147,530	(263,683)	-	(263,683)
Supplies and materials	24,268	-	23,402	(866)	-	(866)
Other objects	6,696	-	5,843	(853)	-	(853)
Depreciation	8,020	-	-	(8,020)	-	(8,020)
Capital outlay	-	-	2,163	2,163	-	2,163
Payments to other governments	24,636	-	24,636	-	-	-
Administrative:						
Debt service - interest expense	2,215	-	-	(2,215)	-	(2,215)
On-behalf payments - State	308,857	-	-	(308,857)	-	(308,857)
On-behalf payments - County	76,423	-	-	(76,423)	-	(76,423)
Total governmental activities	<u>1,425,421</u>	<u>-</u>	<u>741,115</u>	<u>(684,306)</u>	<u>-</u>	<u>(684,306)</u>
Business-type activities:						
Registration fees	<u>33,053</u>	<u>35,622</u>	<u>-</u>	<u>-</u>	<u>2,569</u>	<u>2,569</u>
Total business-type activities	<u>33,053</u>	<u>35,622</u>	<u>-</u>	<u>-</u>	<u>2,569</u>	<u>2,569</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 1,458,474</u>	<u>\$ 35,622</u>	<u>\$ 741,115</u>	<u>(684,306)</u>	<u>2,569</u>	<u>(681,737)</u>
GENERAL REVENUES:						
Local sources				118,651	-	118,651
State sources				172,080	-	172,080
On-behalf payments - State				308,857	-	308,857
On-behalf payments - County				76,423	-	76,423
Interest income				614	29	643
Total general revenues				<u>676,625</u>	<u>29</u>	<u>676,654</u>
CHANGE IN NET POSITION				(7,681)	2,598	(5,083)
NET POSITION - BEGINNING, Restated (See Note 11)				<u>78,574</u>	<u>5,141</u>	<u>83,715</u>
NET POSITION - ENDING				<u>\$ 70,893</u>	<u>\$ 7,739</u>	<u>\$ 78,632</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, 2014

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 20,674	\$ 86,902	\$ 33,571	\$ 24,364	\$ 165,511
Due from other governments:					
State	2,500	78,976	-	-	81,476
Federal	-	2,817	-	-	2,817
TOTAL ASSETS	<u>\$ 23,174</u>	<u>\$ 168,695</u>	<u>\$ 33,571</u>	<u>\$ 24,364</u>	<u>\$ 249,804</u>
LIABILITIES					
Note payable	\$ -	\$ 121,423	\$ -	\$ -	\$ 121,423
Due to other governments:					
Local	-	2,926	-	-	2,926
Unearned revenue	-	44,145	-	-	44,145
Total Liabilities	<u>-</u>	<u>168,494</u>	<u>-</u>	<u>-</u>	<u>168,494</u>
FUND BALANCE (DEFICIT)					
Restricted	-	-	33,571	24,364	57,935
Assigned	21,642	201	-	-	21,843
Unassigned	1,532	-	-	-	1,532
Total Fund Balance (Deficit)	<u>23,174</u>	<u>201</u>	<u>33,571</u>	<u>24,364</u>	<u>81,310</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)					
	<u>\$ 23,174</u>	<u>\$ 168,695</u>	<u>\$ 33,571</u>	<u>\$ 24,364</u>	<u>\$ 249,804</u>

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2014

TOTAL FUND BALANCES—GOVERNMENTAL FUNDS \$ 81,310

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 5,126

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Liability for compensated absences (15,543)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 70,893

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, 2014

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Total Governmenta Funds
REVENUES					
Local sources	\$ 78,197	\$ 22,856	\$ 12,240	\$ 5,358	\$ 118,651
On-behalf payments - County	76,423	-	-	-	76,423
State sources	192,581	584,515	-	680	777,776
On-behalf payments - State	308,857	-	-	-	308,857
Federal sources	-	135,419	-	-	135,419
Total Revenues	<u>656,058</u>	<u>742,790</u>	<u>12,240</u>	<u>6,038</u>	<u>1,417,126</u>
EXPENDITURES					
Instructional Services					
Salaries and benefits	8,528	537,541	20,731	-	566,800
Purchased services	261,840	147,530	91	1,752	411,213
Supplies and materials	268	23,402	-	598	24,268
Payments to other governments	-	24,636	-	-	24,636
Other objects	853	5,843	-	-	6,696
On-behalf payments	385,280	-	-	-	385,280
Capital outlay	-	2,163	-	-	2,163
Debt service					
Interest expense	320	1,895	-	-	2,215
Total Expenditures	<u>657,089</u>	<u>743,010</u>	<u>20,822</u>	<u>2,350</u>	<u>1,423,271</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,031)</u>	<u>(220)</u>	<u>(8,582)</u>	<u>3,688</u>	<u>(6,145)</u>
OTHER FINANCING SOURCES					
Interest income	395	109	69	41	614
Total Other Financing Sources	<u>395</u>	<u>109</u>	<u>69</u>	<u>41</u>	<u>614</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	(636)	(111)	(8,513)	3,729	(5,531)
FUND BALANCE (DEFICIT) - BEGINNING	<u>23,810</u>	<u>312</u>	<u>42,084</u>	<u>20,635</u>	<u>86,841</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 23,174</u>	<u>\$ 201</u>	<u>\$ 33,571</u>	<u>\$ 24,364</u>	<u>\$ 81,310</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, 2014

NET CHANGE IN FUND BALANCES — GOVERNMENTAL FUNDS \$ (5,531)

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

Governmental funds report capital outlays as expenditures however, in the Statement Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 2,163	
Depreciation expense	<u>(8,020)</u>	(5,857)

Certain expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in compensated absences		<u>3,707</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (7,681)

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Business-Type Activities – Enterprise Funds	
	Nonmajor Enterprise Funds	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,722	\$ 7,722
Total current assets	7,722	7,722
Noncurrent assets:		
Capital assets, net of depreciation	17	17
Total noncurrent assets	17	17
TOTAL ASSETS	7,739	7,739
NET POSITION		
Investment in capital assets	17	17
Unrestricted	7,722	7,722
TOTAL NET POSITION	\$ 7,739	\$ 7,739

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 POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities – Enterprise Funds	
	Nonmajor Enterprise Funds	Total
	OPERATING REVENUES	
Local sources	\$ 35,622	\$ 35,622
Total operating revenues	35,622	35,622
OPERATING EXPENSES		
Salaries and benefits	15,652	15,652
Purchased services	12,410	12,410
Supplies and materials	4,925	4,925
Depreciation	66	66
Total operating expenses	33,053	33,053
Operating income	2,569	2,569
NONOPERATING REVENUES		
Interest income	29	29
CHANGE IN NET POSITION	2,598	2,598
TOTAL NET POSITION - BEGINNING	5,141	5,141
TOTAL NET POSITION - ENDING	\$ 7,739	\$ 7,739

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, 2014

	Business-Type Activities – Enterprise Funds	
	Nonmajor Enterprise Funds	Total
Cash flows from operating activities:		
Receipts from customers	\$ 35,622	\$ 35,622
Payments to suppliers and providers of goods and services	(17,335)	(17,335)
Payments to employees	(15,652)	(15,652)
Net cash provided by operating activities	2,635	2,635
Cash flows from investing activities:		
Interest income	29	29
Net cash provided by investing activities	29	29
Net increase in cash and cash equivalents	2,664	2,664
Cash and cash equivalents - Beginning	5,058	5,058
Cash and cash equivalents - Ending	\$ 7,722	\$ 7,722
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 2,569	\$ 2,569
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	66	66
Net cash provided by operating activities	\$ 2,635	\$ 2,635

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 POSITION
FIDUCIARY FUND
JUNE 30, 2014

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 2,621
Due from other governments	<u>617,896</u>
Total Assets	<u><u>\$ 620,517</u></u>
LIABILITIES	
Due to other governments	<u>\$ 620,517</u>
Total Liabilities	<u><u>\$ 620,517</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, 2014

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 2014, the Regional Office of Education #10 implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*; GASB Statement No. 66, *Technical Corrections – 2012 - an amendment of GASB Statements No. 10 and No. 62*; GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*; and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The Regional Office of Education #10 implemented these standards during the current year; however, GASB Statement No. 70 had no impact on the financial statements. The implementation of GASB Statement No. 65 reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The implementation of GASB Statement No. 66 resolved conflicting guidance that resulted from the issuance of GASB Statement Nos. 54 and 62 regarding risk financing activities, operating leases, purchased loans, and servicing fees. The implementation of GASB Statement No. 67 improved financial reporting by state and local governmental pension plans.

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

A. DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through April 14, 2015, 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.

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

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

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

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, 2014, 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.

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. SCOPE OF THE REPORTING ENTITY (Concluded)

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the criteria of 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.

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #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 Position 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 Position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges for services and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Concluded)

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, such as payables, receivables, and transfers. Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from other funds on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position 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 Position. 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 Position 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.

E. PROPRIETARY FUND FINANCIAL STATEMENTS

Proprietary fund financial statements include a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Fund Net Position; and a Statement of Cash Flows for each major proprietary fund and 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 Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles 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 inflows of resources in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for prepaid expenses and other long-term obligations, which are recognized when paid.

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.

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

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

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 (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and (2) total assets (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #10 has presented all major funds that met the above qualifications.

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

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

General Fund – The General Fund is used to account for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted and reported for in another fund. The General Fund is always considered a major fund. The following accounts are included in the General Fund:

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.

Major Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. Major special revenue funds include the following:

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:

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.

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.

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Concluded)

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

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 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.

Title I School Improvement and Accountability – This program provides assistance to school districts that do not meet Adequate Yearly Progress (AYP) as defined by the No Child Left Behind Act.

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

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.

Nonmajor special revenue funds include the following:

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.

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.

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

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:

School Occupation Facility Tax – This fund accounts for the assets held by the Regional Office of Education #10 to be distributed to local school districts. Monies received from the State Comptroller for the School Facilities Occupation Tax are forwarded directly to the school districts.

I. GOVERNMENTAL FUND BALANCES

Governmental fund equity is classified as fund balance. Fund balance is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in a Governmental Fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

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

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

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES (Concluded)

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.

J. NET POSITION

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

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

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

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

K. CASH AND CASH EQUIVALENTS

The Regional Office of Education #10 considers cash on hand, checking accounts, savings accounts, money market funds, and investments with an original maturity date of less than three months to be cash and cash equivalents. As of June 30, 2014, cash and cash equivalents consisted of cash on deposit.

L. 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.

M. CAPITAL ASSETS

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. CAPITAL ASSETS (Concluded)

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

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

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

N. COMPENSATED ABSENCES

Full-time employees can earn from 10 to 25 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. At June 30, 2014, the liability for unused vacation days was \$15,543, and is shown on the Statement of Net Position. Accumulated sick pay benefits are available to all full-time employees to use in future years.

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.

O. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

GASB Statement No. 65 reclassified as deferred outflows of resources or deferred inflows of resources certain items that were previously reported as assets and liabilities. Decreases in net assets that relate to future periods are reported as deferred outflows of resources. Increases in net assets that relate to future periods are reported as deferred inflows of resources. When an asset is recorded in the governmental fund financial statements but the revenue is not available, the Regional Office reports a deferred inflow of resources until such time as the revenue becomes available. *Available* means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are not available if they are received more than 60 days after the end of the fiscal year. The Regional Office had no deferred inflows or outflows of resources in the current year.

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

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, Regional Safe Schools, ROE/ISC Operations, Substance Abuse Prevention Program, Title II - Teacher Quality, Truants Alternative Optional Education, Title I School Improvement and Accountability.

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, 2014, the carrying amount of the Regional Office of Education #10's government-wide and Agency Fund deposits were \$173,233 and \$2,621, respectively, and the bank balances were \$306,243 and 2,621, respectively. Of the total bank balances as of June 30, 2014, \$250,000 was insured by Federal Depository Insurance Corporation and \$58,864 was collateralized and/or backed by the full faith and credit of the U.S. Treasury.

CUSTODIAL CREDIT RISK

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

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 one 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, 2014, the Regional Office of Education #10 had deposits totaling \$2,314 in the Illinois Funds Money Market Fund, which is reported as cash and cash equivalents in the financial statements.

CREDIT RISK

At June 30, 2014, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor, and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

CONCENTRATION OF CREDIT RISK

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

INTEREST RATE RISK

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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 Position. 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, 2014:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Governmental Activities				
Capital assets being depreciated:				
Furniture and fixtures	\$ 2,343	\$ -	\$ -	\$ 2,343
Equipment	65,237	2,163	9,882	57,518
Total capital assets being depreciated	<u>67,580</u>	<u>2,163</u>	<u>9,882</u>	<u>59,861</u>
Less accumulated depreciation:				
Furniture and fixtures	(2,159)	(165)	-	(2,324)
Equipment	(54,438)	(7,855)	(9,882)	(52,411)
Total accumulated depreciation	<u>(56,597)</u>	<u>(8,020)</u>	<u>(9,882)</u>	<u>(54,735)</u>
Governmental Activities -				
Investment in Capital Assets	<u>\$ 10,983</u>	<u>\$ (5,857)</u>	<u>\$ -</u>	<u>\$ 5,126</u>
Business-Type Activities				
Capital assets being depreciated:				
Furniture and fixtures	\$ 663	\$ -	\$ -	\$ 663
Less accumulated depreciation:				
Furniture and fixtures	(580)	(66)	-	(646)
Business-Type Activities -				
Investment in Capital Assets	<u>\$ 83</u>	<u>\$ (66)</u>	<u>\$ -</u>	<u>\$ 17</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$8,020 and \$66 was charged to the governmental activities and to the business-type activities, respectively, on the government-wide Statement of Activities for the year ended June 30, 2014. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

CHRISTIAN/MONTGOMERY COUNTIES
 REGIONAL OFFICE OF EDUCATION #10
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2014

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 a loan on June 28, 2013, for \$74,888. The note was secured by grant funds from the Education Fund. The note issued on June 28, 2013 had an interest rate of 3.5%. The June 28, 2013 note had a maturity date of December 31, 2013 and was paid in full by the maturity date. Interest expense totaling \$2,215 was reported for this note in the year ending June 30, 2014. The Regional Office also received a loan on June 30, 2014, for \$121,423. The note is secured by grant funds from the Education Fund. The note issued on June 30, 2014 has an interest rate of 3.5% and a maturity date of December 31, 2014.

The short-term debt activity for the year ended June 30, 2014, was as follows:

	Balance at July 1, 2013	Additions	Reductions	Balance at June 30, 2014
Note payable	\$74,888	\$121,423	\$74,888	\$121,423

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 (RSI). That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, the Regional Office of Education #10’s Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2013 used by the employer was 13.72 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2013 was 16.95 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.

Annual Pension Cost. For calendar year ending December 31, 2013, the employer’s actual contributions for pension cost for the Regular were \$54,111. Its required contribution for calendar year 2013 was \$66,850.

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – DEFINED-BENEFIT PENSION PLAN (Concluded)

Three-Year Trend Information for the Regular Plan

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/13	\$66,850	81%	\$0
12/31/12	68,630	67%	0
12/31/11	45,320	78%	0

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, 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, 2011 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, 2013, the most recent actuarial valuation date, the Regular plan was 77.65 percent funded. The actuarial accrued liability for benefits was \$879,126 and the actuarial value of assets was \$682,626, resulting in an underfunded actuarial accrued liability (UAAL) of \$196,500. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$394,395 and the ratio of the UAAL to the covered payroll was 50 percent.

The schedule of funding progress, presented as required supplemental information (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 – 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.

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 – LOCAL GOVERNMENT HEALTH PLAN (Concluded)

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 \$255 per month in premiums in the year ended June 30, 2014. 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/.

NOTE 7 – 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.

NOTE 8 – DUE TO/FROM OTHER GOVERNMENTS

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

Due from Other Governments:

General Fund

Illinois State Board of Education	\$ 2,500
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Education Fund

Illinois State Board of Education	22,395
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Illinois Department of Human Services	40,353
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Regional Office of Education #50	19,045
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Fiduciary Fund

Illinois State Board of Education	617,896
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Total Due from Other Governments	<u>\$ 702,189</u>
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CHRISTIAN/MONTGOMERY COUNTIES
 REGIONAL OFFICE OF EDUCATION #10
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 8 – DUE TO/FROM OTHER GOVERNMENTS (Concluded)

Due to Other Governments:

Education Fund	
Local Governments	\$ 2,926
Fiduciary Fund	
Local Governments	<u>620,517</u>
	<u><u>\$ 623,443</u></u>

NOTE 9 – ON-BEHALF PAYMENTS

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

Regional Superintendent Salary	\$ 104,784
Assistant Regional Superintendent Salary	94,320
Regional Superintendent Benefits (includes State-paid insurance)	22,020
Assistant Regional Superintendent Benefits (includes State-paid insurance)	31,884
TRS Pension Contributions	<u>55,849</u>
Total	<u><u>\$ 308,857</u></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, 2014, were as follows:

Salaries and benefits	\$ 63,550
Purchased services	11,436
Supplies and materials	<u>1,437</u>
Total	<u><u>\$ 76,423</u></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, 2014

NOTE 10 – OPERATING LEASES

The Regional Office leases two copiers over a 36-month term ending May 2015. Total equipment lease expense for the year ended June 30, 2014, was \$2,904. Future minimum rentals are as follows for the years ending June 30:

2015	\$ <u>2,505</u>
------	-----------------

NOTE 11 – RECLASSIFICATIONS AND RESTATEMENT

Activity related to compensated absences was not recognized in FY13. A prior-period adjustment has been made to recognize the expense associated with these compensated absences and properly reflect the beginning balance of net position. The following is the effect of the reclassifications and the restatement on the beginning net position for the Governmental Activities.

Governmental Activities Net Position:

Net Position - July 1, 2013	\$ 97,824
Effect of prior-period adjustment to recognize compensated absences at June 30, 2013	<u>(19,250)</u>
Net Position, Restated - July 1, 2013	<u>\$ 78,574</u>

NOTE 12 – REGIONAL OFFICE OF EDUCATION CONSOLIDATION

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

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, 2014

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)
12/31/13	\$ 682,626	\$ 879,126	\$ 196,500	77.65%	\$ 394,395	49.82%
12/31/12	542,066	803,603	261,537	67.45%	378,542	69.09%
12/31/11	470,142	677,440	207,298	69.40%	321,418	64.49%

On a market value basis, the actuarial value of assets as of December 31, 2013, is \$814,299.
 On a market basis, the funded ratio would be 92.63%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Christian Montgomery ROE #10. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

OTHER SUPPLEMENTARY INFORMATION

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
JUNE 30, 2014

	<u>Conferences</u>	<u>Fingerprinting</u>	<u>General State Aid - Regional Safe School</u>	<u>TOTALS</u>
ASSETS				
Cash and cash equivalents	\$ 1,532	\$ 12,266	\$ 6,876	\$ 20,674
Due from other governments				
State	-	-	2,500	2,500
TOTAL ASSETS	<u>\$ 1,532</u>	<u>\$ 12,266</u>	<u>\$ 9,376</u>	<u>\$ 23,174</u>
FUND BALANCE (DEFICIT)				
Assigned	\$ -	\$ 12,266	\$ 9,376	\$ 21,642
Unassigned	1,532	-	-	1,532
Total Fund Balance (Deficit)	<u>1,532</u>	<u>12,266</u>	<u>9,376</u>	<u>23,174</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 1,532</u>	<u>\$ 12,266</u>	<u>\$ 9,376</u>	<u>\$ 23,174</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, 2014

	Conferences	Fingerprinting	General State Aid - Regional Safe School	TOTALS
REVENUES				
Local sources	\$ 13,353	\$ 2,820	\$ 62,024	\$ 78,197
On-behalf payments - County	76,423	-	-	76,423
State sources	-	-	192,581	192,581
On-behalf payments - State	308,857	-	-	308,857
Total Revenues	<u>398,633</u>	<u>2,820</u>	<u>254,605</u>	<u>656,058</u>
EXPENDITURES				
Salaries and benefits	8,528	-	-	8,528
Purchased services	1,951	2,786	257,103	261,840
Supplies and materials	249	-	19	268
Other objects	853	-	-	853
On-behalf payments	385,280	-	-	385,280
Debt service				
Interest expense	-	-	320	320
Total Expenditures	<u>396,861</u>	<u>2,786</u>	<u>257,442</u>	<u>657,089</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>1,772</u>	<u>34</u>	<u>(2,837)</u>	<u>(1,031)</u>
OTHER FINANCING SOURCES				
Interest income	254	81	60	395
Total Other Financing Sources	<u>254</u>	<u>81</u>	<u>60</u>	<u>395</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	2,026	115	(2,777)	(636)
FUND BALANCE (DEFICIT) - BEGINNING	<u>(494)</u>	<u>12,151</u>	<u>12,153</u>	<u>23,810</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 1,532</u>	<u>\$ 12,266</u>	<u>\$ 9,376</u>	<u>\$ 23,174</u>

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2014

	Early Childhood Block Grant	LITES	National School Breakfast	National School Lunch	No Child Left Behind
ASSETS					
Cash and cash equivalents	\$ 80,514	\$ 1,753	\$ -	\$ -	\$ 3,132
Due from other governments					
State	-	-	-	-	-
Federal	-	-	1,027	1,790	-
TOTAL ASSETS	\$ 80,514	\$ 1,753	\$ 1,027	\$ 1,790	\$ 3,132
LIABILITIES					
Note payable	\$ 42,556	\$ -	\$ -	\$ -	\$ -
Due to other governments					
Local	-	-	1,027	1,790	-
Unearned revenue	37,958	1,753	-	-	3,132
Total Liabilities	80,514	1,753	1,027	1,790	3,132
FUND BALANCE (DEFICIT)					
Assigned	-	-	-	-	-
Total Fund Balance (Deficit)	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 80,514	\$ 1,753	\$ 1,027	\$ 1,790	\$ 3,132

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2014

	Regional Safe Schools	ROE/ISC Operations	Rural School Achievement Program	State Free Lunch & Breakfast	Substance Abuse Prevention Program
ASSETS					
Cash and cash equivalents	\$ 242	\$ 409	\$ -	\$ -	\$ 25
Due from other governments					
State	4,709	-	-	109	40,353
Federal	-	-	-	-	-
TOTAL ASSETS	\$ 4,951	\$ 409	\$ -	\$ 109	\$ 40,378
LIABILITIES					
Note payable	\$ 4,709	\$ -	\$ -	\$ -	\$ 40,353
Due to other governments					
Local	-	-	-	109	-
Unearned revenue	242	409	-	-	25
Total Liabilities	4,951	409	-	109	40,378
FUND BALANCE (DEFICIT)					
Assigned	-	-	-	-	-
Total Fund Balance (Deficit)	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 4,951	\$ 409	\$ -	\$ 109	\$ 40,378

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2014

	Title II - Teacher Quality	Truants Alternative Optional Education	Title I School Improvement and Accountability	TOTALS
ASSETS				
Cash and cash equivalents	\$ -	\$ 827	\$ -	\$ 86,902
Due from other governments				
State	-	14,760	19,045	78,976
Federal	-	-	-	2,817
TOTAL ASSETS	\$ -	\$ 15,587	\$ 19,045	\$ 168,695
LIABILITIES				
Note payable	\$ -	\$ 14,760	\$ 19,045	\$ 121,423
Due to other governments				
Local	-	-	-	2,926
Unearned revenue	-	626	-	44,145
Total Liabilities	-	15,386	19,045	168,494
FUND BALANCE (DEFICIT)				
Assigned	-	201	-	201
Total Fund Balance (Deficit)	-	201	-	201
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ -	\$ 15,587	\$ 19,045	\$ 168,695

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, 2014

	Early Childhood Block Grant	LITES	National School Breakfast	National School Lunch	No Child Left Behind
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	432,851	-	-	-	-
Federal sources	-	129	8,518	15,620	-
Total Revenues	<u>432,851</u>	<u>129</u>	<u>8,518</u>	<u>15,620</u>	<u>-</u>
EXPENDITURES					
Salaries and benefits	382,551	-	-	-	-
Purchased services	36,757	67	-	-	-
Supplies and materials	11,498	65	-	-	-
Capital outlay	745	-	-	-	-
Payments to other governments	-	-	8,518	15,620	-
Other objects	-	-	-	-	-
Debt service					
Interest expense	1,378	-	-	-	-
Total Expenditures	<u>432,929</u>	<u>132</u>	<u>8,518</u>	<u>15,620</u>	<u>-</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES					
	<u>(78)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES					
Interest income	78	3	-	-	-
Total Other Financing Sources	<u>78</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	-	-	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</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, 2014

	Regional Safe Schools	ROE/ISC Operations	Rural School Achievement Program	State Free Lunch & Breakfast	Substance Abuse Prevention Program
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	51,719	25,655	-	498	-
Federal sources	-	-	19,983	-	66,640
Total Revenues	51,719	25,655	19,983	498	66,640
EXPENDITURES					
Salaries and benefits	2,586	12,738	1,000	-	51,762
Purchased services	49,133	7,759	18,983	-	6,095
Supplies and materials	-	2,458	-	-	7,195
Capital outlay	-	-	-	-	1,418
Payments to other governments	-	-	-	498	-
Other objects	-	2,357	-	-	-
Debt service					
Interest expense	-	347	-	-	170
Total Expenditures	51,719	25,659	19,983	498	66,640
DEFICIENCY OF REVENUES UNDER EXPENDITURES					
	-	(4)	-	-	-
OTHER FINANCING SOURCES					
Interest income	-	4	-	-	-
Total Other Financing Sources	-	4	-	-	-
NET CHANGE IN FUND BALANCE (DEFICIT)					
	-	-	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING					
	-	-	-	-	-
FUND BALANCE (DEFICIT) - ENDING					
	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2014

	Title II - Teacher Quality	Truants Alternative Optional Education	Title I School Improvement and Accountability	TOTALS
REVENUES				
Local sources	\$ -	\$ 22,856	\$ -	\$ 22,856
State sources	-	73,792	-	584,515
Federal sources	2,985	-	21,544	135,419
Total Revenues	<u>2,985</u>	<u>96,648</u>	<u>21,544</u>	<u>742,790</u>
EXPENDITURES				
Salaries and benefits	-	77,360	9,544	537,541
Purchased services	2,985	15,280	10,471	147,530
Supplies and materials	-	657	1,529	23,402
Capital outlay	-	-	-	2,163
Payments to other governments	-	-	-	24,636
Other objects	-	3,486	-	5,843
Debt service				
Interest expense	-	-	-	1,895
Total Expenditures	<u>2,985</u>	<u>96,783</u>	<u>21,544</u>	<u>743,010</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES				
	<u>-</u>	<u>(135)</u>	<u>-</u>	<u>(220)</u>
OTHER FINANCING SOURCES				
Interest income	-	24	-	109
Total Other Financing Sources	<u>-</u>	<u>24</u>	<u>-</u>	<u>109</u>
NET CHANGE IN FUND BALANCE (DEFICIT)				
	-	(111)	-	(111)
FUND BALANCE (DEFICIT) - BEGINNING				
	<u>-</u>	<u>312</u>	<u>-</u>	<u>312</u>
FUND BALANCE (DEFICIT) - ENDING				
	<u>\$ -</u>	<u>\$ 201</u>	<u>\$ -</u>	<u>\$ 201</u>

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
EARLY CHILDHOOD BLOCK GRANT
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 435,560	\$ 435,560	\$ 432,851
Total Revenue	<u>435,560</u>	<u>435,560</u>	<u>432,851</u>
EXPENDITURES			
Salaries and benefits	379,115	373,087	382,551
Purchased services	42,697	43,820	36,757
Supplies and materials	10,248	17,003	11,498
Capital outlay	500	500	745
Payments to other governments	3,000	1,150	-
Interest expense	-	-	1,378
Total Expenditures	<u>435,560</u>	<u>435,560</u>	<u>432,929</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>(78)</u>
OTHER FINANCING SOURCES:			
Interest income	-	-	78
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>78</u>
NET CHANGE IN FUND BALANCE BALANCE (DEFICIT)			
	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING			
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 51,719	\$ 51,719	\$ 51,719
Total Revenue	<u>51,719</u>	<u>51,719</u>	<u>51,719</u>
EXPENDITURES			
Salaries and benefits	2,586	2,586	2,586
Purchased services	49,133	49,133	49,133
Total Expenditures	<u>51,719</u>	<u>51,719</u>	<u>51,719</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
ROE/ISC OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 25,682	\$ 25,682	\$ 25,655
Total Revenue	<u>25,682</u>	<u>25,682</u>	<u>25,655</u>
EXPENDITURES			
Salaries and benefits	17,257	12,739	12,738
Purchased services	3,916	7,719	7,759
Supplies and materials	2,152	2,345	2,458
Other objects	2,357	2,879	2,357
Interest expense	-	-	347
Total Expenditures	<u>25,682</u>	<u>25,682</u>	<u>25,659</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>(4)</u>
OTHER FINANCING SOURCES:			
Interest income	-	-	4
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>4</u>
NET CHANGE IN FUND BALANCE (DEFICIT)			
	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
SUBSTANCE ABUSE PREVENTION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 69,900	\$ 70,000	\$ 66,640
Total Revenue	<u>69,900</u>	<u>70,000</u>	<u>66,640</u>
EXPENDITURES			
Salaries and benefits	51,750	50,438	51,762
Purchased services	9,050	11,073	6,095
Supplies and materials	9,100	5,989	7,195
Capital outlay	-	2,500	1,418
Interest expense	-	-	170
Total Expenditures	<u>69,900</u>	<u>70,000</u>	<u>66,640</u>
NET CHANGE IN FUND BALANCE (DEFICIT)			
	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING			
	-	-	-
FUND BALANCE (DEFICIT) - ENDING			
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TITLE II - TEACHER QUALITY
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 2,310	\$ 2,310	\$ 2,985
Total Revenue	<u>2,310</u>	<u>2,310</u>	<u>2,985</u>
EXPENDITURES			
Purchased services	2,310	2,310	2,985
Total Expenditures	<u>2,310</u>	<u>2,310</u>	<u>2,985</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TRUANTS ALTERNATIVE AND OPTIONAL EDUCATION
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Local sources	\$ -	\$ -	\$ 22,856
State sources	73,792	73,792	73,792
Total Revenue	<u>73,792</u>	<u>73,792</u>	<u>96,648</u>
EXPENDITURES			
Salaries and benefits	57,671	58,743	77,360
Purchased services	10,963	11,158	15,280
Supplies and materials	508	508	657
Payments to other governments	4,650	3,383	3,486
Total Expenditures	<u>73,792</u>	<u>73,792</u>	<u>96,783</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>(135)</u>
OTHER FINANCING SOURCES:			
Interest income	<u>-</u>	<u>-</u>	<u>24</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>24</u>
NET CHANGE IN FUND BALANCE (DEFICIT)			
	<u>-</u>	<u>-</u>	<u>(111)</u>
FUND BALANCE (DEFICIT) - BEGINNING			
	<u>-</u>	<u>-</u>	<u>312</u>
FUND BALANCE (DEFICIT) - ENDING			
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 201</u></u>

Note: The budget amount for the Truants Alternative and Optional Education reflects only the amounts pertaining to the Truants Alternative and Optional Education Grant. The actual amounts reflect grant funds as well as other State and local monies which are not subject to grant budget requirements.

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TITLE I SCHOOL IMPROVEMENT AND ACCOUNTABILITY
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 48,137	\$ 48,137	\$ 21,544
Total Revenue	<u>48,137</u>	<u>48,137</u>	<u>21,544</u>
EXPENDITURES			
Salaries and benefits	29,494	16,759	9,544
Purchased services	14,175	27,241	10,471
Supplies and materials	4,468	4,137	1,529
Total Expenditures	<u>48,137</u>	<u>48,137</u>	<u>21,544</u>
NET CHANGE IN FUND BALANCE (DEFICIT)			
	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING			
	-	-	-
FUND BALANCE (DEFICIT) - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHRISTIAN/MONTGOMERY COUNTIES
 REGIONAL OFFICE OF EDUCATION #10
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2014

	<u>Bus Driver Training</u>	<u>General Education Development</u>	<u>TOTALS</u>
ASSETS			
Cash and cash equivalents	\$ 9,187	\$ 15,177	\$ 24,364
TOTAL ASSETS	<u>\$ 9,187</u>	<u>\$ 15,177</u>	<u>\$ 24,364</u>
FUND BALANCE (DEFICIT)			
Restricted	\$ 9,187	\$ 15,177	\$ 24,364
TOTAL FUND BALANCE (DEFICIT)	<u>\$ 9,187</u>	<u>\$ 15,177</u>	<u>\$ 24,364</u>

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Bus Driver Training	General Education Development	TOTALS
REVENUES			
Local sources	\$ 810	\$ 4,548	\$ 5,358
State sources	680	-	680
Total Revenues	<u>1,490</u>	<u>4,548</u>	<u>6,038</u>
EXPENDITURES			
Purchased services	576	1,176	1,752
Supplies and materials	-	598	598
Total Expenditures	<u>576</u>	<u>1,774</u>	<u>2,350</u>
EXCESS OF REVENUES OVER EXPENDITURES			
	<u>914</u>	<u>2,774</u>	<u>3,688</u>
OTHER FINANCING SOURCES			
Interest income	15	26	41
Total Other Financing Sources	<u>15</u>	<u>26</u>	<u>41</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	929	2,800	3,729
FUND BALANCE (DEFICIT) - BEGINNING	<u>8,258</u>	<u>12,377</u>	<u>20,635</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 9,187</u>	<u>\$ 15,177</u>	<u>\$ 24,364</u>

CHRISTIAN/MONTGOMERY COUNTIES
 REGIONAL OFFICE OF EDUCATION #10
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 JUNE 30, 2014

	Business-Type Activities – Enterprise Funds		Total
	Co-op	Workshops	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,583	\$ 3,139	\$ 7,722
Total current assets	<u>4,583</u>	<u>3,139</u>	<u>7,722</u>
Noncurrent assets:			
Capital assets, net of depreciation	<u>17</u>	<u>-</u>	<u>17</u>
Total noncurrent assets	<u>17</u>	<u>-</u>	<u>17</u>
TOTAL ASSETS	<u>4,600</u>	<u>3,139</u>	<u>7,739</u>
NET POSITION			
Investment in capital assets	17	-	17
Unrestricted	<u>4,583</u>	<u>3,139</u>	<u>7,722</u>
TOTAL NET POSITION	<u>\$ 4,600</u>	<u>\$ 3,139</u>	<u>\$ 7,739</u>

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities – Enterprise Funds		Total
	Co-op	Workshops	
OPERATING REVENUES			
Local sources	\$ 34,872	\$ 750	\$ 35,622
Total operating revenues	<u>34,872</u>	<u>750</u>	<u>35,622</u>
OPERATING EXPENSES			
Salaries and benefits	15,652	-	15,652
Purchased services	11,550	860	12,410
Supplies and materials	4,500	425	4,925
Depreciation	66	-	66
Total operating expenses	<u>31,768</u>	<u>1,285</u>	<u>33,053</u>
Operating income (loss)	3,104	(535)	2,569
NONOPERATING REVENUES			
Interest income	<u>22</u>	<u>7</u>	<u>29</u>
CHANGE IN NET POSITION	3,126	(528)	2,598
TOTAL NET POSITION - BEGINNING	<u>1,474</u>	<u>3,667</u>	<u>5,141</u>
TOTAL NET POSITION - ENDING	<u>\$ 4,600</u>	<u>\$ 3,139</u>	<u>\$ 7,739</u>

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities – Enterprise Funds		Total
	Co-op	Workshops	
Cash flows from operating activities:			
Receipts from customers	\$ 34,872	\$ 750	\$ 35,622
Payments to suppliers and providers of goods and services	(16,050)	(1,285)	(17,335)
Payments to employees	(15,652)	-	(15,652)
Net cash provided by (used for) operating activities	<u>3,170</u>	<u>(535)</u>	<u>2,635</u>
Cash flows from investing activities:			
Interest income	22	7	29
Net cash provided by investing activities	<u>22</u>	<u>7</u>	<u>29</u>
Net increase (decrease) in cash and cash equivalents	3,192	(528)	2,664
Cash and cash equivalents - Beginning	<u>1,391</u>	<u>3,667</u>	<u>5,058</u>
Cash and cash equivalents - Ending	<u>\$ 4,583</u>	<u>\$ 3,139</u>	<u>\$ 7,722</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 3,104	\$ (535)	\$ 2,569
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	<u>66</u>	<u>-</u>	<u>66</u>
Net cash provided by (used for) operating activities	<u>\$ 3,170</u>	<u>\$ (535)</u>	<u>\$ 2,635</u>

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>SCHOOL OCCUPATION</u>				
<u>FACILITY TAX</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 498,508	\$ 495,887	\$ 2,621
Due from other governments	-	617,896	-	617,896
	<u>-\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Total Assets	<u>\$ -</u>	<u>\$ 1,116,404</u>	<u>\$ 495,887</u>	<u>\$ 620,517</u>
LIABILITIES				
Due to other governments	<u>\$ -</u>	<u>\$ 1,116,404</u>	<u>\$ 495,887</u>	<u>\$ 620,517</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 1,116,404</u>	<u>\$ 495,887</u>	<u>\$ 620,517</u>