

State of Illinois  
CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
FINANCIAL AUDIT  
For the Year Ended June 30, 2012

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

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
JUNE 30, 2012

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CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
JUNE 30, 2012

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CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
JUNE 30, 2012

OFFICIALS

Regional Superintendent (Current, Effective January 1, 2012)	Ms. Marchelle Kassebaum
Regional Superintendent (November 16, 2011 through December 31, 2011)	No Regional Superintendent
Regional Superintendent (Acting Effective July 1, 2011 through November 15, 2011)	Mr. Thomas L. Campbell
Assistant Regional Superintendent (Current, Acting Effective July 16, 2012)	Mr. Greg Patrick
Assistant Regional Superintendent (June 30, 2012 through July 15, 2012)	No Assistant Regional Superintendent
Assistant Regional Superintendent (Acting Effective May 1, 2012 through June 29, 2012)	Ms. Marsha Blackman
Assistant Regional Superintendent (Acting Effective January 16, 2012 through April 30, 2012)	Ms. Marie Joy
Assistant Regional Superintendent (Acting Effective September 16, 2011 through January 31, 2012)	Mr. Bob Jackson
Assistant Regional Superintendent (Acting Effective August 16, 2011 through September 15, 2011)	Ms. Marsha Blackman
Assistant Regional Superintendent (Acting Effective July 16, 2011 through August 15, 2011)	Ms. Marie Joy
Assistant Regional Superintendent (July 1, 2011 through July 15, 2011)	No Assistant Regional Superintendent

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, 2012

FINANCIAL REPORT SUMMARY (Concluded)

EXIT CONFERENCE

An informal exit conference was held on August 22, 2012. There were no audit findings to discuss. Attending were Marchelle Kassebaum, Regional Superintendent; Dawn DeClerck, Controller of the Regional Office; and Tami Knight, Partner, Kemper CPA Group, LLP.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
JUNE 30, 2012

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Christian/Montgomery Counties Regional Office of Education #10 was performed by Kemper CPA Group LLP, Certified Public Accountants and Consultants.

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



## INDEPENDENT AUDITOR'S REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Christian/Montgomery Counties Regional Office of Education #10, as of and for the year ended June 30, 2012, which collectively comprise the Regional Office of Education #10's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office of Education #10's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Christian/Montgomery Counties Regional Office of Education #10, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2013, on our consideration of the Christian/Montgomery Counties Regional Office of Education #10's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 12a through 12f and page 42 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.

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 and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 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 and individual nonmajor fund financial statements and budgetary comparison schedules are fairly stated in all material respects in relation to the financial statements taken as a whole.

*Kemper CPA Group LLP*

Certified Public Accountants and Consultants

Mattoon, Illinois  
April 10, 2013



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

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Christian/Montgomery Counties Regional Office of Education #10, as of and for the year ended June 30, 2012, which collectively comprise the Regional Office of Education #10's basic financial statements and have issued our report thereon dated April 10, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

## Compliance and Other Matters

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

We noted certain matters which we reported to the management of the Regional Office of Education #10 in a separate letter dated April 10, 2013.

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

*Kemper CPA Group LLP*

Certified Public Accountants and Consultants

Mattoon, Illinois  
April 10, 2013

CHRISTIAN/MONTGOMERY COUNTIES  
 REGIONAL OFFICE OF EDUCATION #10  
 SCHEDULE OF FINDINGS AND RESPONSES  
 FOR THE YEAR ENDED JUNE 30, 2012

SECTION I – SUMMARY OF AUDITOR’S RESULTS

**Financial Statements**

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	N/A
Significant deficiency(ies) identified?	N/A
Type of auditor’s report issued on compliance for major programs:	N/A
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	N/A

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs:	N/A
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Auditee qualified as a low-risk auditee?	N/A
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CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no audit findings for the year ended June 30, 2012.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

<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, 2011.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2012

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, 2012. Readers are encouraged to consider the discussion information in conjunction with the financial statements.

**2011-2012 (FY12) Financial Highlights:**

- Total liabilities and fund balances were as follows: General Fund - \$25,160, Education Fund - \$187,793, Institute Fund - \$58,510, Non-major Special Revenue Funds - \$16,775.
- Total liabilities were: General Fund - \$196, Education Fund - \$187,793, Institute Fund - \$0, Nonmajor Special Revenue Funds - \$0.
- Fund balance deficits were \$(196) in the General Fund.
- Net assets included \$116,583 in Governmental Activities and \$22,369 in Business-Type Activities, totaling \$138,952.
- The \$116,583 total net assets in Governmental Activities represents a decrease of \$26,723 from the previous year.
- Business-Type Activities saw a decrease in net assets from \$34,453 to \$22,369, down \$12,084.
- Within the Governmental Funds, total assets were \$288,042 and liabilities were \$187,793, leaving a fund balance of \$100,249.
- Net assets of Governmental Activities (total of \$116,583) included \$16,334 investment in capital assets plus \$24,964 in unrestricted net assets and \$75,285 in restricted net assets.

**Using This Report**

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

- Management's Discussion and Analysis introduces the 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 Assets, 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 Assets includes all assets and liabilities. All current year revenues and expenses are included in the Statement of Activities

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

Over a period of time, changes in net assets 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.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2012

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

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

The Regional Office 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 assets; a statement of revenues, expenditures, and changes in fund balances; and a reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities.
2. Proprietary Funds include the revenues derived from charges for services, as well as interest. Operating expenses against income determine the operating income or loss in these funds. The required financial statements for Proprietary Funds include a statement of net assets; a statement of revenues, expenses, and changes in fund net assets; and a statement of cash flows.
3. The Fiduciary Funds report assets in cash and liabilities in amounts due to other governmental units.

**ROE #10 Financial Analysis**

Below are the following: the Regional Office's Condensed Statement of Net Assets and Condensed Statement of Activities. These show assets and liabilities of the office, a breakdown of revenues by source and expenses by activity, as well as the changes in net assets over the past fiscal year.

**CONDENSED STATEMENT OF NET ASSETS**  
**June 30, 2012 and 2011**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current Assets	\$ 285,047	\$ 431,555	\$ 22,220	\$ 34,452	\$ 307,267	\$ 466,007
Capital Assets, net	16,334	19,577	149	216	16,483	19,793
Total Assets	301,381	451,132	22,369	34,668	323,750	485,800
Current Liabilities	184,798	307,826	-	215	184,798	308,041
Total Liabilities	184,798	307,826	-	215	184,798	308,041
Net Assets						
Invested in Capital Assets	16,334	19,577	149	216	16,483	19,793
Restricted for Educational						
Purposes	75,285	87,446	-	-	75,285	87,446
Unrestricted	24,964	36,283	22,220	34,237	47,184	70,520
Total Net Assets	\$ 116,583	\$ 143,306	\$ 22,369	\$ 34,453	\$ 138,952	\$ 177,759

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2012

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

**CHANGES IN NET ASSETS  
For the Years Ended June 30, 2012 and 2011**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 4,815	\$ 24,267	\$ 4,815	\$ 24,267
Operating grants & contributions	620,658	661,915	-	-	620,658	661,915
General revenues:						
Local sources	191,628	140,774	-	-	191,628	140,774
State sources	82,419	83,895	-	-	82,419	83,895
Federal sources	-	-	-	-	-	-
On-behalf payments	293,199	335,093	-	-	293,199	335,093
Interest	1,213	618	48	118	1,261	736
Total revenues	<u>1,189,117</u>	<u>1,222,295</u>	<u>4,863</u>	<u>24,385</u>	<u>1,193,980</u>	<u>1,246,680</u>
Expenses:						
Program expenses:						
Instructional services:						
Salaries & benefits	467,942	634,780	-	-	467,942	634,780
Purchased services	389,368	154,154	-	-	389,368	154,154
Supplies & materials	33,394	51,624	-	-	33,394	51,624
Other objects	4,319	271	-	-	4,319	271
Payments to other governments	14,476	8,913	-	-	14,476	8,913
Depreciation	9,615	8,150	-	-	9,615	8,150
Administrative expenses:						
Debt service - interest	3,527	2,121	-	-	3,527	2,121
On-behalf payments	293,199	335,093	-	-	293,199	335,093
Business-type expenses	-	-	16,947	21,461	16,947	21,461
Total expenses	<u>1,215,840</u>	<u>1,195,106</u>	<u>16,947</u>	<u>21,461</u>	<u>1,232,787</u>	<u>1,216,567</u>
Change in net assets	(26,723)	27,189	(12,084)	2,924	(38,807)	30,113
Net assets, beginning of year	<u>143,306</u>	<u>116,117</u>	<u>34,453</u>	<u>31,529</u>	<u>177,759</u>	<u>147,646</u>
Net assets, end of year	<u>\$ 116,583</u>	<u>\$ 143,306</u>	<u>\$ 22,369</u>	<u>\$ 34,453</u>	<u>\$ 138,952</u>	<u>\$ 177,759</u>

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2012

**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 FY12 were first received.

In addition to holding meetings and other informal conversations with the head Bookkeeper and consultants, the Superintendent, Assistant Superintendent, and Program Directors also meet regularly to review the general financial status of the 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 four fiscal years. Reduced state funding has brought about curtailed services. This reduction in service capability continued through FY09, FY10, FY11, and FY12. Budgets for FY13 may receive further reduction. The FY12 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.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2012

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 end-of-the-fiscal-year layoffs. 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 kind of programming offered also has been impacted. The two-county teachers' institute, for example, has gone from a format featuring a beginning speaker, breakout sessions, and an educational exhibit hall to a program that includes only large-group presenters. Institutes are now held once every two years or even more rarely rather than annually. This change has met with objections from teaching staff, although the programs offered still are generally positively received. The change was made because of the lack of staff to supervise the many sessions in the earlier-utilized format. A result is a reduced capacity of the Regional Office to provide specialized professional development trainings. A positive aspect has been the ability to concentrate in each institute on one major topic of significance. Yet most professionals would agree that the previous practice is better suited to developing professional performance.

Reduction in funding also brings about reduction in services in other areas as well. The number of clients served in programs such as the Truants' Alternative Program, the Early Childhood Block Grant, and the Regional Safe Schools Program, among others, is necessarily impacted by the funding stream. The new administration in the Regional Office subcontracted the Regional Safe Schools Program partly as a means of reducing administrative costs and other concerns. The number of clients served could erode further in future years without a major improvement in the state's revenue stream. A state budget that includes a regular, guaranteed revenue stream, with built-in cost-of-living adjustments, would assist the 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. After July 1, 2015 thirty-five regions much be achieved and contain at least 61,000 inhabitants.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2012

**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 ASSETS  
JUNE 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 241,225	\$ 19,225	\$ 260,450
Due (to) from other funds	(2,995)	2,995	-
Due from other governments			
State	46,817	-	46,817
Total current assets	<u>285,047</u>	<u>22,220</u>	<u>307,267</u>
<b>NONCURRENT ASSETS</b>			
Capital assets, being depreciated, net	<u>16,334</u>	<u>149</u>	<u>16,483</u>
<b>TOTAL ASSETS</b>	<u>301,381</u>	<u>22,369</u>	<u>323,750</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Note payable	167,454	-	167,454
Deferred revenue	17,344	-	17,344
Total current liabilities	<u>184,798</u>	<u>-</u>	<u>184,798</u>
<b>TOTAL LIABILITIES</b>	<u>184,798</u>	<u>-</u>	<u>184,798</u>
<b>NET ASSETS</b>			
Invested in capital assets	16,334	149	16,483
Restricted for educational purposes	75,285	-	75,285
Unrestricted	24,964	22,220	47,184
<b>TOTAL NET ASSETS</b>	<u>\$ 116,583</u>	<u>\$ 22,369</u>	<u>\$ 138,952</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, 2012

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
PRIMARY GOVERNMENT						
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 467,942	\$ -	\$ 426,664	\$ (41,278)	\$ -	\$ (41,278)
Purchased services	389,368	-	138,945	(250,423)	-	(250,423)
Supplies and materials	33,394	-	29,907	(3,487)	-	(3,487)
Other objects	4,319	-	4,294	(25)	-	(25)
Depreciation	9,615	-	-	(9,615)	-	(9,615)
Capital outlay	-	-	6,372	6,372	-	6,372
Payments to other governments	14,476	-	14,476	-	-	-
Administrative:						
Debt service - interest expense	3,527	-	-	(3,527)	-	(3,527)
On-behalf payments - State	228,933	-	-	(228,933)	-	(228,933)
On-behalf payments - County	64,266	-	-	(64,266)	-	(64,266)
Total governmental activities	<u>1,215,840</u>	<u>-</u>	<u>620,658</u>	<u>(595,182)</u>	<u>-</u>	<u>(595,182)</u>
Business-type activities:						
Registration fees	16,947	4,815	-	-	(12,132)	(12,132)
Total business-type activities	<u>16,947</u>	<u>4,815</u>	<u>-</u>	<u>-</u>	<u>(12,132)</u>	<u>(12,132)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 1,232,787</u>	<u>\$ 4,815</u>	<u>\$ 620,658</u>	<u>(595,182)</u>	<u>(12,132)</u>	<u>(607,314)</u>
GENERAL REVENUES:						
Local sources				191,628	-	191,628
State sources				82,419	-	82,419
On-behalf payments - State				228,933	-	228,933
On-behalf payments - County				64,266	-	64,266
Interest income				1,213	48	1,261
Total general revenues				<u>568,459</u>	<u>48</u>	<u>568,507</u>
CHANGE IN NET ASSETS				(26,723)	(12,084)	(38,807)
NET ASSETS - BEGINNING				<u>143,306</u>	<u>34,453</u>	<u>177,759</u>
NET ASSETS - ENDING				<u>\$ 116,583</u>	<u>\$ 22,369</u>	<u>\$ 138,952</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, 2012

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 24,964	\$ 140,976	\$ 58,510	\$ 16,775	\$ -	\$ 241,225
Due from other funds	196	-	-	-	(196)	-
Due from other governments:						
State	-	46,817	-	-	-	46,817
<b>TOTAL ASSETS</b>	<b><u>\$ 25,160</u></b>	<b><u>\$ 187,793</u></b>	<b><u>\$ 58,510</u></b>	<b><u>\$ 16,775</u></b>	<b><u>\$ (196)</u></b>	<b><u>\$ 288,042</u></b>
<b>LIABILITIES</b>						
Note payable	\$ -	\$ 167,454	\$ -	\$ -	\$ -	\$ 167,454
Due to other funds	196	2,995	-	-	(196)	2,995
Deferred revenue	-	17,344	-	-	-	17,344
<b>Total Liabilities</b>	<b><u>196</u></b>	<b><u>187,793</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(196)</u></b>	<b><u>187,793</u></b>
<b>FUND BALANCE</b>						
Restricted	-	-	58,510	16,775	-	75,285
Assigned	25,160	-	-	-	-	25,160
Unassigned	(196)	-	-	-	-	(196)
<b>Total Fund Balance</b>	<b><u>24,964</u></b>	<b><u>-</u></b>	<b><u>58,510</u></b>	<b><u>16,775</u></b>	<b><u>-</u></b>	<b><u>100,249</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 25,160</u></b>	<b><u>\$ 187,793</u></b>	<b><u>\$ 58,510</u></b>	<b><u>\$ 16,775</u></b>	<b><u>\$ (196)</u></b>	<b><u>\$ 288,042</u></b>

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

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

TOTAL FUND BALANCES—GOVERNMENTAL FUNDS	\$ 100,249
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>16,334</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 116,583</u>

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

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Education Fund	Institute Fund	Nonmajor Special Revenue Funds	Eliminations	Total Governmental Funds
<b>REVENUES</b>						
Local sources	\$ 146,055	\$ 19,257	\$ 16,606	\$ 9,710	\$ -	\$ 191,628
On-behalf payments - County	64,266	-	-	-	-	64,266
State sources	102,057	583,030	-	680	-	685,767
On-behalf payments - State	228,933	-	-	-	-	228,933
Federal sources	-	63,215	-	-	-	63,215
Total Revenues	<u>541,311</u>	<u>665,502</u>	<u>16,606</u>	<u>10,390</u>	<u>-</u>	<u>1,233,809</u>
<b>EXPENDITURES</b>						
Instructional Services						
Salaries and benefits	14,588	426,664	21,675	5,015	-	467,942
Purchased services	245,824	138,945	2,219	2,380	-	389,368
Supplies and materials	-	29,907	705	2,782	-	33,394
Payments to other governments	-	14,476	-	-	-	14,476
Other objects	25	4,294	-	-	-	4,319
On-behalf payments	293,199	-	-	-	-	293,199
Capital outlay	-	6,372	-	-	-	6,372
Debt service						
Interest expense	-	3,527	-	-	-	3,527
Total Expenditures	<u>553,636</u>	<u>624,185</u>	<u>24,599</u>	<u>10,177</u>	<u>-</u>	<u>1,212,597</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(12,325)</u>	<u>41,317</u>	<u>(7,993)</u>	<u>213</u>	<u>-</u>	<u>21,212</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	64	-	-	-	(64)	-
Transfers out	-	(64)	-	-	64	-
Interest income	942	113	122	36	-	1,213
Total Other Financing Sources (Uses)	<u>1,006</u>	<u>49</u>	<u>122</u>	<u>36</u>	<u>-</u>	<u>1,213</u>
NET CHANGE IN FUND BALANCE	(11,319)	41,366	(7,871)	249	-	22,425
FUND BALANCE (DEFICIT) - BEGINNING	<u>36,283</u>	<u>(41,366)</u>	<u>66,381</u>	<u>16,526</u>	<u>-</u>	<u>77,824</u>
FUND BALANCE - ENDING	<u>\$ 24,964</u>	<u>\$ -</u>	<u>\$ 58,510</u>	<u>\$ 16,775</u>	<u>\$ -</u>	<u>\$ 100,249</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, 2012

NET CHANGE IN FUND BALANCES — GOVERNMENTAL FUNDS	\$	22,425
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Some revenues are not collected for several months after the Regional Office fiscal year ends; they are therefore not considered "available" revenues and are reported as deferred in the governmental funds.</p>		
FY11 revenue deferred recognized in FY12		(45,905)
<p>Governmental funds report capital outlays as expenditures. However, in the government-wide financial statements, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	6,372	
Depreciation expense	<u>(9,615)</u>	<u>(3,243)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u><u>(26,723)</u></u>

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

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2012

	Business-Type Activities – Enterprise Funds		Total
	Co-op	Workshops	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 14,665	\$ 4,560	\$ 19,225
Due from other funds	2,995	-	2,995
Total current assets	<u>17,660</u>	<u>4,560</u>	<u>22,220</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation:	149	-	149
Total noncurrent assets	<u>149</u>	<u>-</u>	<u>149</u>
TOTAL ASSETS	<u>17,809</u>	<u>4,560</u>	<u>22,369</u>
NET ASSETS			
Invested in capital assets	149	-	149
Unrestricted	17,660	4,560	22,220
TOTAL NET ASSETS	<u>\$ 17,809</u>	<u>\$ 4,560</u>	<u>\$ 22,369</u>

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

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities – Enterprise Funds		Total
	Co-op	Workshops	
OPERATING REVENUES			
Local sources	\$ 4,815	\$ -	\$ 4,815
Total operating revenues	<u>4,815</u>	<u>-</u>	<u>4,815</u>
OPERATING EXPENSES			
Salaries and benefits	5,918	-	5,918
Purchased services	6,338	900	7,238
Supplies and materials	3,184	540	3,724
Depreciation	67	-	67
Total operating expenses	<u>15,507</u>	<u>1,440</u>	<u>16,947</u>
Operating loss	(10,692)	(1,440)	(12,132)
NONOPERATING REVENUES			
Interest income	<u>37</u>	<u>11</u>	<u>48</u>
CHANGE IN NET ASSETS	(10,655)	(1,429)	(12,084)
TOTAL NET ASSETS - BEGINNING	<u>28,464</u>	<u>5,989</u>	<u>34,453</u>
TOTAL NET ASSETS - ENDING	<u>\$ 17,809</u>	<u>\$ 4,560</u>	<u>\$ 22,369</u>

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

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities – Enterprise Funds		Total
	Co-op	Workshops	
Cash flows from operating activities:			
Receipts from customers	\$ 4,815	\$ -	\$ 4,815
Payments to suppliers and providers of goods and services	(9,522)	(1,655)	(11,177)
Payments to employees	(5,918)	-	(5,918)
Net cash used for operating activities	<u>(10,625)</u>	<u>(1,655)</u>	<u>(12,280)</u>
Cash flows from investing activities:			
Interest income	37	11	48
Net cash provided by investing activities	<u>37</u>	<u>11</u>	<u>48</u>
Cash flows from noncapital financing activities:			
Receipts from interfund borrowing, net	8,005	-	8,005
Net cash provided by noncapital financing activities	<u>8,005</u>	<u>-</u>	<u>8,005</u>
Net decrease in cash and cash equivalents	(2,583)	(1,644)	(4,227)
Cash and cash equivalents - Beginning	<u>17,248</u>	<u>6,204</u>	<u>23,452</u>
Cash and cash equivalents - Ending	<u>\$ 14,665</u>	<u>\$ 4,560</u>	<u>\$ 19,225</u>
Reconciliation of operating income to net cash used for operating activities:			
Operating loss	\$ (10,692)	\$ (1,440)	\$ (12,132)
Adjustments to reconcile operating income to net cash used for operating activities:			
Depreciation	67	-	67
Change in assets and liabilities:			
Decrease in accounts payable	-	(215)	(215)
Net cash used for operating activities	<u>\$ (10,625)</u>	<u>\$ (1,655)</u>	<u>\$ (12,280)</u>

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

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2012

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$          162</u>
Total Assets	<u><u>\$          162</u></u>
LIABILITIES	
Due to other governments	<u>\$          162</u>
Total Liabilities	<u><u>\$          162</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, 2012

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 2012, the Regional Office of Education #10 implemented Governmental Accounting Standards Board (GASB) Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*; and GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. The Regional Office of Education #10 implemented these standards during the current year; however, GASB Statement No. 64 had no impact on the financial statements. The implementation of GASB Statement No. 57 amends GASB Statement No. 45, permitting an agent employer with an OPEB plan with fewer than 100 plan members to use the alternative measurement method to produce actuarially based information for purposes of financial reporting.

A. DATE OF MANAGEMENT’S REVIEW

Management has evaluated subsequent events through April 10, 2013, the date on which the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

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

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

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

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

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

For the period ended June 30, 2012, the Regional Office of Education #10 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Region #10. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

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

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

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

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

F. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

H. FUND ACCOUNTING

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

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS

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

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

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

General Fund – The General Fund is 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.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Major Special Revenue Funds – Special revenue funds are used to account for 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:

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

Education Fund – This fund is used to account for and report the proceeds of specific revenue sources that are restricted by grant agreements or contracts to expenditures for specified purposes supporting education enhancement programs as follows:

Early Childhood Block Grant – This program is intended to implement and administer prevention initiative projects to reduce school failure by coordinating and expanding health, social, and/or child development services to at-risk children under the age of three and their families.

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

Leaders in Technology Enhanced Schools (LITES) – This program is funded by federal grants awarded by the U.S. Department of Education and the Area V Technology Hub to provide computers, technical support, and staff development to the region.

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

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.

CHRISTIAN/MONTGOMERY COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

Education Fund (Concluded)

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.

Nonmajor 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. 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.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

PROPRIETARY FUNDS

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

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

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

FIDUCIARY FUNDS

Agency Fund – Agency funds are used to account for assets held by the Regional Office of Education #10 in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Regional Office of Education #10 reports the following agency fund:

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

I. GOVERNMENTAL FUND BALANCES

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

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

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GOVERNMENTAL FUND BALANCES (Concluded)

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

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

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

Unassigned Fund Balance - Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following General Fund account has an unassigned fund balance: Conferences.

J. NET ASSETS

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

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

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

Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

K. CASH AND CASH EQUIVALENTS

The Regional Office of Education #10 considers cash on hand, checking accounts, savings accounts, and investments with an original maturity date of less than three months to be cash and cash equivalents. As of June 30, 2012, cash and cash equivalents consisted of cash on deposit.

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. INVENTORY

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

M. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

N. CAPITAL ASSETS

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

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

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

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

O. COMPENSATED ABSENCES

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

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

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

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, and Truants Alternative Optional Education.

NOTE 2 – DEPOSITS AND INVESTMENTS

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

A. DEPOSITS

At June 30, 2012, the carrying amount of the Regional Office of Education #10's government-wide and Agency Fund deposits were \$260,450 and \$162, respectively, and the bank balances were \$371,996 and \$162, respectively. Of the total bank balances as of June 30, 2012, \$250,000 was insured by Federal Depository Insurance Corporation, \$113,204 was collateralized and/or backed by the full faith and credit of the U.S. Treasury, and \$6,642 was uninsured and uncollateralized.

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, 2012

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 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, 2012, the Regional Office of Education #10 had deposits totaling \$1,541 in the Illinois Funds Money Market Fund, which is reported as cash and cash equivalents in the financial statements.

CREDIT RISK

At June 30, 2012, 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, 2012

NOTE 3 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #10 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2012:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Governmental Activities				
Capital assets being depreciated:				
Furniture and fixtures	\$ 2,343	\$ -	\$ -	\$ 2,343
Equipment	74,214	6,372	8,118	72,468
Total capital assets being depreciated	<u>76,557</u>	<u>6,372</u>	<u>8,118</u>	<u>74,811</u>
Less accumulated depreciation:				
Furniture and fixtures	(1,994)	-	-	(1,994)
Equipment	(54,986)	(9,615)	(8,118)	(56,483)
Total accumulated depreciation	<u>(56,980)</u>	<u>(9,615)</u>	<u>(8,118)</u>	<u>(58,477)</u>
Governmental Activities -				
Investment in Capital Assets	<u>\$ 19,577</u>	<u>\$ (3,243)</u>	<u>\$ -</u>	<u>\$ 16,334</u>
Business-Type Activities				
Capital assets being depreciated:				
Furniture and fixtures	\$ 663	\$ -	\$ -	\$ 663
Less accumulated depreciation:				
Furniture and fixtures	(447)	(67)	-	(514)
Business-Type Activities -				
Investment in Capital Assets	<u>\$ 216</u>	<u>\$ (67)</u>	<u>\$ -</u>	<u>\$ 149</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$9,615 and \$67 was charged to the governmental activities and to the business-type activities, respectively, on the government-wide Statement of Activities for the year ended June 30, 2012. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

CHRISTIAN/MONTGOMERY COUNTIES  
 REGIONAL OFFICE OF EDUCATION #10  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2012

NOTE 4 – SHORT-TERM DEBT

The Regional Office of Education #10 obtained short-term loans from a local bank to cover cash shortages created when program expenditures occurred before grant payments were received from the State. The Regional Office received loans on June 13, 2011, for \$299,930; on January 24, 2012, for \$150,000 and on June 28, 2012, for \$167,454. All notes were secured by grant funds from the Education Fund. The note issued on June 13, 2011, had an interest rate of 4.0%; and the notes issued on January 24, 2012 and June 28, 2012 had interest rates of 3.5%. The June 13, 2011 note had a maturity date of December 31, 2011 and was paid in full by the maturity date. The January 24, 2012 note had a maturity date of June 30, 2012 and was paid in full by the maturity date. The June 28, 2012 note has a maturity date of December 31, 2012. Interest expense totaling \$3,527 was reported for these notes in the year ending June 30, 2012.

The short-term debt activity for the year ended June 30, 2012, was as follows:

	Balance at July 1, 2011	Additions	Reductions	Balance at June 30, 2012
Note payable	\$299,930	\$317,454	\$449,930	\$167,454

NOTE 5 – DEFINED-BENEFIT PENSION PLAN

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

**Funding Policy.** As set by statute, the Regional Office of Education #10’s Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2011 used by the employer was 11.00 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2011 was 14.10 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, 2011, the employer’s actual contributions for pension cost for the Regular were \$35,356. Its required contribution for calendar year 2011 was \$45,320.

CHRISTIAN/MONTGOMERY COUNTIES  
 REGIONAL OFFICE OF EDUCATION #10  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2012

NOTE 5 – DEFINED-BENEFIT PENSION PLAN (Concluded)

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

<u>Calendar Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/11	\$45,320	78%	\$0
12/31/10	30,110	100%	0
12/31/09	38,214	100%	0

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, 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, 2009 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, 2011, the most recent actuarial valuation date, the Regular plan was 69.40 percent funded. The actuarial accrued liability for benefits was \$677,440 and the actuarial value of assets was \$470,142, resulting in an underfunded actuarial accrued liability (UAAL) of \$207,298. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$321,418 and the ratio of the UAAL to the covered payroll was 64 percent.

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

NOTE 6 – 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, 2012

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 \$250 per month in premiums in the year ended June 30, 2012. This has not created an implicit subsidy as defined by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as the Regional Office of Education #10’s health insurance plan is considered a community-rated plan. In addition, the Regional Office has no explicit subsidy as defined in GASB Statement No. 45.

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

NOTE 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 Education Fund and Agency Fund have funds due from/to various other governmental units which consist of the following:

Due from Other Governments:

Education Fund

Illinois State Board of Education	\$ 43,806
Illinois Department of Human Services	3,011
Total Due from Other Governments	<u>\$ 46,817</u>

Due to Other Governments:

Agency Fund

Local governments	\$ 162
Total Due to Other Governments	<u>\$ 162</u>

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 9 – INTERFUND ACTIVITY

TRANSFERS

Interfund transfers into/out of other fund balances at June 30, 2012, consist of the following individual transfers in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund:		
Conferences	\$ 64	\$ -
Education Fund:		
Title II - Teacher Quality	-	61
English Language Learning	-	3
	<u>\$ 64</u>	<u>\$ 64</u>

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2012, consist of the following individual due to/from other funds in the governmental fund Balance Sheet. These balances, except for those between governmental funds and business-type funds, were eliminated in the government-wide Statement of Net Assets.

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Education Fund	\$ -	\$ 2,995
General Fund	196	196
Proprietary Funds	2,995	-
	<u>\$ 3,191</u>	<u>\$ 3,191</u>

NOTE 10 – ON-BEHALF PAYMENTS

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

Regional Superintendent Salary	\$ 87,612
Assistant Regional Superintendent Salary	86,365
Regional Superintendent Benefits (includes State-paid insurance)	10,366
Assistant Regional Superintendent Benefits (includes State-paid insurance)	1,252
TRS Pension Contributions	<u>43,338</u>
Total	<u>\$ 228,933</u>

CHRISTIAN/MONTGOMERY COUNTIES  
 REGIONAL OFFICE OF EDUCATION #10  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2012

NOTE 10 – ON-BEHALF PAYMENTS (Concluded)

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, 2012, were as follows:

Salaries and benefits	\$ 54,965
Purchased services	8,596
Supplies and materials	<u>705</u>
Total	<u>\$ 64,266</u>

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

NOTE 11 – OPERATING LEASES

The Regional Office leases two copiers over a 60-month term ending April 2012. Upon the termination of the lease, the Regional Office entered into a new 36-month term lease for two copiers that ends in May 2015. Total equipment lease expense for the year ended June 30, 2012, was \$5,309. Future minimum rentals are as follows for the years ending June 30:

2013	\$ 2,904
2014	2,904
2015	<u>2,505</u>
Total	<u>\$ 8,313</u>

NOTE 12 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

The following funds/fund accounts had deficit fund balances/net assets at June 30, 2012:

<u>Fund</u>	<u>Amount</u>
General Fund	
Conferences	\$(196)

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, 2012

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 )
12/31/11	\$ 470,142	\$ 677,440	\$ 207,298	69.40%	\$ 321,418	64.49%
12/31/10	367,196	608,002	240,806	60.39%	301,101	79.98%
12/31/09	679,371	852,650	173,279	79.68%	371,009	46.70%

On a market value basis, the actuarial value of assets as of December 31, 2011, is \$427,078.

On a market basis, the funded ratio would be 63.04%.

OTHER SUPPLEMENTARY INFORMATION

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
JUNE 30, 2012

	<u>Conferences</u>	<u>Fingerprinting</u>	<u>General State Aid - Regional Safe School</u>	<u>TOTALS</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 11,942	\$ 13,022	\$ 24,964
Due from other funds	-	-	196	196
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 11,942</u>	<u>\$ 13,218</u>	<u>\$ 25,160</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 196	\$ -	\$ -	\$ 196
Total Liabilities	<u>196</u>	<u>-</u>	<u>-</u>	<u>196</u>
<b>FUND BALANCE</b>				
Assigned	-	11,942	13,218	25,160
Unassigned	(196)	-	-	(196)
Total Fund Balance	<u>(196)</u>	<u>11,942</u>	<u>13,218</u>	<u>24,964</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 11,942</u>	<u>\$ 13,218</u>	<u>\$ 25,160</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, 2012

	Conferences	Fingerprinting	General State Aid - Regional Safe School	TOTALS
<b>REVENUES</b>				
Local sources	\$ 12,703	\$ 4,695	\$ 128,657	\$ 146,055
On-behalf payments - County	64,266	-	-	64,266
State sources	-	-	102,057	102,057
On-behalf payments - State	228,933	-	-	228,933
Total Revenues	<u>305,902</u>	<u>4,695</u>	<u>230,714</u>	<u>541,311</u>
<b>EXPENDITURES</b>				
Salaries and benefits	13,062	-	1,526	14,588
Purchased services	3,078	4,364	238,382	245,824
Other objects	25	-	-	25
On-behalf payments	293,199	-	-	293,199
Total Expenditures	<u>309,364</u>	<u>4,364</u>	<u>239,908</u>	<u>553,636</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	64	-	-	64
Interest income	818	26	98	942
Total Other Financing Sources	<u>882</u>	<u>26</u>	<u>98</u>	<u>1,006</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,580)	357	(9,096)	(11,319)
<b>FUND BALANCE - BEGINNING</b>	<u>2,384</u>	<u>11,585</u>	<u>22,314</u>	<u>36,283</u>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<u>\$ (196)</u>	<u>\$ 11,942</u>	<u>\$ 13,218</u>	<u>\$ 24,964</u>

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2012

	Early Childhood Block Grant	English Language Learning	LITES	National School Breakfast	National School Lunch
<b>ASSETS</b>					
Cash and cash equivalents	\$ 132,817	\$ -	\$ 3,180	\$ -	\$ -
Due from other governments					
State	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 132,817</b>	<b>\$ -</b>	<b>\$ 3,180</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES</b>					
Note payable	\$ 123,900	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Deferred revenue	8,917	-	3,180	-	-
<b>Total Liabilities</b>	<b>132,817</b>	<b>-</b>	<b>3,180</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>					
Unassigned	-	-	-	-	-
<b>Total Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 132,817</b>	<b>\$ -</b>	<b>\$ 3,180</b>	<b>\$ -</b>	<b>\$ -</b>

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2012

	No Child Left Behind	Regional Safe Schools	ROE/ISC Operations	Rural School Achievement Program	State Free Lunch & Breakfast
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,748	\$ 223	\$ 382	\$ -	\$ -
Due from other governments					
State	-	18,002	-	-	252
<b>TOTAL ASSETS</b>	<b>\$ 3,748</b>	<b>\$ 18,225</b>	<b>\$ 382</b>	<b>\$ -</b>	<b>\$ 252</b>
<b>LIABILITIES</b>					
Note payable	\$ -	\$ 18,002	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Deferred revenue	3,748	223	382	-	252
<b>Total Liabilities</b>	<b>3,748</b>	<b>18,225</b>	<b>382</b>	<b>-</b>	<b>252</b>
<b>FUND BALANCE</b>					
Unassigned	-	-	-	-	-
<b>Total Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 3,748</b>	<b>\$ 18,225</b>	<b>\$ 382</b>	<b>\$ -</b>	<b>\$ 252</b>

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
JUNE 30, 2012

	Substance Abuse Prevention Program	Title II - Teacher Quality	Truants Alternative Optional Education	TOTALS
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 626	\$ 140,976
Due from other governments				
State	3,011	-	25,552	46,817
<b>TOTAL ASSETS</b>	<b>\$ 3,011</b>	<b>\$ -</b>	<b>\$ 26,178</b>	<b>\$ 187,793</b>
<b>LIABILITIES</b>				
Note payable	\$ -	\$ -	\$ 25,552	\$ 167,454
Due to other funds	2,995	-	-	2,995
Deferred revenue	16	-	626	17,344
<b>Total Liabilities</b>	<b>3,011</b>	<b>-</b>	<b>26,178</b>	<b>187,793</b>
<b>FUND BALANCE</b>				
Unassigned	-	-	-	-
<b>Total Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 3,011</b>	<b>\$ -</b>	<b>\$ 26,178</b>	<b>\$ 187,793</b>

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2012

	Early Childhood Block Grant	English Language Learning	LITES	National School Breakfast	National School Lunch
<b>REVENUES</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	377,402	-	-	-	-
Federal sources	-	3	483	5,395	8,632
Total Revenues	<u>377,402</u>	<u>3</u>	<u>483</u>	<u>5,395</u>	<u>8,632</u>
<b>EXPENDITURES</b>					
Salaries and benefits	286,064	-	-	-	-
Purchased services	32,807	-	444	-	-
Supplies and materials	24,897	-	45	-	-
Capital outlay	4,157	-	-	-	-
Payments to other governments	-	-	-	5,395	8,632
Other objects	-	-	-	-	-
Debt service					
Interest expense	2,196	-	-	-	-
Total Expenditures	<u>350,121</u>	<u>-</u>	<u>489</u>	<u>5,395</u>	<u>8,632</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	-	(3)	-	-	-
Interest income	66	-	6	-	-
Total Other Financing Sources (Uses)	<u>66</u>	<u>(3)</u>	<u>6</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	27,347	-	-	-	-
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>	<u>(27,347)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2012

	No Child Left Behind	Regional Safe Schools	ROE/ISC Operations	Rural School Achievement Program	State Free Lunch & Breakfast
<b>REVENUES</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	70,441	30,421	-	449
Federal sources	-	-	-	20,885	-
Total Revenues	<u>-</u>	<u>70,441</u>	<u>30,421</u>	<u>20,885</u>	<u>449</u>
<b>EXPENDITURES</b>					
Salaries and benefits	-	4,539	10,024	-	-
Purchased services	-	61,468	9,125	20,885	-
Supplies and materials	-	-	3,425	-	-
Capital outlay	-	-	2,215	-	-
Payments to other governments	-	-	-	-	449
Other objects	-	-	-	-	-
Debt service					
Interest expense	-	-	895	-	-
Total Expenditures	<u>-</u>	<u>66,007</u>	<u>25,684</u>	<u>20,885</u>	<u>449</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	-	-	-	-	-
Interest income	-	-	7	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>7</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	4,434	4,744	-	-
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>	<u>-</u>	<u>(4,434)</u>	<u>(4,744)</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2012

	Substance Abuse Prevention Program	Title II - Teacher Quality	Truants Alternative Optional Education	TOTALS
<b>REVENUES</b>				
Local sources	\$ -	\$ -	\$ 19,257	\$ 19,257
State sources	10,948	-	93,369	583,030
Federal sources	27,761	56	-	63,215
Total Revenues	<u>38,709</u>	<u>56</u>	<u>112,626</u>	<u>665,502</u>
<b>EXPENDITURES</b>				
Salaries and benefits	37,236	-	88,801	426,664
Purchased services	1,326	-	12,890	138,945
Supplies and materials	147	-	1,393	29,907
Capital outlay	-	-	-	6,372
Payments to other governments	-	-	-	14,476
Other objects	-	-	4,294	4,294
Debt service				
Interest expense	-	-	436	3,527
Total Expenditures	<u>38,709</u>	<u>-</u>	<u>107,814</u>	<u>624,185</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(61)	-	(64)
Interest income	-	5	29	113
Total Other Financing Sources (Uses)	<u>-</u>	<u>(56)</u>	<u>29</u>	<u>49</u>
NET CHANGE IN FUND BALANCE	-	-	4,841	41,366
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(4,841)</u>	<u>(41,366)</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHRISTIAN/MONTGOMERY COUNTIES  
 REGIONAL OFFICE OF EDUCATION #10  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period July 1, 2011 to August 31, 2012)  
 EDUCATION FUND ACCOUNT  
 EARLY CHILDHOOD BLOCK GRANT  
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
State sources	\$ 473,641	\$ 432,341	\$ 377,402
Total Revenue	<u>473,641</u>	<u>432,341</u>	<u>377,402</u>
<b>EXPENDITURES</b>			
Salaries and benefits	406,147	360,417	286,064
Purchased services	43,635	37,455	32,807
Supplies and materials	19,759	26,969	24,897
Capital outlay	2,100	5,200	4,157
Other objects	2,000	2,300	-
Interest expense	-	-	2,196
Total Expenditures	<u>473,641</u>	<u>432,341</u>	<u>350,121</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>27,281</u>
<b>OTHER FINANCING SOURCES:</b>			
Interest income	-	-	66
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>66</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	27,347
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>(27,347)</u>
<b>FUND BALANCE - ENDING</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 1, 2011 to June 30, 2012)  
EDUCATION FUND ACCOUNT  
REGIONAL SAFE SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 66,010	\$ 66,010	\$ 70,441
Total Revenue	<u>66,010</u>	<u>66,010</u>	<u>70,441</u>
EXPENDITURES			
Salaries and benefits	-	4,539	4,539
Purchased services	66,010	61,471	61,468
Total Expenditures	<u>66,010</u>	<u>66,010</u>	<u>66,007</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>4,434</u>
NET CHANGE IN FUND BALANCE	-	-	4,434
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(4,434)</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 1, 2011 to June 30, 2012)  
EDUCATION FUND ACCOUNT  
ROE/ISC OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 25,716	\$ 25,716	\$ 30,421
Total Revenue	<u>25,716</u>	<u>25,716</u>	<u>30,421</u>
EXPENDITURES			
Salaries and benefits	19,034	9,870	10,024
Purchased services	2,282	7,625	9,125
Supplies and materials	100	3,140	3,425
Capital outlay	-	1,800	2,215
Other objects	4,300	3,281	-
Interest expense	-	-	895
Total Expenditures	<u>25,716</u>	<u>25,716</u>	<u>25,684</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>4,737</u>
OTHER FINANCING SOURCES:			
Interest income	-	-	7
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>7</u>
NET CHANGE IN FUND BALANCE	-	-	4,744
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>(4,744)</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 1, 2011 to June 30, 2012)  
EDUCATION FUND ACCOUNT  
SUBSTANCE ABUSE PREVENTION PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUE			
State sources	\$ -	\$ -	\$ 10,948
Federal sources	43,491	38,709	27,761
Total Revenue	<u>43,491</u>	<u>38,709</u>	<u>38,709</u>
EXPENDITURES			
Salaries and benefits	41,239	37,236	37,236
Purchased services	2,100	1,326	1,326
Supplies and materials	152	147	147
Total Expenditures	<u>43,491</u>	<u>38,709</u>	<u>38,709</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHRISTIAN/MONTGOMERY COUNTIES  
REGIONAL OFFICE OF EDUCATION #10  
BUDGETARY COMPARISON SCHEDULE  
(For the Period July 1, 2011 to June 30, 2012)  
EDUCATION FUND ACCOUNT  
TRUANTS ALTERNATIVE AND OPTIONAL EDUCATION  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>REVENUE</b>			
Local sources	\$ -	\$ -	\$ 19,257
State sources	85,171	85,171	93,369
Total Revenue	<u>85,171</u>	<u>85,171</u>	<u>112,626</u>
<b>EXPENDITURES</b>			
Salaries and benefits	71,484	71,484	88,801
Purchased services	8,519	8,519	12,890
Supplies and materials	493	493	1,393
Other objects	4,675	4,675	4,294
Interest expense	-	-	436
Total Expenditures	<u>85,171</u>	<u>85,171</u>	<u>107,814</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>			
	<u>-</u>	<u>-</u>	<u>4,812</u>
<b>OTHER FINANCING SOURCES:</b>			
Interest income	-	-	29
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>29</u>
<b>NET CHANGE IN FUND BALANCE</b>			
	-	-	4,841
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>			
	<u>-</u>	<u>-</u>	<u>(4,841)</u>
<b>FUND BALANCE - ENDING</b>			
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Note: The budget amount for the Truants Alternative and Optional Education reflect 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  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2012

	<u>Bus Driver Training</u>	<u>General Education Development</u>	<u>TOTALS</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,866	\$ 8,909	\$ 16,775
<b>TOTAL ASSETS</b>	<u>\$ 7,866</u>	<u>\$ 8,909</u>	<u>\$ 16,775</u>
<b>FUND BALANCE</b>			
Restricted	\$ 7,866	\$ 8,909	\$ 16,775
<b>TOTAL FUND BALANCE</b>	<u>\$ 7,866</u>	<u>\$ 8,909</u>	<u>\$ 16,775</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, 2012

	Bus Driver Training	General Education Development	TOTALS
REVENUES			
Local sources	\$ 984	\$ 8,726	\$ 9,710
State sources	680	-	680
Total Revenues	<u>1,664</u>	<u>8,726</u>	<u>10,390</u>
EXPENDITURES			
Salaries and benefits	-	5,015	5,015
Purchased services	930	1,450	2,380
Supplies and materials	-	2,782	2,782
Total Expenditures	<u>930</u>	<u>9,247</u>	<u>10,177</u>
OTHER FINANCING SOURCES			
Interest income	17	19	36
Total Other Financing Sources	<u>17</u>	<u>19</u>	<u>36</u>
NET CHANGE IN FUND BALANCE	751	(502)	249
FUND BALANCE - BEGINNING	7,115	9,411	16,526
FUND BALANCE - ENDING	<u>\$ 7,866</u>	<u>\$ 8,909</u>	<u>\$ 16,775</u>

CHRISTIAN/MONTGOMERY COUNTIES  
 REGIONAL OFFICE OF EDUCATION #10  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUND  
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>REGIONAL DELIVERY SYSTEM</u>				
ASSETS				
Cash and cash equivalents	\$ 158	\$ 388,025	\$ 388,021	\$ 162
Total Assets	<u>\$ 158</u>	<u>\$ 388,025</u>	<u>\$ 388,021</u>	<u>\$ 162</u>
LIABILITIES				
Due to other governments	\$ 158	\$ 388,025	\$ 388,021	\$ 162
Total Liabilities	<u>\$ 158</u>	<u>\$ 388,025</u>	<u>\$ 388,021</u>	<u>\$ 162</u>