

State of Illinois
REGIONAL OFFICE OF EDUCATION #10
FINANCIAL AUDIT
(In Accordance with the Single Audit Act
and OMB Circular A-133)
For the year ended June 30, 2005

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

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

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

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

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

OFFICIALS

Regional Superintendent (current and during the audit period)..... Dr. Greg Springer

Assistant Regional Superintendent (acting effective 12/16/04)..... Ms. Marie Joy

Assistant Regional Superintendent (resigned effective 12/15/04) Mr. Larry Marsh

Offices are located at:

101 South Main
Taylorville, IL 62568

#1 Courthouse Square
Room 202
Hillsboro, IL 62049

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

The auditors' reports on compliance and on internal controls do not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

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

Details of findings are presented in a separately tabbed report section.

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)		
05-01	13 – 14	Controls over Compliance with Laws and Regulations

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2005.

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

04-01	17	Noncompliance with Statutory Mandates.
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PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

There were no prior findings.

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

COMPLIANCE REPORT SUMMARY (continued)

INFORMAL EXIT CONFERENCE

The finding and recommendation appearing in this report was discussed with the Christian-Montgomery Counties Regional Office of Education #10 personnel at an informal exit conference on August 26, 2005. Attending were Dr. Greg Springer, Regional Superintendent of Schools, Marie Joy, Assistant Regional Superintendent of Schools, Mickie Gaither, Bookkeeper of Regional Office of Education #10, and James E. Moon, CPA of West & Company, LLC.

The response to the recommendation was provided by Dr. Greg Springer in an email dated December 1, 2005.

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

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying basic financial statements of the Christian-Montgomery Counties Regional Office of Education #10 was performed by West & Company, LLC.

Based on their audit, the auditors expressed an unqualified opinion on the agency's basic financial statements.

WEST & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS
&
CONSULTANTS

MEMBERS

E. LYNN FREESE
RICHARD C. WEST
KENNETH L. VOGT
DOUGLAS R. STROUD
BRIAN E. DANIELL
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INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Christian-Montgomery Counties Regional Office of Education #10, as of and for the year ended June 30, 2005, 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 Christian-Montgomery Counties Regional Office of Education #10's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Christian-Montgomery Counties Regional Office of Education #10, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2005 on our consideration of the Christian-Montgomery Counties Regional Office of Education #10's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund-Schedule of Funding Progress on pages 18A – 18G and 48 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Office of Education #10's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedule of Disbursements to School District Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Other Entities, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

West + Company, LLC

August 26, 2005

WEST & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS
&
CONSULTANTS

MEMBERS

E. LYNN FREESE
RICHARD C. WEST
KENNETH L. VOGT
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Christian-Montgomery Counties Regional Office of Education #10, as of and for the year ended June 30, 2005, which collectively comprise the Regional Office of Education #10's basic financial statements and have issued our report thereon dated August 26, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Christian-Montgomery Counties Regional Office of Education #10's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Christian-Montgomery Counties Regional Office of Education #10's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements 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*. However, we noted a certain immaterial instance of noncompliance which is required by *Guidelines to Auditing and Reporting for a Regional Office of Education*, to be reported on the accompanying Schedule of Findings and Questioned Costs as item 05-01.

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

West & Company, LLC

August 26, 2005

WEST & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS
&
CONSULTANTS

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE FOR EACH
PROGRAM DETERMINED TO BE MAJOR BY THE ILLINOIS STATE BOARD OF
EDUCATION IN THEIR MONITORING OF FEDERAL PROGRAMS**

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the compliance of the Christian-Montgomery Counties Regional Office of Education #10 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The Christian-Montgomery Counties Regional Office of Education #10's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Christian-Montgomery Counties Regional Office of Education #10's management. Our responsibility is to express an opinion on the Christian-Montgomery Counties Regional Office of Education #10's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 criteria as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*. Those standards and criteria require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Christian-Montgomery Counties Regional Office of Education #10's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Christian-Montgomery Counties Regional Office of Education #10's compliance with those requirements.

In our opinion, the Christian-Montgomery Counties Regional Office of Education #10 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the Christian-Montgomery Counties Regional Office of Education #10 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Christian-Montgomery Counties Regional Office of Education #10's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 criteria as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

West + Company, LLC

August 26, 2005

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2005

Section I -- Summary of Auditors' Results

Financial statements

Type of auditors' report issued:

UNQUALIFIED

Internal control over financial reporting:

- material weakness(es) identified? yes X no

- Reportable condition(s) identified that are not considered to be material weakness(es)? yes X none reported

- Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- material weakness(es) identified? yes X no

- Reportable condition(s) identified that are not considered to be material weakness(es)? yes X none reported

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

UNQUALIFIED

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

 yes X no

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2005

Section I -- Summary of Auditors' Results (concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of federal program or cluster</u>
84.358	Rural School Achievement Program
93.558	Regional Safe Schools
93.558	Regional Safe Schools - General State Aid
93.558	Teen Reach

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? X yes no

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2005**

Section II: Financial Statement Findings

FINDING NO. 05-01 - Controls over Compliance with Laws and Regulations

Criteria/Specific Requirements:

The Illinois School Code 105 ILCS 5/3-14.11 states that the Regional Superintendent shall examine at least once each year all books, accounts, and vouchers of every school treasurer in his educational service region, and if he finds any irregularities in them, to report them at once, in writing, to the trustees in Class II county school units, to the respective school boards of those school districts which form a part of a Class II county school unit but which are not subject to the jurisdiction of the trustees of schools of any township in which any such district is located, or to the respective school boards of the district in Class I county school units whose duty it shall be to take immediately such action as the case demands.

This mandate has existed in its current form since at least 1953.

Condition:

The Regional Office is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent signs off on the Annual Financial Reports from the school districts in his region. In addition, the Regional Office gets a spreadsheet from the Illinois State Board of Education (ISBE) that outlines all of the school districts and their audit exceptions, if any. The Regional Office follows up with school districts having exceptions and gets the corrective action and forwards it to the ISBE.

While these are reviews involving the finances of school treasurers, they are not in the level of detail required by 105 ILCS 5/3-14.11.

Effect:

The Regional Office of Education #10 did not comply with statutory requirements.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2005**

Section II: Financial Statement Findings (Continued)

FINDING NO. 05-01 - Controls over Compliance with Laws and Regulations (Continued)

Cause:

The Regional Superintendent believed that the actions described above (condition) met the legal requirements.

Recommendation:

The Regional Office of Education #10 should comply with the requirements of 105 ILCS 5/3-14.11. If the Regional Office believes the statutory mandate is obsolete or otherwise unnecessary, then it should seek legislative action to revise the statute accordingly.

Management's Response:

In 1953, there were 102 county superintendents and their duties were a lot less numerous than today. Few schools had budgets that exceeded \$500,000. Under such conditions, this law probably made sense. During the past 50+ years, various practices have evolved eliminating the need for this type of monitoring. In the 21st century, all schools have multi-million dollar budgets that are: 1.) audited annually by professionally certified outside auditing firms; 2.) audits are filed for public record & inspection; and 3.) this is tracked through the process by the procedures mentioned above in the section titled "Condition". Requiring the ROE's to do another review would be redundant, costly, and require the hiring of teams of new staff members in each ROE to carry out the task. The latter begs the question of which level(s) of government would bear the cost to carry out this task and how costly might that be to reinstitute the practice?

We are grateful for the OAG's assistance in calling this to our collective attention because it provides the Regional Offices of Education with additional justification to request that the General Assembly delete this and other obsolete sections from the statutes. We will seek a legislative solution to this and other obsolete passages.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2005**

Section III -- Federal Award Findings

No findings were noted for the year ended June 30, 2005

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

**CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the year ended June 30, 2005**

Corrective Action Plan

Finding No.: 05-01

Condition:

The Regional Office is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent signs off on the Annual Financial Reports from the school districts in his region. In addition, the Regional Office gets a spreadsheet from the Illinois State Board of Education (ISBE) that outlines all of the school districts and their audit exceptions, if any. The Regional Office follows up with the school districts having exceptions and gets the corrective action and forwards it to ISBE.

While these are reviews involving the finances of school treasurers, they are not in the level of detail required by 105 ILCS 5/3-14.11.

Plan:

We will seek a legislative solution to this and other obsolete statutes.

Anticipated Date of Completion:

On going.

Name of Contact Person:

Dr. Greg Springer, Regional Superintendent

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2005**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
04-01	Late submission of required reports to the county boards and reports did not contain all of the required elements in the statute.	Finding was not repeated

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2005**

The Regional Office of Education #10 (Christian and Montgomery Counties, Illinois) provides the following Management's Discussion and Analysis of the Office's financial statements for the fiscal year that ended June 30, 2005. Readers are encouraged to consider the discussion information in conjunction with the financial statements.

2004-2005 (FY 05) Financial Highlights:

- Net assets for the office included \$137,244 in Governmental Activities and \$15,346 in Business-Type Activities, totaling \$152,590.
- Within the Governmental Funds, total assets were \$196,408 and liabilities were \$79,677, leaving a total fund balance of \$116,731.
- Net assets of Governmental Activities (Statement of Net Assets) totaled \$137,244 when \$20,513 in investment in capital assets is added to \$116,731 in unrestricted net assets.
- The Statement of Activities indicates a \$1,577 increase in net assets in Governmental Activities, from \$135,677 at the beginning of the year to \$137,244 at the year's end.
- Proprietary Funds net assets are reported at \$15,346.
- The Proprietary Funds decreased from \$17,433 at the beginning of FY 05 to \$15,346 at the year's conclusion.
- The Fiduciary Funds report indicates \$19,848 in cash assets. Liabilities include \$3,756 in notes payable and \$16,092 due to other governmental units.
- Variance with the final budget (\$11,432) in the Truants' Alternative and Optional Education (TAOEP) budget emanates from a grant amendment relative to program implementation. Variances in the Title IV – Community Service Program (\$10,890) relates to the program's fiscal cycle, which terminates in August rather than June. The same is true for the \$19,254 variance in the Title I – Reading First budget. For the Regional Safe Schools (General State Aid) Program, there is no state approved budget, only a local budget. Variances in the ROE Operations Project budget derive from the inclusion in the "actual amounts" line of salaries and benefits paid by the State of Illinois to the Superintendent and Assistant Superintendent, as well as county funding provided to the ROE.

Using This Report

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

- Management's Discussion and Analysis introduces the ROE's basic financial statements and provides an overview of the Regional Office of Education #10's financial activities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2005**

Using This Report (Continued)

- The Basic Financial Statements include the statements listed in the table of contents. These provide information about the status and activities of ROE #10 and present an overall view of the Office's finances
- Supplemental Information reports the ROE #10's operations in greater detail.

Reporting the Office as a Whole

The Government-wide Financial Statements report information about Regional Office of Education #10 as a whole. The Statement of Net Assets includes all assets and liabilities. All current year revenues and expenses are included in the Statement of Activities

The Government-wide Financial Statements also reflect how the Regional Office's net assets have changed. Net assets represent the difference between assets and liabilities. Net assets can provide a measurement of the financial health of ROE #10.

Over a period of time, changes in net assets can indicate whether the Office's financial position is improving or deteriorating. To assess ROE #10's overall health, additional non-financial factors (e.g., new laws, rules and regulations, actions by officials at the state and federal level) should be considered.

The Government-wide Financial Statements present Office activities as Governmental Activities. Local, state, and federal funds finance most, if not all, of 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2005**

Reporting the Office as a Whole (Continued)

The Regional Office of Education #10 has three kinds of funds:

1. Governmental Funds account for the Office's services. Governmental Funds focus on how cash and other financial assets can be readily converted to cash flow and on balances available for spending the next fiscal year. Governmental Fund Statements provide a detailed, short-term view to help determine the level of resources that can finance future Office operations. The Office's Governmental Funds include the General Fund, Education Fund, Institute Fund, and Other Nonmajor Funds. The required financial statements for Governmental Funds include a Balance Sheet; a Reconciliation of the Funds Balance Sheet to the Statement of Net Assets; a Statement of Revenues, Expenditures, and Changes in Fund Balances; and a Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.
2. Proprietary Funds include the revenues derived from charges for services, as well as interest. Operating expenses – salaries and benefits, purchased services, supplies and materials, payments to other governmental units, and other objects – against income determine the operating income or loss in this fund. The required financial statements for Proprietary Funds include a Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Fund Net Assets; and a Statement of Cash Flows.
3. The Fiduciary Funds report assets in cash and liabilities in amounts due to other governmental units, accounts payable, and accrued salaries and benefits.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2005**

ROE #10 Financial Analysis

Below are the following: ROE #10 Statement of Net Assets and Statement of Activities. These show assets and liabilities of the Office; a breakdown of revenues by source and expenses by activity, as well as the changes in net assets over the past fiscal year.

STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Totals	
	2005	2004	2005	2004	2005	2004
ASSETS						
Current assets:						
Cash	\$ 155,252	\$ 122,546	\$ 14,733	\$ 17,433	\$ 169,985	\$ 139,979
Due from other governments	41,156	25,109	-	-	41,156	25,109
Total current assets	196,408	147,655	14,733	17,433	211,141	165,088
Noncurrent assets:						
Capital assets, net	20,513	38,916	613	-	21,126	38,916
Total assets	216,921	186,571	15,346	17,433	232,267	204,004
LIABILITIES						
Current liabilities:						
Note payable	40,977	24,625	-	-	40,977	24,625
Due to other governments	2,405	3,528	-	-	2,405	3,528
Unearned revenue	36,295	23,142	-	-	36,295	23,142
Total liabilities	79,677	51,295	-	-	79,677	51,295
NET ASSETS						
Investment in capital assets, net of related debt	20,513	38,916	613	-	21,126	38,916
Unrestricted	116,731	96,360	14,733	17,433	131,464	113,793
Total net assets	<u>\$ 137,244</u>	<u>\$ 135,276</u>	<u>\$ 15,346</u>	<u>\$ 17,433</u>	<u>\$ 152,590</u>	<u>\$ 152,709</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2005**

CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 25,343	\$ 31,178	\$ 25,343	\$ 31,178
Operating grants and contributions	855,485	891,445	-	-	855,485	891,445
General revenues:						
Local sources	63,928	55,206	-	-	63,928	55,206
On-behalf payments-local	80,274	79,052	-	-	80,274	79,052
On-behalf payments-state	208,638	215,059	-	-	208,638	215,059
Interest	1,299	1,170	165	114	1,464	1,284
Transfers	151	-	(151)	-	-	-
TOTAL REVENUES	1,209,775	1,241,932	25,357	31,292	1,235,132	1,273,224
Expenses						
Instructional Services:						
Salaries and benefits	638,895	636,327	-	-	638,895	636,327
Purchased services	179,178	200,788	-	-	179,178	200,788
Supplies and materials	60,833	69,262	-	-	60,833	69,262
Payments to other governments	5,200	176	-	-	5,200	176
Other objects	11,646	12,427	-	-	11,646	12,427
Depreciation	23,534	23,944	-	-	23,534	23,944
Administrative						
On-behalf payments-local	80,274	79,052	-	-	80,274	79,052
On-behalf payments-state	208,638	215,059	-	-	208,638	215,059
Business type expenses	-	-	27,444	27,549	27,444	27,549
TOTAL EXPENSES	1,208,198	1,237,035	27,444	27,549	1,235,642	1,264,584
Changes in Net Assets	1,577	4,897	(2,087)	3,743	(510)	8,640
Net Assets-beginning	135,667	130,379	17,433	13,690	153,100	144,069
Net Assets-ending	\$ 137,244	\$ 135,276	\$ 15,346	\$ 17,433	\$ 152,590	\$ 152,709

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2005**

Monitoring and Analysis

The following information is intended to document the Regional Superintendent's efforts in continuing to monitor and improve the financial status of ROE #10. The information responds to the impact of GASB 34 on the ROE.

Management and financial staff members review on a continuing basis all parts of the ROE's financial statements, including the formatting, accounting and reporting of fixed assets. The Superintendent consults regularly and holds periodic meetings on financial issues with Mickie Gaither, Head Bookkeeper, as well as with other staff members who are in charge of specific programs. The meetings include analysis of the financial status of the ROE looking at current and expected future funding. Analysis and a check on balancing of funds are accomplished monthly.

The Superintendent reviews bills prior to payment, including those bills which are recommended for payment by other members of the management staff. The Superintendent also approves or acknowledges all paid invoices.

Planning for anticipated funding shortages is included in staff meetings. Late payments from the State of Illinois remain an occasional problem, particularly near the end of the state fiscal year (June 30). Short-term borrowing has been utilized the past few years as a means of addressing this situation. The ROE borrowed at the end of FY 05.

In addition to engaging in meetings and other conversations with the Bookkeeping Department staff, the Superintendent, Assistant Superintendent, and Program Directors also meet together regularly to review the general financial status of the ROE. These meetings include analysis of the status of the ROE dependent upon projected grant funding. The intent is to project adequate funding for ROE programming before program plans are carried out.

In recent years, funding has generally been sufficient to assure a basic level of office operation; however, reduced funding over the past few years and the late payments from the State of Illinois have made an impact. Reduced funding has brought about curtailed services. In some instances, largely because of staff reductions, services have been eliminated altogether. Mid-year decisions by the State to reduce funding also have posed a problem, as operational plans have been projected based upon an expected level of funding that sometimes is reduced. Borrowing even for a short time results in the payment of interest to the bank, depriving ROE programs of funding that could be used in the service of constituents, most notably children.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2005**

Monitoring and Analysis

The fiscal year for Christian and Montgomery Counties (December 1 through November 30) does not run concurrent with the fiscal year of ROE grants, and this also can be problematic. Almost two years ago, a disagreement between the leadership of the two counties over interpretation of the statutory allocation of county funding for the ROE resulted in a major funding cut for the ROE serious enough that it threatened the ROE's capacity to carry out even basic mandated responsibilities; it put in jeopardy the ability of the Office even to remain open during regular business hours (8:00 a.m. till 4:00 p.m. Monday through Friday). Unable to reach accommodation, the counties imposed unexpected and significant budget cuts that did reduce office hours (although it did not force closing of the Office) and made fulfilling state mandates difficult at best. In 2005, early talks among all parties seem to have brought about some resolution of the issues and resulted in a slightly better financial situation for the ROE.

Staff numbers remain down from previous highs of a few years ago. One result of staff reductions has been a decrease in the number of professional development programs the ROE can offer to the Region's educators, as fewer staff members have been available to organize and oversee the programming and less funding is available to pay for the costs. This situation has weakened the ROE's capacity to offer "high quality professional development programming close to home," a potential strength of the agency. Spending on Business-Type activities has been affected by the smaller number of programming opportunities.

A regular, guaranteed revenue stream would assist the ROE in efforts to avoid the possibility of mid-year cutbacks. Though the statewide ROE restructuring issue seems to have been resolved "for now," the major funding cuts and the understandable wariness to provide support on the part of county government continue to stand in the way of the most effective and efficient delivery of services by this and all other ROEs. Regional Superintendents and their staff members have been placed into a situation in which they still spend significant time blocks trying to educate and inform the public of their duties and of the Office's value, and such time is time removed from that required for them to do their jobs. Unfortunately, although staff members may work to capacity and beyond, without sufficient money and manpower, services to constituents inevitably are a casualty.

BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF NET ASSETS
June 30, 2005**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash	\$ 155,252	\$ 14,733	\$ 169,985
Due from other governments	41,156	-	41,156
Total current assets	196,408	14,733	211,141
Noncurrent assets:			
Capital assets, net	20,513	613	21,126
Total assets	216,921	15,346	232,267
LIABILITIES			
Current liabilities:			
Note payable	40,977	-	40,977
Due to other governments	2,405	-	2,405
Unearned revenue	36,295	-	36,295
Total liabilities	79,677	-	79,677
NET ASSETS			
Investment in capital assets, net of related debt	20,513	613	21,126
Unrestricted	116,731	14,733	131,464
Total net assets	\$ 137,244	\$ 15,346	\$ 152,590

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, 2005**

FUNCTIONS/PROGRAMS	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues		Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 638,895	\$ -	\$ 618,043	\$ (20,852)	\$ -	\$ (20,852)
Purchased services	179,178	-	155,522	(23,656)	-	(23,656)
Supplies and materials	60,833	-	60,319	(514)	-	(514)
Capital outlay	-	-	4,931	4,931	-	4,931
Payments to other governments	5,200	-	5,194	(6)	-	(6)
Other objects	11,646	-	11,476	(170)	-	(170)
Depreciation	23,534	-	-	(23,534)	-	(23,534)
Administrative:						
On-behalf payments - Local	80,274	-	-	(80,274)	-	(80,274)
On-behalf payments - State	208,638	-	-	(208,638)	-	(208,638)
Total governmental activities	1,208,198	-	855,485	(352,713)	-	(352,713)
Business-type activities:						
Other	27,444	25,343	-	-	(2,101)	(2,101)
Total primary government	\$ 1,235,642	\$ 25,343	\$ 855,485	(352,713)	(2,101)	(354,814)
General revenues:						
Local sources						
On-behalf payments - Local				63,928	-	63,928
On-behalf payments - State				80,274	-	80,274
Interest				208,638	-	208,638
Transfers				1,299	165	1,464
				151	(151)	-
Total general revenues				354,290	14	354,304
Changes in net assets				1,577	(2,087)	(510)
Net assets - beginning				135,667	17,433	153,100
Net assets - ending				\$ 137,244	\$ 15,346	\$ 152,590

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, 2005**

	General Fund	Education Fund	Institute Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash	\$ 15,081	\$ 61,774	\$ 57,155	\$ 21,242	\$ 155,252
Due from other governments	-	41,156	-	-	41,156
Total assets	<u>\$ 15,081</u>	<u>\$ 102,930</u>	<u>\$ 57,155</u>	<u>\$ 21,242</u>	<u>\$ 196,408</u>
LIABILITIES					
Note payable	\$ -	\$ 40,977	\$ -	\$ -	\$ 40,977
Due to other governments	21	2,384	-	-	2,405
Unearned revenue	-	36,295	-	-	36,295
Total liabilities	<u>21</u>	<u>79,656</u>	<u>-</u>	<u>-</u>	<u>79,677</u>
FUND BALANCES					
Unreserved, reported in:					
General fund	15,060	-	-	-	15,060
Special revenue funds	-	23,274	57,155	21,242	101,671
Total fund balances	<u>15,060</u>	<u>23,274</u>	<u>57,155</u>	<u>21,242</u>	<u>116,731</u>
Total liabilities and fund balances	<u>\$ 15,081</u>	<u>\$ 102,930</u>	<u>\$ 57,155</u>	<u>\$ 21,242</u>	<u>\$ 196,408</u>

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

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS**

June 30, 2005

Total fund balances-governmental funds	\$ 116,731
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>20,513</u>
Net assets of governmental activities	<u>\$ 137,244</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, 2005**

	General Fund	Education Fund	Institute Fund	Other Nonmajor Funds	Total Governmental Funds
Revenues:					
Local sources	\$ 11,807	\$ 26,023	\$ 20,371	\$ 5,727	\$ 63,928
State sources	62,064	522,596	-	2,480	587,140
Federal sources	-	268,345	-	-	268,345
On-behalf payments	288,912	-	-	-	288,912
Interest	164	525	433	177	1,299
Total revenues	362,947	817,489	20,804	8,384	1,209,624
Expenditures:					
Education:					
Salaries and benefits	46,503	590,589	-	1,803	638,895
Purchased services	14,913	147,382	12,410	4,473	179,178
Supplies and materials	4,601	52,222	2,332	1,678	60,833
Capital outlay	3,510	1,230	-	-	4,740
Payments to other governments	-	5,200	-	-	5,200
Other objects	928	10,618	100	-	11,646
On-behalf payments	288,912	-	-	-	288,912
Total expenditures	359,367	807,241	14,842	7,954	1,189,404
Excess of revenues over expenditures	3,580	10,248	5,962	430	20,220
Other financing sources (uses):					
Transfers in	61	17	151	-	229
Transfers out	(17)	(61)	-	-	(78)
Total other financing sources (uses)	44	(44)	151	-	151
Net changes in fund balances	3,624	10,204	6,113	430	20,371
Fund balances, beginning of year	11,436	13,070	51,042	20,812	96,360
Fund balances, end of year	\$ 15,060	\$ 23,274	\$ 57,155	\$ 21,242	\$ 116,731

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, 2005

Net changes in fund balances - governmental funds	\$ 20,371
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	<u>(18,794)</u>
Changes in net assets of governmental activities	<u>\$ 1,577</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, 2005

	Business-Type Activities Enterprise Funds Other Enterprise Funds
ASSETS	
Current assets:	
Cash	\$ 14,733
Noncurrent assets	
Capital assets, net	613
Total assets	15,346
LIABILITIES	
	-
NET ASSETS	
Investment in capital assets, net of related debt	613
Unrestricted	14,733
Total net assets	\$ 15,346

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, 2005**

	<u>Business-Type Activities Enterprise Funds</u> <u>Other Enterprise Funds</u>
Operating revenues:	
Charges for services	\$ 25,343
Operating expenses:	
Salaries and benefits	8,607
Purchased services	14,572
Supplies and materials	4,215
Depreciation	50
Total operating expenses	27,444
Operating loss	(2,101)
Nonoperating revenues:	
Investment income	165
Loss before contributions and transfers	(1,936)
Capital contributions	
Transfers out	(151)
Change in net assets	(2,087)
Total net assets - beginning	17,433
Total net assets - ending	\$ 15,346

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, 2005

	Business-Type Activities <u>Enterprise Funds</u> Other <u>Enterprise Funds</u>
Cash flows from operating activities:	
Collection of fees	\$ 25,343
Payments to suppliers and providers of goods and services	(18,787)
Payments to employees	(8,607)
Payments to other funds for goods and services	<u>(151)</u>
Net cash used for operating activities:	<u>(2,202)</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	<u>(663)</u>
Cash flows from investing activities:	
Interest received on investments	<u>165</u>
Net decrease in cash and cash equivalents	(2,700)
Cash and cash equivalents - beginning	<u>17,433</u>
Cash and cash equivalents - ending	<u><u>\$ 14,733</u></u>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (2,101)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	50
Transfers out	<u>(151)</u>
Net cash used for operating activities	<u><u>\$ (2,202)</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 FIDUCIARY NET ASSETS
FIDUCIARY FUND

June 30, 2005

	<u>Agency Funds</u>
ASSETS	
Cash	<u>\$ 19,848</u>
LIABILITIES	
Notes payable	\$ 3,756
Due to other governments	<u>16,092</u>
Total liabilities	<u>\$ 19,848</u>

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

NOTES TO FINANCIAL STATEMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education #10's accounting policies conform to generally accepted accounting principles which are appropriate to local governmental units of this type.

A. Reporting Entity

The Regional Office of Education #10 was created by Illinois Public Act 76-735, as amended, effective August 8, 1995. The region encompasses Christian and Montgomery counties.

The regional superintendent of schools is the chief administrative officer of the region and is elected to the position for a four year term. The regional superintendent is responsible for the supervision and control of the school districts.

The superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring of the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses. Further, the superintendent receives an allocation of school funds from the State Board of Education and apportions these funds to the school districts in accordance with the State Board of Education's formula.

The Regional Office of Education #10 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters. The Regional Office of Education #10 exercises no oversight responsibility on financial interdependency, selection of governing authority, designation of management or the ability to significantly influence the operations of any other outside agencies. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing order. Therefore, no other agency has been included as a component unit in the Regional Office of Education #10's financial statements. In addition, the Regional Office of Education #10 is not aware of any entity that would exercise oversight as to result in the Regional Office of Education #10 being considered a component unit of the entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

NOTES TO THE FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. **Government-wide and Fund Financial Statements** (Continued)

The Statement of Net Assets includes all of the Regional Office of Education #10's assets and liabilities, including capital assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The government reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Regional Office of Education #10 and is used to account for all financial resources that are not legally restricted for expenditure for specified purposes. This fund is available to pay general and administrative expenditures of the Regional Office of Education #10. Included in this fund are:

ROE/ISC Operations – To account for grant monies received and expended for general and administrative expenditures.

ROE Supplementary – To account for grant monies received and expended for general and administrative expenditures.

Conferences – To account for miscellaneous revenues and expenditures not related to any other programs.

Fingerprinting – To account for local monies received from districts to share the cost of criminal background checks for substitute teachers.

Education – These Special Revenue Funds account for the state and federal grant monies received for administering numerous grant awards which include:

Truants Alternative – To account for grant monies received to provide truancy prevention programming and to monitor truants.

State Standards & Assessment – To account for State monies received from Regional Office of Education #50 for data analysis and school improvement planning, standards aligned curriculum, instruction, classroom assessment and student/family community support services.

Early Learning Partners – To account for grant monies received from the State of Illinois to implement and administer prevention initiative projects to reduce school failure by coordinating and expanding health, social and/or child development services to at-risk children less than the age of 3 and their families.

LITES – To account for federal grant monies awarded by the U.S. Department of Education and the Area V Technology Hub to provide computers, technical support, and staff development to the region.

Learning Express A & E Train – To account for federal monies received from the Workforce Investment Act to provide case management services to at-risk youth seeking assistance in achieving academic and employment success.

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Education (Continued)

Standards Aligned Classroom – To account for federal monies received for expenditures incurred to create and support ongoing learning teams focused on alignment of classroom level assessment and instruction.

School & Community Assistance Program – To account for state monies received from the Mental Health Association in Illinois to provide training/support for regional School & Community Assistance Program teams.

National School Lunch Program – To account for monies received from federal funds for reimbursement for meals served through the school lunch program at the regular price as well as reimbursement of free and reduced-price meals for students enrolled in the Regional Safe Schools Program.

State Breakfast Incentive – To account for state monies received to provide free breakfasts to eligible needy children enrolled in the Regional Safe School Program.

State Lunch – To account for state monies received to provide free lunches and breakfasts to eligible needy children enrolled in the Regional Safe School Program.

Math/Science Partnership – To account for federal monies received from Regional Office of Education #50 to provide math/science professional development to area educators.

School Breakfast Program – To account for federal monies received to provide breakfast meals meeting federal requirements to all children in attendance at the Regional Safe School Program.

Inquiry Based Learning – To account for federal grant monies received from the Area V Technology Hub for expenditures incurred in utilizing a research based inquiry professional development model concentrating on reading, math, and the integration of the effective use of technology.

Regional Safe Schools – To account for monies received for expenditures and administration of the regional safe schools program.

Early Childhood – To account for grant monies received from the State of Illinois to implement and administer prevention initiative projects to reduce school failure by coordinating and expanding health, social and/or child development services to at-risk children less than the age of three and their families.

Secretary of State Family Literacy Program – To account for federal monies received for providing services that contribute to achievement of family literacy.

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Education (Continued)

Teen Reach – To account for grant monies received from the Department of Human Services to provide after school services to local districts for elementary and middle school at-risk students.

Rural School Achievement Program – To account for monies received from federal funds to enhance education through technology and improve the academic achievement of disadvantaged children.

Title IV Community Service – To account for monies received from federal funds to support school based service learning programs specifically for the at-risk population of suspended or expelled students.

Title I Reading First Part B SEA Funds – To account for monies received from federal funds to provide staff development programs.

No Child Left Behind – To account for federal monies received from Regional Office of Education #41 to increase student achievement through the implementation of inquiry based learning and technology enhancement.

Teacher Quality – To account for federal monies received from Regional Office of Education #50 related to teacher and administrator enhancement.

Institute – To account for the stewardship of the assets held in trust for the benefit of the teachers. Fees are collected from registration of teachers' certificates of qualification. Monies are expended to conduct teachers' institutes, conferences, and workshops.

The government reports the following nonmajor governmental funds:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. Included among these funds are:

General Education Development (GED) – To account for the administration of the GED Testing Program. Monies are received from testing and diploma fees.

Transportation – To account for the stewardship of the assets held in trust in connection with the Bus Driver Training Program.

Supervisory – To account for monies received from the State of Illinois for expenditures incurred providing supervisory services for the region.

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The government reports the following nonmajor proprietary funds:

Enterprise Funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes. Included among these funds are:

Title II Coop – To account for local monies received for expenditures incurred in providing workshops.

Workshops – To account for the fees and local revenues received and related disbursements incurred while performing the corresponding program services.

The government reports the following agency funds:

Agency Funds - Agency funds are used to account for assets held by the Regional Office of Education #10 in a trustee capacity or as an agent for other governments. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the outside organizations are equal to the assets held. Included among these funds are:

Distributive – To account for monies received from the state through the Illinois Funds for disbursement to other governments or funds.

Regional Delivery System – To account for the assets held in trust for the benefit of the Regional Vocational System.

ROE Payroll – To account for amounts received for payroll disbursement after payroll costs are charged to the appropriate fund.

Detachment – To account for issues of detachment and annexation of territory from one school district to another.

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Christian-Montgomery Counties Regional Office of Education #10's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services and administrative expenses.

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Investments

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

State regulations require that Regional Office of Education #10 deposit funds under its control into accounts insured by the federal government, accounts secured by substantial collateral, or pooled investment trusts. All funds not needed for immediate disbursement are maintained in interest bearing accounts.

Statutes authorize the Regional Office of Education #10 to make deposits or invest in obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Money Market Fund.

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

2. Capital Assets

Capital assets are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Assets</u>	<u>Years</u>
Office equipment	5-10
Computer equipment	3
Software and license	2

In the fund financial statements, fixed assets used in governmental operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

3. Equity Classifications

Government-wide Statements

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

Investment in capital assets, net of related debt - Consists of capital assets, net of accumulated depreciation.

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

Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved.

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. New Accounting Pronouncement

The GASB has issued Statement No. 40, *Deposit and Investment Risk Disclosures*, effective for the Regional Office of Education #10's fiscal year beginning July 1, 2004. Statement No. 40 establishes additional disclosure requirements addressing common risks for investments. The Statement had no effect on the Regional Office of Education #10's net assets or changes in net assets.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between *net changes in fund balances - governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$18,794 difference are as follows:

Capital outlay	\$ 4,740
Depreciation expense	<u>(23,534)</u>
Net adjustment to decrease net changes in fund balances - governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (18,794)</u>

3. BUDGETS AND BUDGETARY ACCOUNTING

The Regional Office of Education #10 was not legally required to adopt annual budgets for all funds under its control, and some annual budgets prepared were not based upon the same operating period. Therefore, budgetary reports comparing budgeted to actual expenditures are not presented.

Budgets relating to programs funded by grants from the Illinois State Board of Education are prepared and submitted to the State Board for approval as part of the grant awards process. The State Board must also approve amendments to these budgets. Grant project budgets are based on the award period. Budgetary Comparison Schedules have been presented for the following grants: ROE/ISC Operations, Truants Alternative, Regional Safe Schools, Regional Safe Schools – General State Aid, Early Childhood, Teen Reach, Title IV – Community Service, and Title I - Reading First Part B SEA Funds.

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

NOTES TO THE FINANCIAL STATEMENTS

4. USE OF ESTIMATES

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

5. INTEREST ON DISTRIBUTIVE FUND ACCOUNTS

Interest on Distributive Fund receipts are distributed to districts in proportion to their share of average cash balance.

6. DEPOSITS

At June 30, 2005, the carrying amount of the Regional Office of Education #10's cash deposits was \$189,833 and the bank balance was \$245,378. Of the total bank balance at June 30, 2005, \$120,113 was secured by federal depository insurance and \$125,265 was collateralized with securities held by the pledging financial institution's trust department in Regional Office of Education #10's name.

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

NOTES TO THE FINANCIAL STATEMENTS

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets being depreciated:				
Furniture and fixtures	\$ 4,643	\$ -	\$ (1,500)	\$ 3,143
Equipment	183,396	4,740	(39,005)	149,131
Total capital assets being depreciated	<u>188,039</u>	<u>4,740</u>	<u>(40,505)</u>	<u>152,274</u>
Less accumulated depreciation for:				
Furniture and fixtures	(1,775)	(989)	1,500	(1,264)
Equipment	(146,957)	(22,545)	39,005	(130,497)
Total accumulated depreciation	<u>(148,732)</u>	<u>(23,534)</u>	<u>40,505</u>	<u>(131,761)</u>
Governmental activities capital assets, net	<u>\$ 39,307</u>	<u>\$(18,794)</u>	<u>\$ -</u>	<u>\$ 20,513</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets being depreciated:				
Furniture and fixtures	\$ -	\$ 663	\$ -	\$ 663
Less accumulated depreciation for:				
Furniture and fixtures	-	(50)	-	(50)
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ 613</u>	<u>\$ -</u>	<u>\$ 613</u>

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

NOTES TO THE FINANCIAL STATEMENTS

7. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of Regional Office of Education #10 as follows:

Governmental activities:	
Instructional services:	
Depreciation	<u>\$23,534</u>
Business-type activities:	
Other:	
Depreciation	<u>\$ 50</u>

8. SHORT-TERM DEBT

On June 30, 2005, the Regional Office of Education #10 entered into a loan of \$40,977 with National Bank to repay interfund loans. The note has an interest rate of 6.00% and is due on September 30, 2005. The balance due at June 30, 2005 was \$40,977. The short-term debt activity for the year ended June 30, 2005 was as follows:

	Balance at July 1, 2004	Additions	Reductions	Balance at June 30, 2005
Note Payable	<u>\$ 24,625</u>	<u>\$ 40,977</u>	<u>\$ 24,625</u>	<u>\$ 40,977</u>

On June 30, 2005, the Christian – Montgomery Regional Vocational System entered into a loan of \$3,756 with National Bank for operating purposes. The note has an interest rate of 6.00% and is due on September 30, 2005. The balance due at June 30, 2005 was \$3,756. The short term debt activity for the year ended June 30, 2005 was as follows:

	Balance at July 1, 2004	Additions	Reductions	Balance at June 30, 2005
Note Payable	<u>\$ -</u>	<u>\$ 3,756</u>	<u>\$ -</u>	<u>\$ 3,756</u>

9. RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

The Regional Office of Education #10 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

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

NOTES TO THE FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate through June 30, 2005 was 9 percent of their creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer.

In addition, virtually all employees and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS Fund health insurance contribution was 0.5 percent during the year ended June 30, 2005 and the member THIS Fund health insurance contribution was 0.75 percent.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #10's TRS-covered employees.

On-Behalf Contributions - The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #10. For the year ended June 30, 2005, State of Illinois contributions were based on 11.76 percent of creditable earnings, and the Regional Office of Education #10 recognized revenue and expenditures of \$22,162 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2004, and June 30, 2003, the State of Illinois contribution rates as percentages of creditable earnings were 13.98 percent (\$41,138) and 13.01 percent (\$38,341), respectively.

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

2.2 Formula Contributions - For the years ended June 30, 2005, and June 30, 2004, employers contributed 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the years ended June 30, 2005, and June 30, 2004, were \$1,093 and \$1,707 respectively. For the year ended June 30, 2003, part of the employer's 2.2 formula contribution (0.58 percent of pay) was reduced as a result of a new employer THIS Fund contribution for retiree health insurance (0.4 percent of pay). The remaining 0.18 percent was submitted to TRS. Contributions for the year ended June 30, 2003 were \$530.

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

NOTES TO THE FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

A. Teachers' Retirement System of the State of Illinois (Continued)

Federal and Trust Fund Contributions - When TRS members are paid from federal and trust funds administered by the Regional Office of Education #10, there is a statutory requirement for the Regional Office of Education #10 to pay an employer pension contribution from those funds. For the three years ended June 30, 2005 the employer pension contribution was 10.5 percent of salaries from those funds. For the year ended June 30, 2005, salaries totaling \$33,946 were paid from federal and trust funds that required employer contributions of \$3,564. For the years ended June 30, 2004, and June 30, 2003, required contributions were \$5,798 and \$2,426, respectively.

Early Retirement Option - The Regional Office of Education #10 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option. The payments vary depending on the age and salary of the member. No member or employer contributions are required if the member has 34 years of service.

The maximum employer payment of 100 percent of the member's highest salary used in the calculation of final average salary is required if the member is 55 years old. For the years ending June 30, 2005, 2004, and 2003, the Regional Office of Education #10 paid no employer contributions under the Early Retirement Option.

Public Act 94-0004, which was signed into law on June 1, 2005, contained a number of provisions affecting employer and active member contributions. Most will not be effective or impact financial statements until the year ending June 30, 2006. The changes are summarized below:

Active member contributions - The active member contribution rate will increase from the current 9.0 percent of creditable earnings to 9.4 percent beginning July 1, 2005. The increase is to help cover the cost of the new ERO program and will be refunded if the member does not retire under ERO.

State/federal contributions - Under a policy adopted by the Board of Trustees before Public Act 94-0004 was enacted, the employer contribution rate for employees paid from federal funds will be the same as the rate paid by the state. Under Public Act 94-0004, the state contribution rate in FY 2006 was reduced to 7.06 percent of pay. Therefore, the employer contribution rate for employees paid from federal funds in FY 2006 will be 7.06 percent, a decrease from the current 10.50 percent.

New employer contributions

Salary increases over 6 percent - If employers grant salary increases in excess of 6 percent that are used in final average salary calculations, the employer will make a lump-sum contribution to TRS to cover the cost of the portion of the benefit due to salary increases over 6 percent. Public Act 94-0004 exempts salary increases granted under contracts and collective bargaining agreements in effect on June 1, 2005.

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

NOTES TO THE FINANCIAL STATEMENTS

9. **RETIREMENT FUND COMMITMENTS** (Continued)

A. **Teachers' Retirement System of the State of Illinois** (Continued)

Sick leave in excess of normal allotment - If employers grant sick leave near retirement in excess of the normal annual allotment and that sick leave is counted as service credit, the employer will make a lump-sum contribution to TRS. The act exempts sick leave granted under contracts and collective bargaining agreements in effect on June 1, 2005.

Early Retirement Option - In addition to changes described above, the following changes were made to ERO:

Both active member and employer ERO contribution rates are increased. For employers, the maximum contribution increases from the current 100 percent of the member's highest salary used in the calculation of final average salary to 117.5 percent.

The waiver of member and employer ERO contributions when the member has 34 years of service ended with the program that expired June 30, 2005.

A "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007.

Public Act 94-0004 provides for a review of the member and employer ERO contributions every five years to ensure that the program is revenue neutral.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2004. The report for the year ended June 30, 2005, is expected to be available in late 2005.

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

B. **Illinois Municipal Retirement Fund**

The Regional Office of Education #10's defined benefit pension plan, Illinois Municipal Retirement (IMRF), an agent multiple-employer public employee retirement system, provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

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

NOTES TO THE FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The Regional Office of Education #10 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2004 was 5.41 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2004 was 5 years.

For December 31, 2004, the Regional Office of Education #10's annual pension cost of \$18,173 was equal to the Regional Office of Education #10's required and actual contributions. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2004 actuarial valuation were based on the 1999-2001 experience study.

Trend Information

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2004	\$ 18,173	100%	\$ -
12/31/2003	20,722	100%	-
12/31/2002	15,482	100%	-
12/31/2001	34,246	100%	-
12/31/2000	36,108	100%	-
12/31/1999	38,324	100%	-
12/31/1998	38,377	100%	-
12/31/1997	13,912	100%	-
12/31/1996	5,802	100%	-
12/31/1995	6,433	100%	-

Schedule of Funding Progress

Schedule of Funding Progress gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Schedule of Funding Progress for the past ten years is reported as required supplementary information.

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

NOTES TO THE FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

C. Social Security

Employees not qualifying for coverage under the Illinois Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security.

10. BOND

The 105 ILCS 5/3-2 directs the Regional Office of Education #10 to execute a bond of not less than \$100,000 on the regional superintendent. The Regional Office of Education #10 has secured and maintained such a bond with coverage of \$100,000 on the regional superintendent.

11. DUE TO/FROM OTHER GOVERNMENTS

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

Due From Other Governments

Illinois State Board of Education	\$ 32,852
Christian County Land of Lincoln Consortium	<u>8,304</u>
Total	<u>\$ 41,156</u>

Due To Other Governments

Illinois State Board of Education	\$ 2,323
Regional Delivery System	13,410
Local School Districts	<u>2,764</u>
Total	<u>\$ 18,497</u>

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

NOTES TO THE FINANCIAL STATEMENTS

12. SCHEDULE OF TRANSFERS

Transfers In		Transfers Out	
General Fund:		Education Fund:	
ROE Supplementary	\$ 1	Title IV Community Service	\$ 1
Conferences	24	Secretary of State Family Literacy	24
Conferences	25	Early Learning Partners	25
Conferences	11	Title IV Community Service	11
Education Fund:		General Fund:	
Truants Alternative	8	ROE Operations	8
Learning Express A & E Train	9	Conferences	9
Institute	151	Workshops	151
	\$ 229		\$ 229

The transfers are to move remaining cash balances from funds that are no longer active to the General Fund, to reimburse the Education Fund for payments made on behalf of the General Fund, and to reimburse the Institute Fund for payments made on behalf of the Workshops Fund.

13. NET ASSETS – PRIOR PERIOD ADJUSTMENT

The Regional Office of Education # 10 made a prior period adjustment to its beginning net asset balance in order to correct an error in the beginning balance of capital assets being depreciated and related accumulated depreciation. A summary of the adjustments and their effect on the Regional Office of Education #10's net assets is detailed below.

	<u>Primary Government</u>
Adjustment to capital assets balance	\$ 1,520
Record accumulated depreciation on capital assets	(1,129)
Net adjustment	\$ 391

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

NOTES TO THE FINANCIAL STATEMENTS

14. ON-BEHALF PAYMENTS

The Regional Office of Education #10 received on-behalf payments for employee salaries and benefits from the following entities for the following items:

Christian County:	
Office Staff	<u>\$ 31,798</u>
Montgomery County:	
Office Staff	<u>48,476</u>
State of Illinois:	
TRS pension contributions	22,162
Regional Superintendent - salary	84,737
Regional Superintendent - benefits (includes State paid insurance)	18,961
Assistant Regional Superintendant - salary	76,263
Assistant Regional Superintendant - benefits (includes State paid insurance)	<u>6,515</u>
	<u>208,638</u>
	<u>\$ 288,912</u>

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

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

15. RISK MANAGEMENT - CLAIMS AND JUDGMENTS

The Regional Office of Education #10 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; and natural disasters. The Regional Office of Education #10 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

16. CONTINGENCIES

The Regional Office of Education #10 has received funding from federal and state grants in the current and prior years which are subject to audits by granting agencies. The Regional Office of Education #10 believes any adjustments that may arise will be insignificant to Regional Office of Education #10 operations.

REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS)

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

**ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
UNAUDITED**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a) / c]
12/31/2004	\$ 455,856	\$ 472,687	\$ 16,831	96.44 %	\$ 335,918	5.01 %
12/31/2003	421,347	415,658	(5,689)	101.37 %	349,440	-- %
12/31/2002	403,316	346,538	(56,778)	116.38 %	351,856	-- %
12/31/2001	352,073	293,755	(58,318)	119.85 %	283,492	-- %
12/31/2000	269,009	235,408	(33,601)	114.27 %	211,282	-- %
12/31/1999	188,336	217,943	29,607	86.42 %	194,740	15.20 %
12/31/1998	111,397	160,602	49,205	69.36 %	175,961	27.96 %
12/31/1997	53,803	102,095	48,292	52.70 %	143,294	33.70 %
12/31/1996	161,733	194,350	32,617	83.22 %	85,568	38.12 %
12/31/1995	144,982	156,535	11,553	92.62 %	63,131	18.30 %

On a market value basis the actuarial value of assets as of December 31, 2004 was \$456,999. On a market basis, the funded ratio would be 96.68 percent.

Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2004 are based on the 1999 - 2001 Experience Study.

The principal changes were:

- Fewer members are expected to take refunds early in their career.
- For regular members, fewer normal and early retirements are expected to occur.

SUPPLEMENTAL INFORMATION

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

**COMBINING SCHEDULE OF ACCOUNTS
GENERAL FUND
June 30, 2005**

	<u>ROE/ISC Operations</u>	<u>ROE Supplementary</u>	<u>Conferences</u>
ASSETS			
Cash	<u>\$ 331</u>	<u>\$ -</u>	<u>\$ 12,866</u>
LIABILITIES			
Due to other governments	\$ 21	\$ -	\$ -
FUND BALANCE			
Unreserved	<u>310</u>	<u>-</u>	<u>12,866</u>
Total liabilities and fund balance	<u>\$ 331</u>	<u>\$ -</u>	<u>\$ 12,866</u>

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

COMBINING SCHEDULE OF ACCOUNTS

GENERAL FUND (continued)

June 30, 2005

	<u>Fingerprinting</u>	<u>Total</u>
ASSETS		
Cash	<u>\$ 1,884</u>	<u>\$ 15,081</u>
LIABILITIES		
Due to other governments	\$ -	\$ 21
FUND BALANCE		
Unreserved	<u>1,884</u>	<u>15,060</u>
Total liabilities and fund balance	<u>\$ 1,884</u>	<u>\$ 15,081</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, 2005**

	<u>ROE/ISC Operations</u>	<u>ROE Supplementary</u>	<u>Conferences</u>
Revenues:			
Local sources	\$ -	\$ -	\$ 8,791
State sources	61,867	197	-
On-behalf payments	288,912	-	-
Interest	65	1	86
	<hr/>	<hr/>	<hr/>
Total revenues	350,844	198	8,877
	<hr/>	<hr/>	<hr/>
Expenditures:			
Salaries and benefits	44,085	-	2,418
Purchased services	9,387	1	4,381
Supplies and materials	4,132	212	257
Capital outlay	3,510	-	-
Other objects	863	-	65
On-behalf payments	288,912	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	350,889	213	7,121
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(45)	(15)	1,756
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Transfers in	-	1	60
Transfers out	(8)	-	(9)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(8)	1	51
	<hr/>	<hr/>	<hr/>
Net changes in fund balances	(53)	(14)	1,807
	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	363	14	11,059
	<hr/>	<hr/>	<hr/>
Fund balance, end of year	\$ 310	\$ -	\$ 12,866
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUND ACCOUNTS (continued)
For the year ended June 30, 2005**

	<u>Fingerprinting</u>	<u>Total</u>
Revenues:		
Local sources	\$ 3,016	\$ 11,807
State sources	-	62,064
On-behalf payments	-	288,912
Interest	12	164
	<hr/>	<hr/>
Total revenues	3,028	362,947
	<hr/>	<hr/>
Expenditures:		
Salaries and benefits	-	46,503
Purchased services	1,144	14,913
Supplies and materials	-	4,601
Capital outlay	-	3,510
Other objects	-	928
On-behalf payments	-	288,912
	<hr/>	<hr/>
Total expenditures	1,144	359,367
	<hr/>	<hr/>
Excess of revenues over expenditures	1,884	3,580
	<hr/>	<hr/>
Other financing sources (uses):		
Transfers in	-	61
Transfers out	-	(17)
	<hr/>	<hr/>
Total other financing sources (uses)	-	44
	<hr/>	<hr/>
Net changes in fund balances	1,884	3,624
	<hr/>	<hr/>
Fund balance, beginning of year	-	11,436
	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 1,884</u>	<u>\$ 15,060</u>

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

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND ACCOUNTS
ROE/ISC OPERATIONS - PROJECT #05-3730-00
For the year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	\$ 61,867	\$ 61,867	\$ 61,867	\$ -
On-behalf payments	-	-	288,912	288,912
Interest	-	-	65	65
	<u>61,867</u>	<u>61,867</u>	<u>350,844</u>	<u>288,977</u>
Expenditures:				
Salaries and benefits	52,026	44,156	44,085	(71)
Purchased services	8,591	8,378	9,387	1,009
Supplies and materials	650	4,345	4,132	(213)
Capital outlay	500	4,100	3,510	(590)
Other objects	100	888	863	(25)
On-behalf payments	-	-	288,912	288,912
	<u>61,867</u>	<u>61,867</u>	<u>350,889</u>	<u>289,022</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	(45)	<u>\$ (45)</u>
Other financing uses:				
Transfers out			<u>(8)</u>	
Net change in fund balance			(53)	
Fund balance, beginning of year			<u>363</u>	
Fund balance, end of year			<u>\$ 310</u>	

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND**

For the year ended June 30, 2005

	<u>Truants Alternative</u>	<u>State Standards & Assessment</u>	<u>Early Learning Partners</u>	<u>LITES</u>
ASSETS				
Cash	\$ 6,464	\$ -	\$ -	\$ 16,767
Due from other governments	-	7,163	-	-
Total assets	<u>\$ 6,464</u>	<u>\$ 7,163</u>	<u>\$ -</u>	<u>\$ 16,767</u>
LIABILITIES				
Note payable	\$ -	\$ 7,163	\$ -	\$ -
Due to other governments	2,142	-	-	-
Unearned revenue	4,290	-	-	16,233
Total liabilities	<u>6,432</u>	<u>7,163</u>	<u>-</u>	<u>16,233</u>
FUND BALANCE				
Unreserved	<u>32</u>	<u>-</u>	<u>-</u>	<u>534</u>
Total liabilities and fund balance	<u>\$ 6,464</u>	<u>\$ 7,163</u>	<u>\$ -</u>	<u>\$ 16,767</u>

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

COMBINING SCHEDULE OF ACCOUNTS

EDUCATION FUND (continued)

For the year ended June 30, 2005

	<u>Learning Express A & E Train</u>	<u>Standards Aligned Classroom</u>	<u>School & Community Assistance Program</u>	<u>National School Lunch Program</u>
ASSETS				
Cash	\$ 9	\$ 67	\$ -	\$ -
Due from other governments	8,304	-	-	-
	<u>8,313</u>	<u>67</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 8,313</u>	<u>\$ 67</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES				
Note payable	\$ 8,313	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>8,313</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Unreserved	-	67	-	-
	<u>-</u>	<u>67</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 8,313</u>	<u>\$ 67</u>	<u>\$ -</u>	<u>\$ -</u>

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (continued)
For the year ended June 30, 2005**

	State Breakfast Incentive	State Lunch	Math/Science Partnership	School Breakfast Program
ASSETS				
Cash	\$ -	\$ -	\$ 29	\$ -
Due from other governments	-	82	-	-
Total assets	\$ -	\$ 82	\$ 29	\$ -
LIABILITIES				
Note payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	82	-	-
Unearned revenue	-	-	29	-
Total liabilities	-	82	29	-
FUND BALANCE				
Unreserved	-	-	-	-
Total liabilities and fund balance	\$ -	\$ 82	\$ 29	\$ -

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (continued)
For the year ended June 30, 2005**

	<u>Inquiry Based Learning</u>	<u>Regional Safe Schools</u>	<u>Early Childhood</u>	<u>Secretary of State Family Literacy Program</u>
ASSETS				
Cash	\$ 1,343	\$ 16,608	\$ -	\$ 3,050
Due from other governments	-	-	15,434	-
Total assets	<u>\$ 1,343</u>	<u>\$ 16,608</u>	<u>\$ 15,434</u>	<u>\$ 3,050</u>
LIABILITIES				
Note payable	\$ -	\$ -	\$ 15,434	\$ -
Due to other governments	-	160	-	-
Unearned revenue	<u>1,343</u>	<u>-</u>	<u>-</u>	<u>3,050</u>
Total liabilities	<u>1,343</u>	<u>160</u>	<u>15,434</u>	<u>3,050</u>
FUND BALANCE				
Unreserved	<u>-</u>	<u>16,448</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 1,343</u>	<u>\$ 16,608</u>	<u>\$ 15,434</u>	<u>\$ 3,050</u>

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (continued)
For the year ended June 30, 2005**

	<u>Teen Reach</u>	<u>Rural School Achievement Program</u>	<u>Title IV Community Service</u>	<u>Title I Reading First Part B SEA Funds</u>
ASSETS				
Cash	\$ -	\$ -	\$ -	\$ 6,087
Due from other governments	8,733	-	-	-
Total assets	<u>\$ 8,733</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,087</u>
LIABILITIES				
Note payable	\$ 8,627	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>8,627</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Unreserved	<u>106</u>	<u>-</u>	<u>-</u>	<u>6,087</u>
Total liabilities and fund balance	<u>\$ 8,733</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,087</u>

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

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

June 30, 2005

	No Child Left Behind	Teacher Quality	Total
ASSETS			
Cash	\$ 11,350	\$ -	\$ 61,774
Due from other governments	-	1,440	41,156
	\$ 11,350	\$ 1,440	\$ 102,930
LIABILITIES			
Note payable	\$ -	\$ 1,440	\$ 40,977
Due to other governments	-	-	2,384
Unearned revenue	11,350	-	36,295
	11,350	1,440	79,656
FUND BALANCE			
Unreserved	-	-	23,274
	-	-	23,274
Total liabilities and fund balance	\$ 11,350	\$ 1,440	\$ 102,930

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

**COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the year ended June 30, 2005**

	Truants Alternative	State Standards & Assessment	Early Learning Partners	LITES
Revenues:				
Local sources	\$ 13,447	\$ -	\$ 25	\$ -
State sources	90,839	12,627	-	-
Federal sources	-	-	-	16,434
Interest	63	-	1	152
Total revenues	104,349	12,627	26	16,586
Expenditures:				
Salaries and benefits	85,208	11,767	-	7,196
Purchased services	15,855	860	5	9,390
Supplies and materials	3,350	-	-	-
Capital outlay	-	-	-	-
Payments to other governments	-	-	-	-
Other objects	-	-	-	-
Total expenditures	104,413	12,627	5	16,586
Excess (deficiency) of revenues over (under) expenditures	(64)	-	21	-
Other financing sources (uses):				
Transfers in	8	-	-	-
Transfers out	-	-	(25)	-
Total other financing sources (uses)	8	-	(25)	-
Net changes in fund balances	(56)	-	(4)	-
Fund balance, beginning of year	88	-	4	534
Fund balance, end of year	\$ 32	\$ -	\$ -	\$ 534

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

**COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES**

EDUCATION FUND ACCOUNTS (continued)

For the year ended June 30, 2005

	Learning Express A & E Train	Standards Aligned Classroom	School & Community Assistance Program	National School Lunch Program
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	750	-
Federal sources	56,424	21,561	-	5,279
Interest	9	26	5	-
Total revenues	56,433	21,587	755	5,279
Expenditures:				
Salaries and benefits	44,094	9,739	119	-
Purchased services	5,413	8,841	636	-
Supplies and materials	5,372	3,000	-	-
Capital outlay	-	-	-	-
Payments to other governments	-	-	-	-
Other objects	1,600	-	-	5,279
Total expenditures	56,479	21,580	755	5,279
Excess (deficiency) of revenues over (under) expenditures	(46)	7	-	-
Other financing sources (uses):				
Transfers in	10	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	10	-	-	-
Net changes in fund balances	(36)	7	-	-
Fund balance, beginning of year	36	60	-	-
Fund balance, end of year	\$ -	\$ 67	\$ -	\$ -

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

**COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES**

EDUCATION FUND ACCOUNTS (continued)

For the year ended June 30, 2005

	State Breakfast Incentive	State Lunch	Math/Science Partnership	School Breakfast Program
Revenues:				
Local sources	\$ -	\$ -	\$ 8,371	\$ -
State sources	236	527	-	-
Federal sources	-	-	-	2,840
Interest	-	-	-	-
Total revenues	236	527	8,371	2,840
Expenditures:				
Salaries and benefits	-	-	7,714	-
Purchased services	-	-	657	-
Supplies and materials	-	-	-	-
Capital outlay	-	-	-	-
Payments to other governments	-	-	-	-
Other objects	236	527	-	2,840
Total expenditures	236	527	8,371	2,840
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

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

**COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES**

EDUCATION FUND ACCOUNTS (continued)

For the year ended June 30, 2005

	Inquiry Based Learning	Regional Safe Schools	Early Childhood	Secretary of State Family Literacy Program
Revenues:				
Local sources	\$ -	\$ 4,180	\$ -	\$ -
State sources	11	171,168	214,488	31,950
Federal sources	-	33,773	-	6,675
Interest	11	46	14	70
Total revenues	22	209,167	214,502	38,695
Expenditures:				
Salaries and benefits	-	175,962	176,061	26,632
Purchased services	1	24,089	18,389	3,462
Supplies and materials	27	4,732	20,066	3,377
Capital outlay	-	-	-	-
Payments to other governments	-	-	-	5,200
Other objects	-	26	4	-
Total expenditures	28	204,809	214,520	38,671
Excess (deficiency) of revenues over (under) expenditures	(6)	4,358	(18)	24
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	(24)
Total other financing sources (uses)	-	-	-	(24)
Net changes in fund balances	(6)	4,358	(18)	-
Fund balance, beginning of year	6	12,090	18	-
Fund balance, end of year	\$ -	\$ 16,448	\$ -	\$ -

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

**COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS (continued)
For the year ended June 30, 2005**

	Teen Reach	Rural School Achievement Program	Title IV Community Service	Title I Reading First Part B SEA Funds
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	53,732	19,415	1,922	28,599
Interest	23	-	2	18
Total revenues	53,755	19,415	1,924	28,617
Expenditures:				
Salaries and benefits	2,490	19,179	-	8,836
Purchased services	47,240	80	-	6,292
Supplies and materials	2,768	156	1,920	7,442
Capital outlay	1,230	-	-	-
Payments to other governments	-	-	-	-
Other objects	77	-	28	1
Total expenditures	53,805	19,415	1,948	22,571
Excess (deficiency) of revenues over (under) expenditures	(50)	-	(24)	6,046
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(13)	-
Total other financing sources (uses)	-	-	(13)	-
Net changes in fund balances	(50)	-	(37)	6,046
Fund balance, beginning of year	156	-	37	41
Fund balance, end of year	\$ 106	\$ -	\$ -	\$ 6,087

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

**COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS (continued)
For the year ended June 30, 2005**

	No Child Left Behind	Teacher Quality	Eliminations	Total
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ 26,023
State sources	-	-	-	522,596
Federal sources	16,906	4,785	-	268,345
Interest	85	-	-	525
Total revenues	16,991	4,785	-	817,489
Expenditures:				
Salaries and benefits	11,266	4,326	-	590,589
Purchased services	5,713	459	-	147,382
Supplies and materials	12	-	-	52,222
Capital outlay	-	-	-	1,230
Payments to other governments	-	-	-	5,200
Other objects	-	-	-	10,618
Total expenditures	16,991	4,785	-	807,241
Excess (deficiency) of revenues over (under) expenditures	-	-	-	10,248
Other financing sources (uses):				
Transfers in	-	-	(1)	17
Transfers out	-	-	1	(61)
Total other financing sources (uses)	-	-	-	(44)
Net changes in fund balances	-	-	-	10,204
Fund balance, beginning of year	-	-	-	13,070
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,274</u>

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE - PROJECT #05-3695-00
For the year ended June 30, 2005**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
Local sources	\$ -	\$ -	\$ 13,447	\$ 13,447
State sources	92,981	92,981	90,839	(2,142)
Interest	-	-	63	63
Total revenues	92,981	92,981	104,349	11,368
Expenditures:				
Salaries and benefits	65,577	73,326	85,208	11,882
Purchased services	25,404	15,816	15,855	39
Supplies and materials	2,000	3,839	3,350	(489)
Total expenditures	92,981	92,981	104,413	11,432
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	(64)	\$ (64)
Other financing sources:				
Transfers in			8	
Net change in fund balance			(56)	
Fund balance, beginning of year			88	
Fund balance, end of year			\$ 32	

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS - PROJECT #05-3696-00
For the year ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 91,408	\$ 91,408	\$ 91,248	\$ (160)
Federal sources	17,789	17,789	17,789	-
Interest	-	-	1	1
	109,197	109,197	109,038	(159)
Expenditures:				
Salaries and benefits	103,486	103,486	103,486	-
Purchased services	5,000	5,000	5,000	-
Supplies and materials	711	711	593	(118)
	109,197	109,197	109,079	(118)
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	(41)	<u>\$ (41)</u>
Other financing uses:				
Transfers out			(5)	
Net change in fund balance			(46)	
Fund balance, beginning of year			184	
Fund balance, end of year			\$ 138	

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS (GENERAL STATE AID) - PROJECT #05-3001-93
For the year ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ 4,180	\$ 4,180
State sources	-	-	79,920	79,920
Federal sources	-	-	15,984	15,984
Interest	-	-	45	45
	-	-	100,129	100,129
Total revenues				
	-	-	100,129	100,129
Expenditures:				
Salaries and benefits	-	-	72,476	72,476
Purchased services	-	-	19,089	19,089
Supplies and materials	-	-	4,139	4,139
Other objects	-	-	26	26
	-	-	95,730	95,730
Total expenditures				
	-	-	95,730	95,730
Excess of revenues over expenditures	\$ -	\$ -	4,399	\$ 4,399
Other financing sources:				
Transfers in			5	
Net change in fund balance			4,404	
Fund balance, beginning of year			11,906	
Fund balance, end of year			\$ 16,310	

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD - PROJECT #05-3705-01
For the year ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 214,525	\$ 214,525	\$ 214,488	\$ (37)
Interest	-	-	14	14
Total revenues	214,525	214,525	214,502	(23)
Expenditures:				
Salaries and benefits	185,125	176,073	176,061	(12)
Purchased services	17,000	18,630	18,389	(241)
Supplies and materials	9,900	19,272	20,066	794
Capital outlay	2,000	550	-	(550)
Payments to other governments	500	-	-	-
Other objects	-	-	4	4
Total expenditures	214,525	214,525	214,520	(5)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	(18)	\$ (18)
Fund balance, beginning of year			18	
Fund balance, end of year			\$ -	

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TEEN REACH - PROJECT #511G5092860
For the year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources	\$ 55,000	\$ 53,900	\$ 53,732	\$ (168)
Interest	-	-	23	23
Total revenues	<u>55,000</u>	<u>53,900</u>	<u>53,755</u>	<u>(145)</u>
Expenditures:				
Salaries and benefits	5,450	2,491	2,490	(1)
Purchased services	45,350	47,448	47,240	(208)
Supplies and materials	2,700	3,136	2,768	(368)
Capital outlay	1,500	825	1,230	405
Other objects	-	-	77	77
Total expenditures	<u>55,000</u>	<u>53,900</u>	<u>53,805</u>	<u>(95)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	(50)	<u>\$ (50)</u>
Fund balance, beginning of year			<u>156</u>	
Fund balance, end of year			<u>\$ 106</u>	

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE IV - COMMUNITY SERVICE - PROJECT #04-4420-00
For the year ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal sources	\$ 12,838	\$ 12,838	\$ 1,922	\$ (10,916)
Interest	-	-	2	2
Total revenues	12,838	12,838	1,924	(10,914)
Expenditures:				
Salaries and benefits	8,382	7,029	-	(7,029)
Purchased services	1,363	730	-	(730)
Supplies and materials	3,093	5,079	1,920	(3,159)
Other objects	-	-	28	28
Total expenditures	12,838	12,838	1,948	(10,890)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	(24)	\$ (24)
Other financing uses:				
Transfers out			(13)	
Net change in fund balance			(37)	
Fund balance, beginning of year			37	
Fund balance, end of year			\$ -	

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS**

TITLE I - READING FIRST PART B SEA FUNDS - PROJECT #04-4337-02

For the year ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal sources	\$ 20,000	\$ 20,000	\$ 746	\$ (19,254)
Expenditures:				
Salaries and benefits	9,026	6,641	-	(6,641)
Purchased services	6,559	7,452	1	(7,451)
Supplies and materials	4,415	5,907	745	(5,162)
Total expenditures	20,000	20,000	746	(19,254)
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			41	
Fund balance, end of year			\$ 41	

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS**

TITLE I - READING FIRST PART B SEA FUNDS - PROJECT #05-4337-02

For the year ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources	\$ 24,296	\$ 27,853	\$ 27,853	\$ -
Interest	-	-	18	18
Total revenues	<u>24,296</u>	<u>27,853</u>	<u>27,871</u>	<u>18</u>
Expenditures:				
Salaries and benefits	9,372	10,103	8,836	(1,267)
Purchased services	9,224	10,050	6,291	(3,759)
Supplies and materials	5,700	7,700	6,697	(1,003)
Other objects	-	-	1	1
Total expenditures	<u>24,296</u>	<u>27,853</u>	<u>21,825</u>	<u>(6,028)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	6,046	<u>\$ 6,046</u>
Fund balance, beginning of year			<u>41</u>	
Fund balance, end of year			<u>\$ 6,087</u>	

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

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2005**

	General Education <u>Development</u>	<u>Transportation</u>	<u>Supervisory</u>	<u>Total</u>
ASSETS				
Cash on hand and in banks	\$ 13,685	\$ 5,504	\$ 2,053	\$ 21,242
LIABILITIES				
	\$ -	\$ -	\$ -	\$ -
FUND BALANCE				
Unreserved	13,685	5,504	2,053	21,242
Total liabilities and fund balance	\$ 13,685	\$ 5,504	\$ 2,053	\$ 21,242

**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, 2005**

	General Education Development	Transportation	Supervisory	Total
Revenues:				
Local sources	\$ 5,363	\$ 364	\$ -	\$ 5,727
State sources	-	480	2,000	2,480
Interest	113	47	17	177
Total revenues	5,476	891	2,017	8,384
Expenditures:				
Salaries and benefits	1,803	-	-	1,803
Purchased services	2,357	1,122	994	4,473
Supplies and materials	1,559	12	107	1,678
Total expenditures	5,719	1,134	1,101	7,954
Excess (deficiency) of revenues over (under) expenditures	(243)	(243)	916	430
Fund balance, beginning of year	13,928	5,747	1,137	20,812
Fund balance, end of year	<u>\$ 13,685</u>	<u>\$ 5,504</u>	<u>\$ 2,053</u>	<u>\$ 21,242</u>

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

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS**

June 30, 2005

	<u>Title II Coop</u>	<u>Workshops</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash	\$ 5,339	\$ 9,394	\$ 14,733
Noncurrent assets			
Capital assets, net	<u>613</u>	<u>-</u>	<u>613</u>
Total assets	5,952	9,394	15,346
LIABILITIES			
	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS			
Investment in capital assets, net of related debt	613	-	613
Unrestricted	<u>5,339</u>	<u>9,394</u>	<u>14,733</u>
Total net assets	<u>\$ 5,952</u>	<u>\$ 9,394</u>	<u>\$ 15,346</u>

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

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
For the year ended June 30, 2005**

	<u>Title II Coop</u>	<u>Workshops</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 16,603	\$ 8,740	\$ 25,343
Operating expenses:			
Salaries and benefits	6,487	2,120	8,607
Purchased services	10,897	3,675	14,572
Supplies and materials	307	3,908	4,215
Depreciation	50	-	50
Total operating expenses	<u>17,741</u>	<u>9,703</u>	<u>27,444</u>
Operating loss	(1,138)	(963)	(2,101)
Nonoperating revenues:			
Investment income	<u>93</u>	<u>72</u>	<u>165</u>
Loss before contributions and transfers	(1,045)	(891)	(1,936)
Capital contributions			
Transfers out	<u>-</u>	<u>(151)</u>	<u>(151)</u>
Change in net assets	(1,045)	(1,042)	(2,087)
Total net assets - beginning	<u>6,997</u>	<u>10,436</u>	<u>17,433</u>
Total net assets - ending	<u>\$ 5,952</u>	<u>\$ 9,394</u>	<u>\$ 15,346</u>

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

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the year ended June 30, 2005**

	<u>Title II Coop</u>	<u>Workshops</u>	<u>Total</u>
Cash flows from operating activities:			
Collection of fees	\$ 16,603	\$ 8,740	\$ 25,343
Payments to suppliers and providers of goods and services	(11,204)	(7,583)	(18,787)
Payments to employees	(6,487)	(2,120)	(8,607)
Payments to other funds for goods and services	-	(151)	(151)
	<u> </u>	<u> </u>	<u> </u>
Net cash used for operating activities	<u>(1,088)</u>	<u>(1,114)</u>	<u>(2,202)</u>
 Cash flows from capital and related financing activities:			
Purchase of capital assets	<u>(663)</u>	<u>-</u>	<u>(663)</u>
 Cash flows from investing activities:			
Interest received on investments	<u>93</u>	<u>72</u>	<u>165</u>
	<u> </u>	<u> </u>	<u> </u>
Net decrease in cash and cash equivalents	<u>(1,658)</u>	<u>(1,042)</u>	<u>(2,700)</u>
 Cash and cash equivalents - beginning	<u>6,997</u>	<u>10,436</u>	<u>17,433</u>
 Cash and cash equivalents - ending	<u>\$ 5,339</u>	<u>\$ 9,394</u>	<u>\$ 14,733</u>
 Reconciliation of operating loss to net cash used for operating activities:			
Operating loss	\$ (1,138)	\$ (963)	\$ (2,101)
Adjustments to reconcile operating loss to net cash used for operating activities:			
Depreciation	50	-	50
Transfers out	-	(151)	(151)
	<u> </u>	<u> </u>	<u> </u>
Net cash used for operating activities	<u>\$ (1,088)</u>	<u>\$ (1,114)</u>	<u>\$ (2,202)</u>

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

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2005**

	<u>Distributive</u>	<u>Regional Delivery System</u>	<u>ROE Payroll</u>	<u>Detachment</u>	<u>Total</u>
ASSETS					
Cash	<u>\$ 2,682</u>	<u>\$ 17,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,848</u>
LIABILITIES					
Notes payable	\$ -	\$ 3,756	\$ -	\$ -	\$ 3,756
Due to other governments	<u>2,682</u>	<u>13,410</u>	<u>-</u>	<u>-</u>	<u>16,092</u>
Total liabilities	<u>\$ 2,682</u>	<u>\$ 17,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,848</u>

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

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the year ended June 30, 2005**

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<u>DISTRIBUTIVE</u>				
ASSETS				
Cash	\$ 2,604	\$ 981,381	\$ 981,303	\$ 2,682
Due from other governments	-	981,303	981,303	-
Total assets	\$ 2,604	\$1,962,684	\$1,962,606	\$ 2,682
LIABILITIES				
Due to other governments	\$ 2,604	\$ 981,381	\$ 981,303	\$ 2,682
Total liabilities	\$ 2,604	\$ 981,381	\$ 981,303	\$ 2,682
 <u>REGIONAL DELIVERY SYSTEM</u>				
ASSETS				
Cash	\$ 3,193	\$ 398,591	\$ 384,618	\$ 17,166
Total assets	\$ 3,193	\$ 398,591	\$ 384,618	\$ 17,166
LIABILITIES				
Notes payable	\$ -	\$ 3,756	\$ -	\$ 3,756
Due to other governments	3,193	394,835	384,618	13,410
Total liabilities	\$ 3,193	\$ 398,591	\$ 384,618	\$ 17,166

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

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the year ended June 30, 2005**

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<u>ROE PAYROLL</u>				
ASSETS				
Cash	\$ 136	\$ 725,644	\$ 725,780	\$ -
Total assets	<u>\$ 136</u>	<u>\$ 725,644</u>	<u>\$ 725,780</u>	<u>\$ -</u>
LIABILITIES				
Accrued salaries and benefits	\$ 136	\$ 725,644	\$ 725,780	\$ -
Total liabilities	<u>\$ 136</u>	<u>\$ 725,644</u>	<u>\$ 725,780</u>	<u>\$ -</u>
<u>DETACHMENT</u>				
ASSETS				
Cash	\$ 400	\$ 393	\$ 793	\$ -
Total assets	<u>\$ 400</u>	<u>\$ 393</u>	<u>\$ 793</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ 400	\$ 393	\$ 793	\$ -
Total liabilities	<u>\$ 400</u>	<u>\$ 393</u>	<u>\$ 793</u>	<u>\$ -</u>

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

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the year ended June 30, 2005**

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 6,333	\$2,106,009	\$2,092,494	\$ 19,848
Due from other governments	-	981,303	981,303	-
	<u>\$ 6,333</u>	<u>\$3,087,312</u>	<u>\$3,073,797</u>	<u>\$ 19,848</u>
LIABILITIES				
Notes payable	\$ -	\$ 3,756	\$ -	\$ 3,756
Due to other governments	5,797	1,376,216	1,365,921	16,092
Accounts payable	400	393	793	-
Accrued salaries and benefits	136	725,644	725,780	-
	<u>\$ 6,333</u>	<u>\$2,106,009</u>	<u>\$2,092,494</u>	<u>\$ 19,848</u>

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

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS
AND OTHER ENTITIES
DISTRIBUTIVE FUND
For the year ended June 30, 2005**

	Regional Vocational System	Christian- Montgomery ROE	Total
General state aid	\$ -	\$ 95,904	\$ 95,904
Voc. ed. secondary program improvement	230,618	-	230,618
Voc. ed. agriculture education	17,712	-	17,712
State free lunch and breakfast	-	445	445
School breakfast incentive	-	310	310
ROE school bus driver training	-	480	480
Truants alt./optional ed.	-	92,981	92,981
Regional safe schools	-	112,164	112,164
Early childhood block grant	-	199,054	199,054
ROE and ISC operations	-	61,867	61,867
Supervisory	-	2,000	2,000
National school lunch program	-	5,279	5,279
School breakfast program	-	2,840	2,840
Title I reading first	-	30,853	30,853
Voc. ed. Perkins	124,833	-	124,833
Title II community service	-	3,963	3,963
TOTAL	\$ 373,163	\$ 608,140	\$ 981,303

FEDERAL FINANCIAL COMPLIANCE SECTION

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2005**

	Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Project (1st 8 digits) or Contract #	Federal Expenditures 7/1/04 - 6/30/05
U.S. Department of Education				
<i>Direct programs:</i>				
(m)	Rural School Achievement Program	84.358	S358A044014	\$ 19,415
	Total direct programs			<u>19,415</u>
<i>Passed through Illinois State Board of Education:</i>				
	Title IV - Community Service	84.184C	04-4420-00	1,922
	Title I - Reading First Part B SEA Funds	84.357A	04-4337-02	746
	Title I - Reading First Part B SEA Funds	84.357A	05-4337-02	27,853
	Total Illinois State Board of Education			<u>30,521</u>
<i>Passed through Regional Office of Education #41:</i>				
	Lites	84.303A	05-4099-00	16,434
	Technology Enhancing Education - Competitive	84.318X	04-4972-00	7,506
	Technology Enhancing Education - Competitive	84.318X	05-4972-00	9,400
	Total Technology Enhancing Education - Competitive			<u>16,906</u>
	Total Regional Office of Education #41			<u>33,340</u>
<i>Passed through Regional Office of Education #50:</i>				
	Title II - Teacher Quality	84.367A	05-4935-SS	4,785
	Total Regional Office of Education #50			<u>4,785</u>
<i>Passed through Regional Office of Education #3:</i>				
	Standards Aligned Classroom	84.289A	04-4999-13	561
	Standards Aligned Classroom	84.289A	05-4999-13	21,000
	Total Standards Aligned Classroom			<u>21,561</u>
	Total U.S. Department of Education			<u>109,622</u>

See accompanying notes to schedule of expenditures of federal awards.

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
For the year ended June 30, 2005**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Project (1st 8 digits) or Contract #	Federal Expenditures 7/1/04 - 6/30/05
U.S. Department of Agriculture			
<i>Passed through Illinois State Board of Education:</i>			
National School Lunch Program	10.555	04-4210-00	\$ 656
National School Lunch Program	10.555	05-4210-00	4,623
Total National School Lunch Program			<u>5,279</u>
School Breakfast Program	10.553	04-4220-00	348
School Breakfast Program	10.553	05-4220-00	2,492
Total School Breakfast Program			<u>2,840</u>
Total U.S. Department of Agriculture			<u>8,119</u>
U.S. Department of Health and Human Resources			
<i>Passed through Illinois State Board of Education:</i>			
(m) Regional Safe Schools (TANF)	93.558	05-3696-00	17,789
(m) Regional Safe Schools - General State Aid (TANF)	93.558	05-3001-93	15,984
Total Illinois State Board of Education			<u>33,773</u>
<i>Passed through Illinois Department of Human Services</i>			
(m) Teen Reach	93.558	511G5092860	53,732
Total U.S. Department of Health and Human Resources			<u>87,505</u>
U.S. Department of Labor			
<i>Passed through Illinois Department of Employment Security</i>			
<i>passed through Christian County Land of Lincoln Consortium:</i>			
Learning Express - A & E Train	17.259	YTH-CH0401	753
Learning Express - A & E Train	17.259	YTH-CH0501	55,671
Total Learning Express - A & E Train			<u>56,424</u>
Total U.S. Department of Labor			<u>56,424</u>
Institute of Museum and Library Sciences			
<i>Passed through Illinois Secretary of State passed through Hillsboro Public Library:</i>			
Secretary of State (SOS) Family Literacy Program	45.310	04-4999-10	6,675
Total Hillsboro Public Library			<u>6,675</u>
TOTAL			<u>\$ 268,345</u>

(m) - audited as a major program

See accompanying notes to schedule of expenditures of federal awards.

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2005**

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Regional Office of Education #10 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. SUBRECIPIENTS

No amounts were awarded to subrecipients.

3. DESCRIPTIONS OF MAJOR FEDERAL PROGRAMS

Regional Safe Schools and Regional Safe Schools – General State Aid – To account for monies received for expenditures and administration of the regional safe schools program.

Teen Reach – To account for grant monies received from the Department of Human Services to provide after school services to local districts for elementary and middle school at-risk students.

Rural School Achievement Program – To account for monies received from federal funds to enhance education through technology and improve the academic achievement of disadvantaged children.

4. NON-CASH ASSISTANCE

The note is not applicable to Regional Office of Education #10.

5. AMOUNT OF INSURANCE

The note is not applicable to Regional Office of Education #10.

6. LOANS OR LOAN GUARANTEES OUTSTANDING

On June 30, 2005, the Regional Office of Education #10 entered into a loan of \$40,977 with National Bank to repay interfund loans. The note has an interest rate of 6.00% and is due on September 30, 2005. The balance due at June 30, 2005 was \$40,977. The short-term debt activity for the year ended June 30, 2005 was as follows:

Balance at July 1, 2004	Additions	Reductions	Balance at June 30, 2005
\$ 24,625	\$ 40,977	\$ 24,625	\$ 40,977