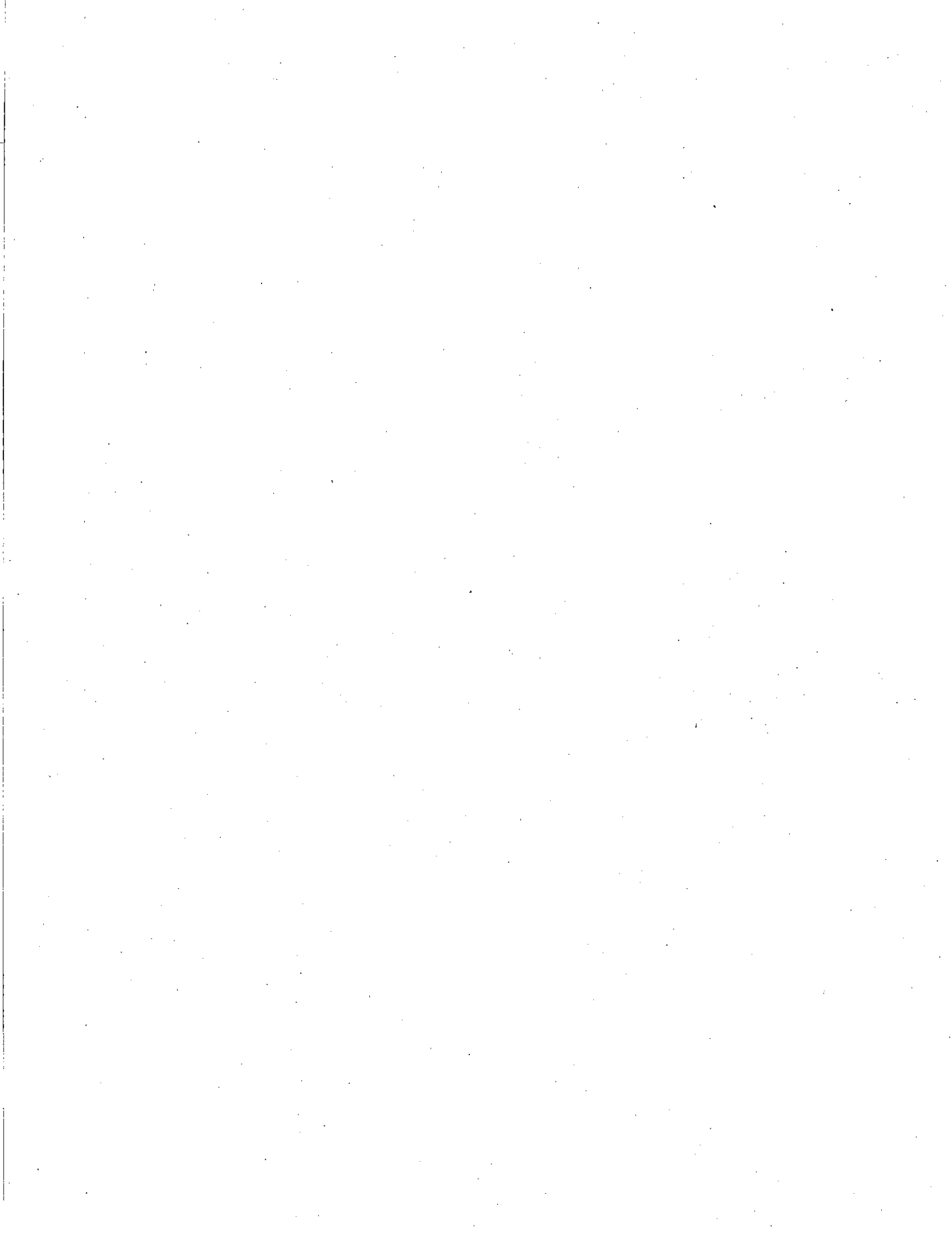


State of Illinois
REGIONAL OFFICE OF EDUCATION #10
FINANCIAL AUDIT
(In Accordance with the Single Audit Act
and OMB Circular A-133)
For the year ended June 30, 2006

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

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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 (current and during the audit period) Ms. Marie Joy

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	1	0
Prior recommendations implemented or not repeated	0	1

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)		
06-01	13 - 15	Controls over Compliance with Laws and Regulations

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

There were no findings for the year ended June 30, 2006.

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 recommendations appearing in this report were discussed with the Christian-Montgomery Counties Regional Office of Education #10 personnel at an informal exit conference on August 24, 2006. 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, James E. Moon, CPA of West & Company, LLC, and Nathan Earnest, staff accountant of West & Company, LLC.

The responses to the recommendations were provided by Greg Springer in an email dated December 20, 2006.

FINANCIAL STATEMENT REPORT

Financial Presentation Examined

A financial statement audit consists of an audit of an agency's financial statements, including an examination of the underlying books and records, to determine whether those financial statements are fairly presented in accordance with generally accepted accounting principles.

The financial statement report is comprised of the following:

A Summary section providing a brief overview of the financial statement audit.

Auditors' Reports

- An Auditors' Reports section containing statements by the auditors on the scope and results of their audit, as required by applicable professional standards.

Findings and Recommendations

- A Findings & Recommendations section containing sequentially numbered findings in which the auditors note any instances of nonconformity by the agency with applicable laws, rules, regulations, grant agreements, and other standards governing its conduct that were found by the auditors in the course of their review. All findings are discussed with the agency officials during the post audit process.

Each finding generally contains: a description of the condition found; a recommendation by the auditors for corrective action; a response by the agency either accepting or rejecting the auditors' finding; and a description of the agency's plan for addressing the problem.

Financial Statements

- A Financial Statement section generally consisting of:
 - Management's discussion and analysis (MD&A) as required supplementary information;
 - Basic financial statements (entity-wide financial statements, fund financial statements, and notes to the financial statements);
 - Required supplementary information other than MD&A.

Additional financial statements may be presented for agencies with special reporting requirements.

**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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MATTOON

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, 2006, 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, 2006, 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 24, 2006 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 19A – 19H and 47 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Office of Education #10's basic financial statements. The combining and individual nonmajor fund financial statements, 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 of the Regional Office of Education #10. 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 24, 2006

WEST & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS
&
CONSULTANTS

MEMBERS

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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, 2006, which collectively comprise the Regional Office of Education #10's basic financial statements and have issued our report thereon dated August 24, 2006. 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 we reported on the accompanying Schedule of Findings and Questioned Costs as item 06-01.

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 24, 2006

WEST & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS
&
CONSULTANTS

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON 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, 2006. 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, 2006.

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 24, 2006

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2006

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, 2006

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of federal program or cluster</u>
84.289A	Standards Aligned Classroom
84.303A	LITES
93.293	IL Athletes and Asthma Education Initiative

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

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, 2006**

Section II: Financial Statement Findings

FINDING NO. 06-01 – Controls Over Compliance with Laws and Regulations (Repeat of 05-01)

Criteria/Specific Requirements:

- A. 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.)
- B. The Illinois School Code 105 ILCS 5/3-5 states that the county superintendent shall present under oath or affirmation to the county board at its meeting in September and as nearly quarterly thereafter as it may have regular or special meetings, a report of all his acts as county superintendent, including a list of all the schools visited with the dates of visitation. (This mandate has existed in its current form since at least 1953.)
- C. The Illinois School Code 105 ILCS 5/3-14.5 requires the Regional Superintendent to visit each public school in the county at least once a year, noting the methods of instruction, the branches taught, the text-books used, and the discipline, government and general condition of the schools. (This mandate has existed in its current form since at least 1953.)

Conditions:

- A. The Regional Office of Education #10 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 has been examining school district financial statements on an annual basis.
- B. The Regional Office of Education #10 did not present at the September county board meetings and as nearly quarterly thereafter, a report of all his acts including a list of all schools visited and dates of visitation.
- C. The Regional Office of Education #10 performs compliance inspections for each public school in his region on a rotational basis every three years instead of annually. While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2006**

Section II: Financial Statement Findings

FINDING NO. 06-01 – Controls Over Compliance with Laws and Regulations (Repeat of 05-01)
(Continued)

Effects:

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

Causes:

- A. The Regional Office of Education signs off on the Annual Financial Reports for the school districts in the region. The Regional Office receives a spreadsheet from the Illinois State Board of Education that outlines all of the school districts and their audit exceptions, if any. The Regional Office receives copies of letters indicating noted exceptions and does a follow-up with individual districts when responses are required. With these technological advances and audit requirements, the level of detail required by 105 ILCS 5/3-14.11 is not as applicable as it was in 1953.
- B. The Regional Superintendent presents an annual report to the county boards of the counties in the two-county region. The Regional Superintendent also maintains regular communication with the county boards, including attendance at committee meetings and at meetings of the full board. He is represented at some meetings by the Assistant Regional Superintendent, who also maintains regular lines of communication with the boards. The Regional Superintendent was not aware of specific details required for his reports.
- C. The Regional Superintendent conducts annual health/life safety compliance visits to all school buildings in the Region. In addition, the Regional Superintendent conducts in-depth reviews of districts' educational programs on a three-year cycle; districts not scheduled for an in-depth educational program review are annually contacted regarding appropriate assignment and certification of all their teachers. The Regional Superintendent believed that such visits together satisfied the statutory requirement.

Auditors' Recommendations:

- A. The Regional Office of Education #10 should comply with the requirements of 105 ILCS 5/3-14.11.
- B. The Regional Superintendent should present under oath or affirmation to the county boards in September and quarterly thereafter, a report of all his acts including a list of all schools visited and dates of visitation as required by 105 ILCS 5/3-5.
- C. The Regional Superintendent should visit each public school annually to review all items required by 105 ILCS 5/3-14.5.

If the Regional Office believes that any of these statutory mandates are obsolete or otherwise unnecessary, then it should seek legislative action to revise the statutes accordingly.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2006**

Section II: Financial Statement Findings

FINDING NO. 06-01 – Controls Over Compliance with Laws and Regulations (Repeat of 05-01)
(Continued)

Management's Responses:

- A. The Illinois Association of Regional Superintendents of Schools and the Illinois State Board of Education have agreed to seek legislation to remove duplicative and/or obsolete sections of the Illinois School Code. Both parties agree that section 5/3-7 of the Illinois School Code is a more current, thorough, and comprehensive requirement concerning a public school district's financial transactions. As a result, the two parties working together will seek legislation to repeal section 5/3-14.11 of the Illinois School Code.
- B. The Regional Superintendent will make the required presentation in September of each year and has asked to be placed on the county boards' agenda for quarterly meetings in each quarter thereafter.
- C. The Illinois Association of Regional Superintendents of Schools and the Illinois State Board of Education have agreed to seek legislation to remove duplicative and/or obsolete sections of the Illinois School Code. Both parties agree that section 1.20 of the 23rd Illinois Administrative Code is a more current, thorough, and comprehensive requirement concerning visitation of public schools by the Regional Superintendent. As a result, the two parties working together will seek legislation to repeal section 5/3-14.5 of the Illinois School Code.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2006**

Section III -- Federal Award Findings

No findings were noted for the year ended June 30, 2006

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

**CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT FINDINGS
For the year ended June 30, 2006**

Corrective Action Plan

Finding No.: 06-01

Conditions:

- A. The Regional Office of Education #10 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 has been examining school district financial statements on an annual basis.
- B. The Regional Office of Education #10 did not present at the September county board meetings and as nearly quarterly thereafter, a report of all his acts including a list of all schools visited and dates of visitation.
- C. The Regional Office of Education #10 performs compliance inspections for each public school in his region on a rotational basis every three years instead of annually. While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district

Plans:

- A. We will seek a legislative solution to this statute.
- B. The Regional Superintendent will make the required presentation in September of each year and has asked to be placed on the county boards' agenda for quarterly meetings in each quarter thereafter.
- C. We will seek a legislative solution to this statute.

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, 2006

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
05-01	Failure to examine financial records of every school treasurer in the Region.	Repeated as finding 06-01

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2006**

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, 2006. Readers are encouraged to consider the discussion information in conjunction with the financial statements.

2005-2006 (FY 06) Financial Highlights:

- Net assets for the Office included \$129,625 in Governmental Activities and \$11,853 in Business-Type Activities, totaling \$141,478.
- Business-Type Activities saw a decline in net assets from \$15,346 to \$11,853, down \$3,493.
- Within the Governmental Funds, total assets were \$146,615 and liabilities were \$29,128, leaving a total fund balance of \$117,487.
- Net assets of Governmental Activities (Statement of Net Assets) totaled \$129,625 when \$12,138 in invested in capital assets is added to \$117,487 in unrestricted net assets.
- The Statement of Activities indicates a \$7,619 decrease in net assets in Governmental Activities, from \$137,244 at the beginning of the year to \$129,625 at the year's end.
- Proprietary Funds net assets are reported at \$11,853.
- The Proprietary Funds decreased from \$15,346 at the beginning of FY 06 to \$11,853 at the year's conclusion.
- The Fiduciary Funds report indicates \$29,259 in cash assets. Liabilities specified are \$29,259 due to other governmental units.
- Variances with the final budget for salaries and benefits and purchased services lines in the Truants' Alternative and Optional Education (TAOEP) derive from a grant amendment relative to program implementation; additional staff days and corresponding expenditures were required in order to meet program needs. Variance in the Title I – Reading First Part B SEA Funds – Project #05-4337-02 budget emanates from the budget's carryover from the previous fiscal year. Only one month is included in this report. For the Regional Safe Schools (General State Aid) Program, there is no state-approved budget, only a local budget. In the Early Childhood – Project #06-3705-01 and Early Learning Partners – Project #06-3705-61 budgets, variances exist in the purchased services and supplies and materials lines; these emanate from clients not needing as much in emergency funding as was projected at the start of the year. Funding in those programs was shifted to enable purchase of a case management curriculum intended to help staff with in-house training on this required program component, as well as to purchase supplies (including books) to give to parents of children being served by the programs. Variances in the ROE Operations Project budget derive from the inclusion of on-behalf payments that consider salaries and benefits paid by the State of Illinois to the Superintendent and Assistant Superintendent, as well as county funding provided to the ROE.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2006**

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 #10's financial activities.
- 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, 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, 2006**

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. In addition, net assets related to the Teacher Institute Fund are considered restricted for teacher professional development.
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 includes a Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Fund Net Assets; and a Statement of Cash Flows.
3. The Fiduciary Funds report assets in cash and liabilities in amounts due to other governmental units.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2006**

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	
	2006	2005	2006	2005	2006	2005
ASSETS						
Current assets:						
Cash	\$ 139,371	\$ 155,252	\$ 11,305	\$ 14,733	\$ 150,676	\$ 169,985
Due from other governments	7,244	41,156	-	-	7,244	41,156
Total current assets	146,615	196,408	11,305	14,733	157,920	211,141
Noncurrent assets:						
Capital assets, net	12,138	20,513	548	613	12,686	21,126
Total assets	158,753	216,921	11,853	15,346	170,606	232,267
LIABILITIES						
Current liabilities:						
Note payable	7,220	40,977	-	-	7,220	40,977
Due to other governments	194	2,405	-	-	194	2,405
Unearned revenue	21,714	36,295	-	-	21,714	36,295
Total liabilities	29,128	79,677	-	-	29,128	79,677
NET ASSETS						
Invested in capital assets	12,138	20,513	548	613	12,686	21,126
Unrestricted	49,486	59,576	11,305	14,733	60,791	74,309
Restricted for teacher professional development	68,001	57,155	-	-	68,001	57,155
Total net assets	<u>\$ 129,625</u>	<u>\$ 137,244</u>	<u>\$ 11,853</u>	<u>\$ 15,346</u>	<u>\$ 141,478</u>	<u>\$ 152,590</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2006**

CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 22,027	\$ 25,343	\$ 22,027	\$ 25,343
Operating grants and contributions	751,035	855,485	-	-	751,035	855,485
General revenues:						
Local sources	62,789	63,928	-	-	62,789	63,928
On-behalf payments-local	73,833	80,274	-	-	73,833	80,274
On-behalf payments-state	204,334	208,638	-	-	204,334	208,638
Interest	1,905	1,299	219	165	2,124	1,464
Transfers	-	151	-	(151)	-	-
TOTAL REVENUES	1,093,896	1,209,775	22,246	25,357	1,116,142	1,235,132
Expenses						
Instructional Services:						
Salaries and benefits	626,444	638,895	-	-	626,444	638,895
Purchased services	122,764	179,178	-	-	122,764	179,178
Supplies and materials	40,705	60,833	-	-	40,705	60,833
Payments to other governments	2,238	5,200	-	-	2,238	5,200
Other objects	18,320	11,646	-	-	18,320	11,646
Depreciation	12,877	23,534	-	-	12,877	23,534
Administrative						
On-behalf payments-local	73,833	80,274	-	-	73,833	80,274
On-behalf payments-state	204,334	208,638	-	-	204,334	208,638
Business type expenses	-	-	25,739	27,444	25,739	27,444
TOTAL EXPENSES	1,101,515	1,208,198	25,739	27,444	1,127,254	1,235,642
Changes in Net Assets	(7,619)	1,577	(3,493)	(2,087)	(11,112)	(510)
Net Assets-beginning	137,244	135,667	15,346	17,433	152,590	153,100
Net Assets-ending	<u>\$ 129,625</u>	<u>\$ 137,244</u>	<u>\$ 11,853</u>	<u>\$ 15,346</u>	<u>\$ 141,478</u>	<u>\$ 152,590</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2006**

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 format, 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 06. This year's amount borrowed was comparatively small, as there was improvement in state payments. Most state funding was received prior to the end of the fiscal year, generally on time or only slightly behind the expected payment schedule.

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 decade and late payments from the State of Illinois have made an impact. Reduced funding has brought about curtailed services. This reduction in service capability continued into FY 06. 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. Such occurrences have been rare, however. 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, 2006**

Monitoring and Analysis

The fiscal year for Christian and Montgomery Counties (December 1 through November 30) does not run concurrent with the fiscal year for ROE grants, and this also can be problematic. Nearly three 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. until 4:00 p.m. Monday through Friday). Unable to reach complete agreement, the counties imposed unexpected and significant budget cuts that did reduce office hours at one office site (although it did not force closing of the office) and made fulfilling state mandates more difficult. In 2005, early talks among all parties brought about some resolution of the issues and resulted in a slightly better financial situation for the ROE. The counties' leaders agreed without incident on the FY 06 county budget to fund ROE #10.

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. The kind of programming also has been impacted. The two-county teachers' institute, for example, has gone from a format featuring a kickoff speaker, breakout sessions, and an educational exhibit hall to a program that includes only large-group presenters. This change was made because of the lack of staff to supervise the earlier format sessions. The result is a reduced capacity of the ROE to provide specialized professional development trainings. This situation overall 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.

As was stated in the past, a regular, guaranteed revenue stream from the state budget would assist the ROE in avoiding mid-year cutbacks. Though the statewide ROE restructuring issue seems to have been resolved for now, the major funding cuts and the somewhat 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 must spend significant time trying to educate and inform the public of their duties and of the Office's importance in the delivery of educational services. Such time is time removed from that required for ROE staff members to do their jobs. Unfortunately, although staff members may work to capacity and beyond, without sufficient money and the manpower that money can provide, services to constituents inevitably are a casualty. Illinois as a state has to decide how important those lost services are.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2006**

Contacting the Agency's Financial Management

This financial report is designed to provide the users with a general overview of the finances of the Christian-Montgomery Counties Regional Office of Education. It further serves to demonstrate the Office's accountability for the money it receives and expends. If you have questions about this or need additional financial information, contact the Christian-Montgomery Regional Office of Education #10, #1 Courthouse Square, Room 202, Hillsboro, Illinois 62049.

BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF NET ASSETS
June 30, 2006**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash	\$ 139,371	\$ 11,305	\$ 150,676
Due from other governments	7,244	-	7,244
Total current assets	146,615	11,305	157,920
Noncurrent assets:			
Capital assets, net	12,138	548	12,686
Total assets	158,753	11,853	170,606
LIABILITIES			
Current liabilities:			
Note payable	7,220	-	7,220
Due to other governments	194	-	194
Unearned revenue	21,714	-	21,714
Total liabilities	29,128	-	29,128
NET ASSETS			
Invested in capital assets	12,138	548	12,686
Unrestricted	49,486	11,305	60,791
Restricted for teacher professional development	68,001	-	68,001
Total net assets	\$ 129,625	\$ 11,853	\$ 141,478

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, 2006**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 626,444	\$ -	\$ 605,827	\$ (20,617)	\$ -	\$ (20,617)
Purchased services	122,764	-	90,531	(32,233)	-	(32,233)
Supplies and materials	40,705	-	34,334	(6,371)	-	(6,371)
Capital outlay	-	-	4,333	4,333	-	4,333
Payments to other governments	2,238	-	2,052	(186)	-	(186)
Other objects	18,320	-	13,958	(4,362)	-	(4,362)
Depreciation	12,877	-	-	(12,877)	-	(12,877)
Administrative:						
On-behalf payments - Local	73,833	-	-	(73,833)	-	(73,833)
On-behalf payments - State	204,334	-	-	(204,334)	-	(204,334)
Total governmental activities	1,101,515	-	751,035	(350,480)	-	(350,480)
Business-type activities:						
Instructional	25,739	22,027	-	-	(3,712)	(3,712)
Total primary government	\$ 1,127,254	\$ 22,027	\$ 751,035	(350,480)	(3,712)	(354,192)
General revenues:						
Local sources				62,789	-	62,789
On-behalf payments - Local				73,833	-	73,833
On-behalf payments - State				204,334	-	204,334
Interest				1,905	219	2,124
Total general revenues				342,861	219	343,080
Changes in net assets				(7,619)	(3,493)	(11,112)
Net assets - beginning				137,244	15,346	152,590
Net assets - ending				\$ 129,625	\$ 11,853	\$ 141,478

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, 2006**

	<u>General Fund</u>	<u>Education Fund</u>	<u>Institute Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 9,227	\$ 41,190	\$ 68,125	\$ 20,829	\$ 139,371
Due from other governments	-	7,244	-	-	7,244
Total assets	<u>\$ 9,227</u>	<u>\$ 48,434</u>	<u>\$ 68,125</u>	<u>\$ 20,829</u>	<u>\$ 146,615</u>
LIABILITIES					
Note payable	\$ -	\$ 7,220	\$ -	\$ -	\$ 7,220
Due to other governments	-	70	124	-	194
Unearned revenue	-	21,714	-	-	21,714
Total liabilities	<u>-</u>	<u>29,004</u>	<u>124</u>	<u>-</u>	<u>29,128</u>
FUND BALANCES					
Unreserved, reported in:					
General fund	9,227	-	-	-	9,227
Special revenue funds	-	19,430	68,001	20,829	108,260
Total fund balances	<u>9,227</u>	<u>19,430</u>	<u>68,001</u>	<u>20,829</u>	<u>117,487</u>
Total liabilities and fund balances	<u>\$ 9,227</u>	<u>\$ 48,434</u>	<u>\$ 68,125</u>	<u>\$ 20,829</u>	<u>\$ 146,615</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, 2006**

Total fund balances-governmental funds	\$117,487
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>12,138</u>
Net assets of governmental activities	<u><u>\$129,625</u></u>

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

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

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2006**

	General Fund	Education Fund	Institute Fund	Other Nonmajor Funds	Total Governmental Funds
Revenues:					
Local sources	\$ 6,734	\$ 20,018	\$ 28,896	\$ 7,141	\$ 62,789
State sources	59,589	562,669	-	2,480	624,738
Federal sources	-	126,297	-	-	126,297
On-behalf payments	278,167	-	-	-	278,167
Interest	207	662	765	271	1,905
Total revenues	344,697	709,646	29,661	9,892	1,093,896
Expenditures:					
Instructional Services:					
Salaries and benefits	47,308	577,317	-	1,819	626,444
Purchased services	17,795	87,664	13,117	4,188	122,764
Supplies and materials	4,429	32,595	991	2,690	40,705
Capital outlay	2,618	575	-	1,309	4,502
Payments to other governments	-	2,238	-	-	2,238
Other objects	1,697	11,617	4,707	299	18,320
On-behalf payments	278,167	-	-	-	278,167
Total expenditures	352,014	712,006	18,815	10,305	1,093,140
Excess (deficiency) of revenues over (under) expenditures	(7,317)	(2,360)	10,846	(413)	756
Other financing sources (uses):					
Transfers in	1,504	20	-	-	1,524
Transfers out	(20)	(1,504)	-	-	(1,524)
Total other financing sources (uses)	1,484	(1,484)	-	-	-
Net changes in fund balances	(5,833)	(3,844)	10,846	(413)	756
Fund balances, beginning of year	15,060	23,274	57,155	21,242	116,731
Fund balances, end of year	\$ 9,227	\$ 19,430	\$ 68,001	\$ 20,829	\$ 117,487

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, 2006

Net changes in fund balances - governmental funds	\$ 756
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.	
Capital outlay	\$ 4,502
Depreciation expense	<u>(12,877)</u> <u>(8,375)</u>
Changes in net assets of governmental activities	<u>\$ (7,619)</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, 2006

	<u>Business-Type Activities Enterprise Funds</u> <u>Other Enterprise Funds</u>
ASSETS	
Current assets:	
Cash	\$ 11,305
Noncurrent assets	
Capital assets, net	<u>548</u>
Total assets	11,853
LIABILITIES	<u>\$ -</u>
NET ASSETS	
Invested in capital assets	548
Unrestricted	<u>11,305</u>
Total net assets	<u><u>\$ 11,853</u></u>

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

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

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS**

For the year ended June 30, 2006

	<u>Business-Type Activities Enterprise Funds</u> <u>Other Enterprise Funds</u>
Operating revenues:	
Charges for services	\$ 22,027
Operating expenses:	
Salaries and benefits	8,118
Purchased services	15,861
Supplies and materials	1,470
Depreciation	65
Other objects	225
Total operating expenses	25,739
Operating loss	(3,712)
Nonoperating revenues:	
Investment income	219
Change in net assets	(3,493)
Total net assets - beginning	15,346
Total net assets - ending	\$ 11,853

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, 2006**

	Business-Type Activities <u>Enterprise Funds</u> Other <u>Enterprise Funds</u>
Cash flows from operating activities:	
Collection of fees	\$ 22,027
Payments to suppliers and providers of goods and services	(17,556)
Payments to employees	<u>(8,118)</u>
Net cash used for operating activities:	(3,647)
Cash flows from investing activities:	
Interest received on investments	<u>219</u>
Net decrease in cash and cash equivalents	(3,428)
Cash and cash equivalents - beginning	<u>14,733</u>
Cash and cash equivalents - ending	<u>\$ 11,305</u>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (3,712)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	<u>65</u>
Net cash used for operating activities	<u>\$ (3,647)</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, 2006

	<u>Agency Funds</u>
ASSETS	
Cash	<u>\$ 29,259</u>
LIABILITIES	
Due to other governments	<u>\$ 29,259</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.

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.

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.

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)

Illinois Athletes and Asthma Education Initiative – Funds received from the Illinois Department of Public Health to provide coaches and physical education teachers with valuable information on how to appropriately manage asthma in students in the school setting.

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 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 state 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 state 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 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. All funds generated remain restricted until expended only on the aforementioned activities.

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:

Co-op - 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.

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.

**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

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.

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 the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Office equipment	5-10
Computer equipment	3
Software and licenses	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.

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)

3. Equity Classifications

Government-wide Statements

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

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

Restricted net assets - Consists of net assets with constraints placed on 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."

Fund Statements

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

E. New Accounting Pronouncement

The Regional Office of Education #10 has implemented the following new accounting pronouncements issued by the GASB effective for the fiscal year beginning July 1, 2005: Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, Statement No. 46, *Net Assets Restricted by Enabling Legislation an Amendment of GASB Statement No. #34*, and Statement No. 47, *Accounting for Termination Benefits*. The Statements had no effect on the Regional Office of Education #10's net assets or changes in net assets.

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

NOTES TO THE FINANCIAL STATEMENTS

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 \$8,375 difference are as follows:

Capital outlay	\$ 4,502
Depreciation expense	<u>(12,877)</u>
 Net adjustment to decrease net changes in fund balances - governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ (8,375)</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, Early Learning Partners, Regional Safe Schools, Regional Safe Schools – General State Aid, Early Childhood, and Title I - Reading First Part B SEA Funds.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

6. DEPOSITS

At June 30, 2006, the carrying amount of the Regional Office of Education #10's cash deposits was \$179,935 and the bank balance was \$227,503. Of the total bank balance at June 30, 2006, \$129,309 was secured by federal depository insurance and \$98,194 was collateralized with securities held by the pledging financial institution's trust department in Regional Office of Education #10's name.

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006 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	\$ 3,143	\$ -	\$ -	\$ 3,143
Equipment	149,131	4,502	(24,060)	129,573
Total capital assets being depreciated	<u>152,274</u>	<u>4,502</u>	<u>(24,060)</u>	<u>132,716</u>
Less accumulated depreciation for:				
Furniture and fixtures	(1,264)	(315)	-	(1,579)
Equipment	(130,497)	(12,562)	24,060	(118,999)
Total accumulated depreciation	<u>(131,761)</u>	<u>(12,877)</u>	<u>24,060</u>	<u>(120,578)</u>
Governmental activities capital assets, net	<u>\$ 20,513</u>	<u>\$ (8,375)</u>	<u>\$ -</u>	<u>\$ 12,138</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)	(65)	-	(115)
Business-type activities capital assets, net	<u>\$ 613</u>	<u>\$ (65)</u>	<u>\$ -</u>	<u>\$ 548</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>\$12,877</u>
Business-type activities:	
Other:	
Depreciation	<u>\$ 65</u>

8. SHORT-TERM DEBT

On June 30, 2006, the Regional Office of Education #10 entered into a loan of \$7,220 with National Bank to repay interfund loans. The note has an interest rate of 7.00% and is due on September 30, 2006. The balance due at June 30, 2006 was \$7,220. The short-term debt activity for the year ended June 30, 2006 was as follows:

	Balance at July 1, 2005	Additions	Reductions	Balance at June 30, 2006
Note Payable	\$ 40,977	\$ 7,220	\$ 40,977	\$ 7,220

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.

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 for the year ended June 30, 2006 was 9.4 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.

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)

In addition, virtually all employers 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 0.6 percent during the year ended June 30, 2006 and the member THIS Fund health insurance contribution was 0.8 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, 2006, State of Illinois contributions were based on 7.06 percent of creditable earnings, and the Regional Office of Education #10 recognized revenue and expenditures of \$11,676 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2005, and June 30, 2004, the State of Illinois contribution rates as percentages of creditable earnings were 11.76 percent (\$22,162) and 13.98 percent (\$41,138), respectively.

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

2.2 Formula Contributions - Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ended June 30, 2006 were \$959. Contributions for the years ended June 30, 2005, and June 30, 2004, were \$1,093 and \$1,707, respectively.

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. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2006, the employer pension contribution was 7.06 percent of salaries from federal and trust funds. For the two years ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2006, salaries totaling \$17,006 were paid from federal and trust funds that required employer contributions of \$1,201. For the years ended June 30, 2005, and June 30, 2004, required contributions were \$3,564 and \$5,798, respectively.

Early Retirement Option - The Regional Office of Education #10 is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires.

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)

Under Public Act 94-0004, 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. If members do not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the Pipeline ERO).

Under the ERO program that expired on June 30, 2005 and the Pipeline ERO, the maximum employer contributions is 100 percent of the member's highest salary used in the final average salary calculation.

Under the Modified ERO, the maximum employer contribution is 117.5 percent.

Both the 100 percent and the 117.5 percent maximums apply when the member is age 55 at retirement.

For the years ending June 30, 2006, 2005, and 2004, the Regional Office of Education #10 paid no employer contributions under the Early Retirement Option.

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, 2005. The report for the year ended June 30, 2006, is expected to be available in late 2006.

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.

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

NOTES TO THE FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

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.

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 2005 was 8.80 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, 2005 was 5 years.

For December 31, 2005, the Regional Office of Education #10's annual pension cost of \$32,242 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, 2003 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 2005 actuarial valuation were based on the 2002-2004 experience study.

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

NOTES TO THE FINANCIAL STATEMENTS

9. RETIREMENT FUND COMMITMENTS (Continued)

B. Illinois Municipal Retirement Fund (Continued)

Trend Information

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2005	\$ 32,242	100%	\$ -
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%	-

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.

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 \$500,000 on the regional superintendent and \$500,000 on the assistant regional superintendent.

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

NOTES TO THE FINANCIAL STATEMENTS

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

Education Fund:

Illinois State Board of Education	\$ 302
Christian County Land of Lincoln Consortium	1,108
Regional Office of Education #50	<u>5,834</u>
Total	<u><u>\$ 7,244</u></u>

Due To Other Governments

Education Fund:

Illinois State Board of Education	\$ 2
Local School Districts	68

Institute Fund:

Illinois State Board of Education	124
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Fiduciary Fund:

Regional Delivery System	26,696
Local School Districts	<u>2,563</u>

Total	<u><u>\$ 29,453</u></u>
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12. SCHEDULE OF TRANSFERS

Transfers In	Transfers Out																																
<p>General Fund:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Conferences</td> <td style="text-align: right; padding-right: 20px;">\$ 1,343</td> </tr> <tr> <td style="padding-left: 20px;">Conferences</td> <td style="text-align: right; padding-right: 20px;">29</td> </tr> <tr> <td style="padding-left: 20px;">Conferences</td> <td style="text-align: right; padding-right: 20px;">2</td> </tr> <tr> <td style="padding-left: 20px;">Conferences</td> <td style="text-align: right; padding-right: 20px;">23</td> </tr> <tr> <td style="padding-left: 20px;">Conferences</td> <td style="text-align: right; padding-right: 20px;">107</td> </tr> </table> <p>Education Fund:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Learning Express A & E Train</td> <td style="text-align: right; padding-right: 20px;"><u>20</u></td> </tr> <tr> <td style="padding-left: 40px;">Total</td> <td style="text-align: right;"><u><u>\$ 1,524</u></u></td> </tr> </table>	Conferences	\$ 1,343	Conferences	29	Conferences	2	Conferences	23	Conferences	107	Learning Express A & E Train	<u>20</u>	Total	<u><u>\$ 1,524</u></u>	<p>Education Fund:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Inquiry Based Learning</td> <td style="text-align: right; padding-right: 20px;">\$ 1,343</td> </tr> <tr> <td style="padding-left: 20px;">Math/Science Partnership</td> <td style="text-align: right; padding-right: 20px;">29</td> </tr> <tr> <td style="padding-left: 20px;">IL Athletes and Asthma</td> <td style="text-align: right; padding-right: 20px;">2</td> </tr> <tr> <td style="padding-left: 20px;">Education Initiative</td> <td style="text-align: right; padding-right: 20px;">2</td> </tr> <tr> <td style="padding-left: 20px;">Title I Reading First Part B</td> <td style="text-align: right; padding-right: 20px;">23</td> </tr> <tr> <td style="padding-left: 20px;">SEA Funds</td> <td style="text-align: right; padding-right: 20px;">23</td> </tr> <tr> <td style="padding-left: 20px;">Teen Reach</td> <td style="text-align: right; padding-right: 20px;">107</td> </tr> </table> <p>General Fund:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Conferences</td> <td style="text-align: right; padding-right: 20px;"><u>20</u></td> </tr> <tr> <td style="padding-left: 40px;">Total</td> <td style="text-align: right;"><u><u>\$ 1,524</u></u></td> </tr> </table>	Inquiry Based Learning	\$ 1,343	Math/Science Partnership	29	IL Athletes and Asthma	2	Education Initiative	2	Title I Reading First Part B	23	SEA Funds	23	Teen Reach	107	Conferences	<u>20</u>	Total	<u><u>\$ 1,524</u></u>
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Total	<u><u>\$ 1,524</u></u>																																

The transfers are to move remaining cash balances from funds that are no longer active to the General Fund, and to move cash balances to an Education Fund to cover final expenditures.

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

NOTES TO THE FINANCIAL STATEMENTS

13. 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>\$ 28,533</u>
Montgomery County:	
Office Staff	<u>45,300</u>
State of Illinois:	
TRS pension contributions	11,676
Regional Superintendent - salary	84,737
Regional Superintendent - benefits (includes State paid insurance)	19,937
Assistant Regional Superintendant - salary	76,263
Assistant Regional Superintendant - benefits (includes State paid insurance)	<u>11,721</u>
	<u>204,334</u>
	<u>\$ 278,167</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.

14. 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.

15. 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]
12/31/2005	\$ 534,805	\$ 563,641	\$ 28,836	94.88 %	\$ 366,382	7.87 %
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 %

On a market value basis the actuarial value of assets as of December 31, 2005 was \$541,528. On a market basis, the funded ratio would be 96.08 percent.

Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2005 are based on the 2002 - 2004 Experience Study.

The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- 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, 2006**

	<u>ROE/ISC Operations</u>	<u>Conferences</u>	<u>Fingerprinting</u>	<u>Total</u>
ASSETS				
Cash	<u>\$ 357</u>	<u>\$ 8,229</u>	<u>\$ 641</u>	<u>\$ 9,227</u>
LIABILITIES				
	\$ -	\$ -	\$ -	\$ -
FUND BALANCE				
Unreserved	<u>357</u>	<u>8,229</u>	<u>641</u>	<u>9,227</u>
Total liabilities and fund balance	<u>\$ 357</u>	<u>\$ 8,229</u>	<u>\$ 641</u>	<u>\$ 9,227</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, 2006**

	ROE/ISC <u>Operations</u>	<u>Conferences</u>	<u>Fingerprinting</u>	<u>Total</u>
Revenues:				
Local sources	\$ -	\$ 3,001	\$ 3,733	\$ 6,734
State sources	59,589	-	-	59,589
On-behalf payments	278,167	-	-	278,167
Interest	90	103	14	207
Total revenues	<u>337,846</u>	<u>3,104</u>	<u>3,747</u>	<u>344,697</u>
Expenditures:				
Salaries and benefits	44,088	3,220	-	47,308
Purchased services	8,409	4,413	4,973	17,795
Supplies and materials	3,517	895	17	4,429
Capital outlay	2,618	-	-	2,618
Other objects	1,000	697	-	1,697
On-behalf payments	278,167	-	-	278,167
Total expenditures	<u>337,799</u>	<u>9,225</u>	<u>4,990</u>	<u>352,014</u>
Excess (deficiency) of revenues over (under) expenditures	<u>47</u>	<u>(6,121)</u>	<u>(1,243)</u>	<u>(7,317)</u>
Other financing sources (uses):				
Transfers in	-	1,504	-	1,504
Transfers out	-	(20)	-	(20)
Total other financing sources (uses)	<u>-</u>	<u>1,484</u>	<u>-</u>	<u>1,484</u>
Net changes in fund balances	<u>47</u>	<u>(4,637)</u>	<u>(1,243)</u>	<u>(5,833)</u>
Fund balance, beginning of year	<u>310</u>	<u>12,866</u>	<u>1,884</u>	<u>15,060</u>
Fund balance, end of year	<u>\$ 357</u>	<u>\$ 8,229</u>	<u>\$ 641</u>	<u>\$ 9,227</u>

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

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND ACCOUNTS
ROE/ISC OPERATIONS - PROJECT #06-3730-00
For the year ended June 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 59,568	\$ 59,568	\$ 59,589	\$ 21
On-behalf payments	-	-	278,167	278,167
Interest	-	-	90	90
	<u>59,568</u>	<u>59,568</u>	<u>337,846</u>	<u>278,278</u>
Total revenues				
Expenditures:				
Salaries and benefits	49,497	44,104	44,088	16
Purchased services	7,971	8,365	8,409	(44)
Supplies and materials	600	3,481	3,517	(36)
Capital outlay	500	2,618	2,618	-
Other objects	1,000	1,000	1,000	-
On-behalf payments	-	-	278,167	(278,167)
	<u>59,568</u>	<u>59,568</u>	<u>337,799</u>	<u>(278,231)</u>
Total expenditures				
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	47	<u>\$ 47</u>
Fund balance, beginning of year			<u>310</u>	
Fund balance, end of year			<u>\$ 357</u>	

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2006**

	Truants Alternative	State Standards & Assessment	Early Learning Partners	LITES
ASSETS				
Cash	\$ 4,232	\$ -	\$ -	\$ 10,087
Due from other governments	-	5,834	302	-
Total assets	\$ 4,232	\$ 5,834	\$ 302	\$ 10,087
LIABILITIES				
Note payable	\$ -	\$ 5,834	\$ 278	\$ -
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	9,553
Total liabilities	-	5,834	278	9,553
FUND BALANCE				
Unreserved	4,232	-	24	534
Total liabilities and fund balance	\$ 4,232	\$ 5,834	\$ 302	\$ 10,087

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (continued)
June 30, 2006**

	Learning Express A & E Train	Standards Aligned Classroom	IL Athletes and Asthma Education Initiative	National School Lunch Program
ASSETS				
Cash	\$ -	\$ 2,441	\$ -	\$ -
Due from other governments	1,108	-	-	-
Total assets	<u>\$ 1,108</u>	<u>\$ 2,441</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES				
Note payable	\$ 1,108	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-
Unearned revenue	-	2,375	-	-
Total liabilities	<u>1,108</u>	<u>2,375</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Unreserved	-	66	-	-
Total liabilities and fund balance	<u>\$ 1,108</u>	<u>\$ 2,441</u>	<u>\$ -</u>	<u>\$ -</u>

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (continued)
June 30, 2006**

	State Breakfast Incentive	State Lunch	Math/Science Partnership	School Breakfast Program
ASSETS				
Cash	\$ -	\$ 68	\$ -	\$ -
Due from other governments	-	-	-	-
Total assets	\$ -	\$ 68	\$ -	\$ -
LIABILITIES				
Note payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	68	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	68	-	-
FUND BALANCE				
Unreserved	-	-	-	-
Total liabilities and fund balance	\$ -	\$ 68	\$ -	\$ -

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (continued)
June 30, 2006**

	Inquiry Based Learning	Regional Safe Schools	Early Childhood	Secretary of State Family Literacy Program
ASSETS				
Cash	\$ -	\$ 14,504	\$ 72	\$ -
Due from other governments	-	-	-	-
Total assets	\$ -	\$ 14,504	\$ 72	\$ -
LIABILITIES				
Note payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	2	-
Unearned revenue	-	-	-	-
Total liabilities	-	-	2	-
FUND BALANCE				
Unreserved	-	14,504	70	-
Total liabilities and fund balance	\$ -	\$ 14,504	\$ 72	\$ -

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (continued)
June 30, 2006**

	<u>Teen Reach</u>	<u>Rural School Achievement Program</u>	<u>Title I Reading First Part B SEA Funds</u>
ASSETS			
Cash	\$ -	\$ -	\$ -
Due from other governments	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES			
Note payable	\$ -	\$ -	\$ -
Due to other governments	-	-	-
Unearned revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<hr/>	<hr/>	<hr/>
FUND BALANCE			
Unreserved	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND (continued)
June 30, 2006**

	<u>No Child Left Behind</u>	<u>Teacher Quality</u>	<u>Total</u>
ASSETS			
Cash	\$ 9,786	\$ -	\$ 41,190
Due from other governments	-	-	7,244
Total assets	<u>\$ 9,786</u>	<u>\$ -</u>	<u>\$ 48,434</u>
LIABILITIES			
Note payable	\$ -	\$ -	\$ 7,220
Due to other governments	-	-	70
Unearned revenue	9,786	-	21,714
Total liabilities	<u>9,786</u>	<u>-</u>	<u>29,004</u>
FUND BALANCE			
Unreserved	-	-	19,430
Total liabilities and fund balance	<u>\$ 9,786</u>	<u>\$ -</u>	<u>\$ 48,434</u>

**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, 2006**

	Truants Alternative	State Standards & Assessment	Early Learning Partners	LITES
Revenues:				
Local sources	\$ 18,720	\$ -	\$ -	\$ -
State sources	87,402	16,571	29,999	-
Federal sources	-	-	-	6,680
Interest	139	-	23	145
Total revenues	106,261	16,571	30,022	6,825
Expenditures:				
Salaries and benefits	83,436	14,506	15,421	-
Purchased services	16,962	2,065	4,330	6,696
Supplies and materials	1,663	-	9,672	113
Capital outlay	-	-	575	-
Payments to other governments	-	-	-	-
Other objects	-	-	-	16
Total expenditures	102,061	16,571	29,998	6,825
Excess (deficiency) of revenues over (under) expenditures	4,200	-	24	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	4,200	-	24	-
Fund balance, beginning of year	32	-	-	534
Fund balance, end of year	\$ 4,232	\$ -	\$ 24	\$ 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, 2006**

	Learning Express A & E Train	Standards Aligned Classroom	IL Athletes and Asthma Education Initiative	National School Lunch Program
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	59,478	25,625	1,094	5,690
Interest	3	75	2	-
Total revenues	59,481	25,700	1,096	5,690
Expenditures:				
Salaries and benefits	46,522	13,716	270	-
Purchased services	5,837	11,293	792	-
Supplies and materials	3,525	692	32	-
Capital outlay	-	-	-	-
Payments to other governments	1,982	-	-	-
Other objects	1,635	-	-	5,690
Total expenditures	59,501	25,701	1,094	5,690
Excess (deficiency) of revenues over (under) expenditures	(20)	(1)	2	-
Other financing sources (uses):				
Transfers in	20	-	-	-
Transfers out	-	-	(2)	-
Total other financing sources (uses)	20	-	(2)	-
Net changes in fund balances	-	(1)	-	-
Fund balance, beginning of year	-	67	-	-
Fund balance, end of year	\$ -	\$ 66	\$ -	\$ -

**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, 2006**

	State Breakfast Incentive	State Lunch	Math/Science Partnership	School Breakfast Program
Revenues:				
Local sources	\$ -	\$ -	\$ 29	\$ -
State sources	156	645	-	-
Federal sources	-	-	-	3,475
Interest	-	-	-	-
Total revenues	<u>156</u>	<u>645</u>	<u>29</u>	<u>3,475</u>
Expenditures:				
Salaries and benefits	-	-	-	-
Purchased services	-	-	-	-
Supplies and materials	-	-	-	-
Capital outlay	-	-	-	-
Payments to other governments	-	-	-	-
Other objects	156	645	-	3,475
Total expenditures	<u>156</u>	<u>645</u>	<u>-</u>	<u>3,475</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>29</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(29)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(29)</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**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, 2006

	Inquiry Based Learning	Regional Safe Schools	Early Childhood	Secretary of State Family Literacy Program
Revenues:				
Local sources	\$ -	\$ 1,269	\$ -	\$ -
State sources	1,343	208,945	214,558	3,050
Federal sources	-	-	-	-
Interest	-	99	37	1
Total revenues	1,343	210,313	214,595	3,051
Expenditures:				
Salaries and benefits	-	183,360	193,146	2,826
Purchased services	-	20,842	14,199	156
Supplies and materials	-	8,055	7,178	-
Capital outlay	-	-	-	-
Payments to other governments	-	-	2	69
Other objects	-	-	-	-
Total expenditures	-	212,257	214,525	3,051
Excess (deficiency) of revenues over (under) expenditures	1,343	(1,944)	70	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(1,343)	-	-	-
Total other financing sources (uses)	(1,343)	-	-	-
Net changes in fund balances	-	(1,944)	70	-
Fund balance, beginning of year	-	16,448	-	-
Fund balance, end of year	\$ -	\$ 14,504	\$ 70	\$ -

**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, 2006

	<u>Teen Reach</u>	<u>Rural School Achievement Program</u>	<u>Title I Reading First Part B SEA Funds</u>
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	-	-	-
Federal sources	-	18,957	-
Interest	<u>1</u>	<u>-</u>	<u>4</u>
Total revenues	<u>1</u>	<u>18,957</u>	<u>4</u>
Expenditures:			
Salaries and benefits	-	18,644	558
Purchased services	-	313	3,762
Supplies and materials	-	-	1,563
Capital outlay	-	-	-
Payments to other governments	-	-	185
Other objects	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>18,957</u>	<u>6,068</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1</u>	<u>-</u>	<u>(6,064)</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	<u>(107)</u>	<u>-</u>	<u>(23)</u>
Total other financing sources (uses)	<u>(107)</u>	<u>-</u>	<u>(23)</u>
Net changes in fund balances	<u>(106)</u>	<u>-</u>	<u>(6,087)</u>
Fund balance, beginning of year	<u>106</u>	<u>-</u>	<u>6,087</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**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, 2006

	No Child Left Behind	Teacher Quality	Total
Revenues:			
Local sources	\$ -	\$ -	\$ 20,018
State sources	-	-	562,669
Federal sources	3,513	1,785	126,297
Interest	133	-	662
Total revenues	3,646	1,785	709,646
Expenditures:			
Salaries and benefits	3,141	1,771	577,317
Purchased services	403	14	87,664
Supplies and materials	102	-	32,595
Capital outlay	-	-	575
Payments to other governments	-	-	2,238
Other objects	-	-	11,617
Total expenditures	3,646	1,785	712,006
Excess (deficiency) of revenues over (under) expenditures	-	-	(2,360)
Other financing sources (uses):			
Transfers in	-	-	20
Transfers out	-	-	(1,504)
Total other financing sources (uses)	-	-	(1,484)
Net changes in fund balances	-	-	(3,844)
Fund balance, beginning of year	-	-	23,274
Fund balance, end of year	\$ -	\$ -	\$ 19,430

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE - PROJECT #06-3695-00
For the year ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources	\$ -	\$ -	\$ 18,720	\$ 18,720
State sources	87,402	87,402	87,402	-
Interest	-	-	139	139
	<u>87,402</u>	<u>87,402</u>	<u>106,261</u>	<u>18,859</u>
Total revenues				
Expenditures:				
Salaries and benefits	66,058	71,444	83,436	(11,992)
Purchased services	19,314	14,810	16,962	(2,152)
Supplies and materials	2,030	1,148	1,663	(515)
	<u>87,402</u>	<u>87,402</u>	<u>102,061</u>	<u>(14,659)</u>
Total expenditures				
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	4,200	<u>\$ 4,200</u>
Fund balance, beginning of year			<u>32</u>	
Fund balance, end of year			<u>\$ 4,232</u>	

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EARLY LEARNING PARTNERS - PROJECT #06-3705-61
For the year ended June 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 30,000	\$ 30,000	\$ 29,999	\$ (1)
Interest	-	-	23	23
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>30,022</u>	<u>22</u>
Expenditures:				
Salaries and benefits	18,559	15,535	15,421	114
Purchased services	6,455	5,755	4,330	1,425
Supplies and materials	4,986	8,110	9,672	(1,562)
Capital outlay	-	600	575	25
Total expenditures	<u>30,000</u>	<u>30,000</u>	<u>29,998</u>	<u>2</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	24	<u>\$ 24</u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ 24</u>	

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS - PROJECT #06-3696-00
For the year ended June 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 112,998	\$ 112,998	\$ 112,998	\$ -
Interest	-	-	13	13
Total revenues	<u>112,998</u>	<u>112,998</u>	<u>113,011</u>	<u>13</u>
Expenditures:				
Salaries and benefits	107,245	104,121	104,121	-
Purchased services	5,000	7,000	6,500	500
Supplies and materials	753	1,877	2,377	(500)
Total expenditures	<u>112,998</u>	<u>112,998</u>	<u>112,998</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	13	<u>\$ 13</u>
Fund balance, beginning of year			<u>138</u>	
Fund balance, end of year			<u>\$ 151</u>	

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
REGIONAL SAFE SCHOOLS (GENERAL STATE AID) - PROJECT #06-3001-93
For the year ended June 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Local sources	\$ -	\$ -	\$ 1,269	\$ 1,269
State sources	-	-	95,947	95,947
Interest	-	-	86	86
Total revenues	-	-	97,302	97,302
Expenditures:				
Salaries and benefits	-	-	79,239	(79,239)
Purchased services	-	-	14,342	(14,342)
Supplies and materials	-	-	5,678	(5,678)
Total expenditures	-	-	99,259	(99,259)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	(1,957)	\$ (1,957)
Fund balance, beginning of year			16,310	
Fund balance, end of year			\$ 14,353	

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

**BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
EARLY CHILDHOOD - PROJECT #06-3705-01
For the year ended June 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 214,525	\$ 214,525	\$ 214,558	\$ 33
Interest	-	-	37	37
Total revenues	<u>214,525</u>	<u>214,525</u>	<u>214,595</u>	<u>70</u>
Expenditures:				
Salaries and benefits	193,474	193,474	193,146	328
Purchased services	16,065	16,065	14,199	1,866
Supplies and materials	4,986	4,986	7,178	(2,192)
Payments to other governments	-	-	2	(2)
Total expenditures	<u>214,525</u>	<u>214,525</u>	<u>214,525</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	70	<u>\$ 70</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ 70</u>	

**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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal sources	\$ 24,296	\$ 27,853	\$ -	\$ (27,853)
Interest	-	-	4	4
Total revenues	<u>24,296</u>	<u>27,853</u>	<u>4</u>	<u>(27,849)</u>
Expenditures:				
Salaries and benefits	9,372	10,103	558	9,545
Purchased services	9,224	10,050	3,762	6,288
Supplies and materials	5,700	7,700	1,563	6,137
Payments to other governments	-	-	185	(185)
Total expenditures	<u>24,296</u>	<u>27,853</u>	<u>6,068</u>	<u>21,785</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	(6,064)	<u>\$ (6,064)</u>
Other financing uses:				
Transfers out			<u>(23)</u>	
Net change in fund balance			(6,087)	
Fund balance, beginning of year			<u>6,087</u>	
Fund balance, end of year			<u>\$ -</u>	

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

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2006**

	<u>General Education Development</u>	<u>Transportation</u>	<u>Supervisory</u>	<u>Total</u>
ASSETS				
Cash on hand and in banks	\$ 13,229	\$ 5,807	\$ 1,793	\$ 20,829
LIABILITIES				
	\$ -	\$ -	\$ -	\$ -
FUND BALANCE				
Unreserved	<u>13,229</u>	<u>5,807</u>	<u>1,793</u>	<u>20,829</u>
Total liabilities and fund balance	<u>\$ 13,229</u>	<u>\$ 5,807</u>	<u>\$ 1,793</u>	<u>\$ 20,829</u>

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2006**

	General Education Development	Transportation	Supervisory	Total
Revenues:				
Local sources	\$ 6,573	\$ 568	\$ -	\$ 7,141
State sources	-	480	2,000	2,480
Interest	169	70	32	271
Total revenues	6,742	1,118	2,032	9,892
Expenditures:				
Salaries and benefits	1,819	-	-	1,819
Purchased services	2,593	760	835	4,188
Supplies and materials	2,487	55	148	2,690
Capital outlay	-	-	1,309	1,309
Other objects	299	-	-	299
Total expenditures	7,198	815	2,292	10,305
Excess (deficiency) of revenues over (under) expenditures	(456)	303	(260)	(413)
Fund balance, beginning of year	13,685	5,504	2,053	21,242
Fund balance, end of year	<u>\$ 13,229</u>	<u>\$ 5,807</u>	<u>\$ 1,793</u>	<u>\$ 20,829</u>

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

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
June 30, 2006**

	Co-op	Workshops	Total
ASSETS			
Current assets:			
Cash	\$ 7,156	\$ 4,149	\$ 11,305
Noncurrent assets			
Capital assets, net	548	-	548
Total assets	7,704	4,149	11,853
LIABILITIES			
-			
NET ASSETS			
Invested in capital assets	548	-	548
Unrestricted	7,156	4,149	11,305
Total net assets	\$ 7,704	\$ 4,149	\$ 11,853

**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, 2006**

	Co-op	Workshops	Total
Operating revenues:			
Charges for services	\$ 16,803	\$ 5,224	\$ 22,027
Operating expenses:			
Salaries and benefits	5,890	2,228	8,118
Purchased services	8,166	7,695	15,861
Supplies and materials	1,070	400	1,470
Depreciation	65	-	65
Other objects	-	225	225
Total operating expenses	15,191	10,548	25,739
Operating income (loss)	1,612	(5,324)	(3,712)
Nonoperating revenues:			
Investment income	140	79	219
Change in net assets	1,752	(5,245)	(3,493)
Total net assets - beginning	5,952	9,394	15,346
Total net assets - ending	\$ 7,704	\$ 4,149	\$ 11,853

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

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the year ended June 30, 2006**

	<u>Co-op</u>	<u>Workshops</u>	<u>Total</u>
Cash flows from operating activities:			
Collection of fees	\$ 16,803	\$ 5,224	\$ 22,027
Payments to suppliers and providers of goods and services	(9,236)	(8,320)	(17,556)
Payments to employees	(5,890)	(2,228)	(8,118)
Net cash provided (used) for operating activities	1,677	(5,324)	(3,647)
Cash flows from investing activities:			
Interest received on investments	140	79	219
Net increase (decrease) in cash and cash equivalents	1,817	(5,245)	(3,428)
Cash and cash equivalents - beginning	5,339	9,394	14,733
Cash and cash equivalents - ending	<u>\$ 7,156</u>	<u>\$ 4,149</u>	<u>\$ 11,305</u>
Reconciliation of operating income (loss) to net cash provided (used) for operating activities:			
Operating income (loss)	\$ 1,612	\$ (5,324)	\$ (3,712)
Adjustments to reconcile operating income (loss) to net cash provided (used) for operating activities:			
Depreciation	65	-	65
Net cash provided (used) for operating activities	<u>\$ 1,677</u>	<u>\$ (5,324)</u>	<u>\$ (3,647)</u>

CHRISTIAN-MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2006

	<u>Distributive</u>	<u>Regional Delivery System</u>	<u>Total</u>
ASSETS			
Cash	<u>\$ 2,563</u>	<u>\$ 26,696</u>	<u>\$ 29,259</u>
LIABILITIES			
Due to other governments	<u>\$ 2,563</u>	<u>\$ 26,696</u>	<u>\$ 29,259</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, 2006**

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
<u>DISTRIBUTIVE</u>				
ASSETS				
Cash	\$ 2,682	\$ 1,012,800	\$ 1,012,919	\$ 2,563
Due from other governments	-	988,717	988,717	-
Total assets	<u>\$ 2,682</u>	<u>\$ 2,001,517</u>	<u>\$ 2,001,636</u>	<u>\$ 2,563</u>
LIABILITIES				
Due to other governments	\$ 2,682	\$ 988,598	\$ 988,717	\$ 2,563
Total liabilities	<u>\$ 2,682</u>	<u>\$ 988,598</u>	<u>\$ 988,717</u>	<u>\$ 2,563</u>
<u>REGIONAL DELIVERY SYSTEM</u>				
ASSETS				
Cash	\$ 17,166	\$ 395,764	\$ 386,234	\$ 26,696
Total assets	<u>\$ 17,166</u>	<u>\$ 395,764</u>	<u>\$ 386,234</u>	<u>\$ 26,696</u>
LIABILITIES				
Notes payable	\$ 3,756	\$ -	\$ 3,756	\$ -
Due to other governments	13,410	395,764	382,478	26,696
Total liabilities	<u>\$ 17,166</u>	<u>\$ 395,764</u>	<u>\$ 386,234</u>	<u>\$ 26,696</u>

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

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (continued)
For the year ended June 30, 2006**

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2006</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 19,848	\$1,408,564	\$1,399,153	\$ 29,259
Due from other governments	-	988,717	988,717	-
Total assets	<u>\$ 19,848</u>	<u>\$2,397,281</u>	<u>\$2,387,870</u>	<u>\$ 29,259</u>
LIABILITIES				
Notes payable	\$ 3,756	\$ -	\$ 3,756	\$ -
Due to other governments	16,092	1,384,362	1,371,195	29,259
Total liabilities	<u>\$ 19,848</u>	<u>\$1,384,362</u>	<u>\$1,374,951</u>	<u>\$ 29,259</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, 2006

	Regional Vocational System	Christian- Montgomery ROE	Total
General state aid	\$ -	\$ 95,947	\$ 95,947
Voc. ed. secondary program improvement	241,210	-	241,210
Voc. ed. agriculture education	22,516	-	22,516
State free lunch and breakfast	-	685	685
School breakfast incentive	-	69	69
ROE school bus driver training	-	480	480
Truants alt./optional ed.	-	87,402	87,402
Regional safe schools	-	112,998	112,998
Early childhood block grant	-	245,247	245,247
ROE and ISC operations	-	59,568	59,568
Supervisory	-	2,000	2,000
National school lunch program	-	5,690	5,690
School breakfast program	-	3,475	3,475
Voc. ed. Perkins	111,430	-	111,430
TOTAL	\$ 375,156	\$ 613,561	\$ 988,717

FEDERAL FINANCIAL COMPLIANCE SECTION

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2006**

	Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Project (1st 8 digits) or Contract #	Federal Expenditures 7/1/05 - 6/30/06
U.S. Department of Education				
<i>Direct programs:</i>				
	Rural School Achievement Program	84.358	S358A054014	\$ 18,957
	Total direct programs			<u>18,957</u>
<i>Passed through Regional Office of Education #41</i>				
(m)	LITES	84.303A	05-4099-00	6,680
	Technology Enhancing Education - Competitive	84.318X	05-4972-00	3,513
	Total Regional Office of Education #41			<u>10,193</u>
<i>Passed through Regional Office of Education #50:</i>				
	Title II - Teacher Quality	84.367A	06-4935-SS	1,785
	Total Regional Office of Education #50			<u>1,785</u>
<i>Passed through Regional Office of Education #3:</i>				
(m)	Standards Aligned Classroom	84.289A	06-4999-13	25,625
	Total Regional Office of Education #3			<u>25,625</u>
	Total U.S. Department of Education			<u>56,560</u>
U.S. Department of Agriculture				
<i>Passed through Illinois State Board of Education:</i>				
	National School Lunch Program	10.555	05-4210-00	722
	National School Lunch Program	10.555	06-4210-00	4,968
	Total National School Lunch Program			<u>5,690</u>
	School Breakfast Program	10.553	05-4220-00	404
	School Breakfast Program	10.553	06-4220-00	3,071
	Total School Breakfast Program			<u>3,475</u>
	Total U.S. Department of Agriculture			<u>9,165</u>
U.S. Department of Health and Human Services				
<i>Passed through U.S. Centers for Disease Control and Prevention passed through Illinois Department of Public Health</i>				
(m)	Illinois Athletes and Asthma Education Initiative	93.293	06-4999-01	1,094
	Total U.S. Department of Health and Human Services			<u>1,094</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, 2006**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Project (1st 8 digits) or Contract #	Federal Expenditures 7/1/05 - 6/30/06
U.S. Department of Labor			
<i>Passed through Illinois Department of Employment Security passed through Christian County Land of Lincoln Consortium:</i>			
Learning Express - A & E Train	17.259	YTH-CH0601	59,478
Total U.S. Department of Labor			<u>59,478</u>
TOTAL			<u>\$ 126,297</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, 2006**

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

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.

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.

Illinois Athletes and Asthma Education Initiative – Funds received from the Illinois Department of Public Health to provide coaches and physical education teachers with valuable information on how to appropriately manage asthma in students in the school setting.

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, 2006, the Regional Office of Education #10 entered into a loan of \$7,220 with National Bank to repay interfund loans. The note has an interest rate of 7.00% and is due on September 30, 2006. The balance due at June 30, 2006 was \$7,220. The short-term debt activity for the year ended June 30, 2006 was as follows:

<u>Balance at July 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2006</u>
<u>\$ 40,977</u>	<u>\$ 7,220</u>	<u>\$ 40,977</u>	<u>\$ 7,220</u>