

State of Illinois
CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
FINANCIAL AUDIT
For the Year Ended June 30, 2015

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

CHRISTIAN/MONTGOMERY COUNTIES
 REGIONAL OFFICE OF EDUCATION #10
 JUNE 30, 2015

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CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
JUNE 30, 2015

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CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
JUNE 30, 2015

OFFICIALS

Regional Superintendent
(During the audit period)

Ms. Marchelle Kassebaum

Assistant Regional Superintendent
(During the audit period)

Mr. Greg Patrick

Offices are located at:

203 South Main Street
Hillsboro, IL 62049

101 South Main Street
Taylorville, IL 62568

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
JUNE 30, 2015

FINANCIAL REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

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

Details of audit findings are presented in a separate report section.

SUMMARY OF FINDINGS AND RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (<i>GOVERNMENT AUDITING STANDARDS</i>)			
2015-001	11a	Controls Over Financial Statement Preparation	Material Weakness

PRIOR FINDINGS NOT REPEATED (*GOVERNMENT AUDITING STANDARDS*)

None

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
JUNE 30, 2015

FINANCIAL REPORT SUMMARY (Concluded)

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on August 12, 2015. Attending were Marchelle Kassebaum, Regional Superintendent; Dawn DeClerck, Controller of the Regional Office; Karen Bojda, Kemper CPA Group, LLP; and Phillip Spencer, Kemper CPA Group, LLP. Responses to the recommendations were provided by Julie Wollerman, Regional Superintendent of the Regional Office of Education #3.

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
JUNE 30, 2015

FINANCIAL STATEMENT REPORT SUMMARY

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

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



INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Christian/Montgomery Counties Regional Office of Education #10, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Christian/Montgomery Counties Regional Office of Education #10's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Christian/Montgomery Counties Regional Office of Education #10, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As disclosed in Notes 1 and 10 to the financial statements, the Christian/Montgomery Counties Regional Office of Education #10 implemented Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, in the current year and has recognized a net pension liability and deferred inflows and outflows of resources related to pensions.

As disclosed in Note 9, the Christian/Montgomery Counties Regional Office of Education #10 will disband effective July 1, 2015.

Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Illinois Municipal Retirement Fund Schedule of Changes in the Net Pension Liability & Related Ratios, and Illinois Municipal Retirement Fund Schedule of Employer Contributions, on pages 14a through 14f, 48, and 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2016, on our consideration of the Christian/Montgomery Counties Regional Office of Education #10's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Christian/Montgomery Counties Regional Office of Education #10's internal control over financial reporting and compliance.



*Certified Public Accountants
and Consultants*

Mattoon, Illinois
August 17, 2016



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

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Christian/Montgomery Counties Regional Office of Education #10, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Christian/Montgomery Counties Regional Office of Education #10's basic financial statements, and have issued our report thereon dated August 17, 2016.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2015-001 to be a material weakness.

Compliance and Other Matters

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

Christian/Montgomery Counties Regional Office of Education #10's Responses to Findings

Christian/Montgomery Counties Regional Office of Education #10's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Kemper CPA Group LLP

*Certified Public Accountants
and Consultants*

Mattoon, Illinois
August 17, 2016

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2015

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes
 - Significant deficiencies identified? None reported
- Noncompliance material to financial statements noted? No

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding No. 2015-001 – Controls over Financial Statement Preparation

Criteria/Specific Requirement:

The Christian/Montgomery Counties Regional Office of Education #10 (ROE) is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The ROE's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills and experience to prepare GAAP basis financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB Statements No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27 and No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68, require governments to record and present net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources and pension expenses. These standards further prescribe the methods and assumptions that are to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of service.

Condition:

The ROE did not have sufficient internal controls over the financial reporting process in order to record and present the pension information in accordance with these standards. The ROE maintains its accounting records on cash basis of accounting during the fiscal year and posts year-end accrual and other applicable entries for financial statement purposes. While the ROE maintains controls over the processing of most accounting transactions and prepares its financial statements, there were not sufficient controls over the preparation of GAAP basis financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Through inquiries and discussions with the ROE's accounting personnel and Regional Superintendent, auditors noted that the ROE did not have adequate controls to record and report the ROE's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources and pension expenses in accordance with GAAP.

Effect:

The ROE's management or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)

Finding No. 2015-001 – Controls over Financial Statement Preparation (Concluded)

Cause:

According to the ROE's management, the complex requirements of GASB Statements No. 68 and No. 71 were new for fiscal year 2015 and will require additional time and training before the ROE can fully implement the requirements on its own.

Auditors' Recommendation:

Since Christian/Montgomery Counties Regional Office of Education #10 has been dissolved and its counties merged into Bond, Effingham, and Fayette Counties Regional Office of Education #3, the Regional Office of Education #3 should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations.

Management's Response:

The Regional Office of Education #10 was unable to complete the reports needed for the audit largely due to the timing of the receipt of needed documents from IMRF. The timing of the receipt of necessary information to implement the new GASB Statements No. 68 and No. 71 did not allow sufficient time for the Regional Office to address the needs for the new requirements.

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
JUNE 30, 2015

CORRECTIVE ACTION PLAN

Finding No. 2015-001 – Controls over Financial Statement Preparation

Condition:

The ROE did not have sufficient internal controls over the financial reporting process in order to record and present the pension information in accordance with these standards. The ROE maintains its accounting records on cash basis of accounting during the fiscal year and posts year-end accrual and other applicable entries for financial statement purposes. While the ROE maintains controls over the processing of most accounting transactions and prepares its financial statements, there were not sufficient controls over the preparation of GAAP basis financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Through inquiries and discussions with the ROE's accounting personnel and Regional Superintendent, auditors noted that the ROE did not have adequate controls to record and report the ROE's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources and pension expenses in accordance with GAAP.

Plan:

As part of internal control over the preparation of financial statements, ROE #3 will implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures will be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations.

Anticipated Date of Completion:

Not applicable

Contact Person Responsible for Corrective Action:

Ms. Julie Wollerman, Regional Superintendent of Regional Office of Education #3

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
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There are no audit findings for the year ended June 30, 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2015

The Christian/Montgomery Counties Regional Office of Education #10 provides this Management's Discussion and Analysis of its financial statements for the fiscal year that ended June 30, 2015. Readers are encouraged to consider the discussion information in conjunction with the financial statements.

2014-2015 (FY15) Financial Highlights:

- Within the Governmental Funds, the General Fund revenues decreased by \$74,159 from \$656,058 in FY14 to \$581,899 in FY15. General Fund expenditures decreased by \$72,185 from \$657,089 in FY14 to \$584,904 in FY15. This was a result of a decrease in County support corresponded with decreased expenditures for operating costs for the program. The decreases also are attributed to TRS on-behalf revenue and expenditures not being recorded by the Regional Office in FY15.
- Within the Governmental Funds, the Special Revenue Fund revenues increased by \$13,916 from \$761,068 in FY14 to \$774,984 in FY15. The Special Revenue Fund expenditures increased by \$16,226 from \$766,182 in FY14 to \$782,408 in FY15. This was a result of an increase in grant funding from the ROE/ISC Operations program, offset by minor decreases in program funding within other Special Revenue Funds.
- Within the Proprietary Funds, revenues decreased by \$15,776 from \$35,622 in FY14 to \$19,846 in FY15. Expenditures decreased by \$9,643 from \$33,053 in FY14 to \$23,410 in FY15. This was the result of an additional assessment to school districts for shift kits that were assembled and distributed by the ROE during FY14. There was no additional assessment in FY15 for these kits.

Using This Report

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

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

Reporting the Office as a Whole

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

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

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

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

**CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2015**

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

The Regional Office has three kinds of funds:

1. Governmental Funds account for the Regional Office's services. Governmental Funds focus on how cash and other financial assets can be readily converted to cash flow and on balances available for spending the next fiscal year. Governmental Fund Statements provide a detailed, short-term view to help determine the level of resources that can finance future office operations. The office's Governmental Funds include the General Fund, Education Fund, Institute Fund, General Education Development Fund, and Other Non-major Funds. The required financial statements for Governmental Funds include a balance sheet; a reconciliation of the funds balance sheet to the statement of net position; a statement of revenues, expenditures, and changes in fund balances; and a reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities.
2. Proprietary Funds include the revenues derived from charges for services, as well as interest. Operating expenses against income determine the operating income or loss in these funds. The required financial statements for Proprietary Funds include a statement of net position; a statement of revenues, expenses, and changes in fund net position; and a statement of cash flows.
3. The Fiduciary Funds report assets in cash and liabilities in amounts due to other governmental units.

ROE #10 Financial Analysis

Below are the following: the Regional Office's Condensed Statement of Net Position and Condensed Statement of Activities. These show assets and liabilities of the office, a breakdown of revenues by source and expenses by activity, as well as the changes in net position over the past fiscal year. The net position at the end of FY15 totaled \$5,530.

**CONDENSED STATEMENT OF NET POSITION
June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current Assets	\$ 96,986	\$ 249,804	\$ 4,204	\$ 7,722	\$ 101,190	\$ 257,526
Capital Assets, net	19,734	5,126	-	17	19,734	5,143
Total Assets	<u>116,720</u>	<u>254,930</u>	<u>4,204</u>	<u>7,739</u>	<u>120,924</u>	<u>262,669</u>
Deferred Outflows of Resources	140,587	-	-	-	140,587	-
Current Liabilities	25,830	168,494	-	-	25,830	168,494
Noncurrent Liabilities	230,151	15,543	-	-	230,151	15,543
Total Liabilities	<u>255,981</u>	<u>184,037</u>	<u>-</u>	<u>-</u>	<u>255,981</u>	<u>184,037</u>
Net Position						
Investment in Capital Assets	19,734	5,126	-	17	19,734	5,143
Restricted - Other	50,890	57,935	-	-	50,890	57,935
Unrestricted	(69,298)	7,832	4,204	7,722	(65,094)	15,554
Total Net Position	<u>\$ 1,326</u>	<u>\$ 70,893</u>	<u>\$ 4,204</u>	<u>\$ 7,739</u>	<u>\$ 5,530</u>	<u>\$ 78,632</u>

**CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2015**

**CHANGES IN NET POSITION
For the Years Ended June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 19,846	\$ 35,622	\$ 19,846	\$ 35,622
Operating grants & contributions	699,811	741,115	-	-	699,811	741,115
General revenues:						
Local sources	111,155	118,651	-	-	111,155	118,651
State sources	230,322	172,080	-	-	230,322	172,080
On-behalf payments	253,358	385,280	-	-	253,358	385,280
Interest	285	614	29	29	314	643
Total revenues	<u>1,294,931</u>	<u>1,417,740</u>	<u>19,875</u>	<u>35,651</u>	<u>1,314,806</u>	<u>1,453,391</u>
Expenses:						
Program expenses:						
Instructional services:						
Salaries & benefits	466,198	563,093	-	-	466,198	563,093
Purchased services	428,630	411,213	-	-	428,630	411,213
Supplies & materials	41,155	24,268	-	-	41,155	24,268
Other objects	6,149	6,696	-	-	6,149	6,696
Payments to other governments	17,092	24,636	-	-	17,092	24,636
Depreciation	3,611	8,020	-	-	3,611	8,020
Pension expense	82,902	-	-	-	82,902	-
Administrative expenses:						
Debt service - interest	4,019	2,215	-	-	4,019	2,215
On-behalf payments	253,358	385,280	-	-	253,358	385,280
Business-type expenses	-	-	23,410	33,053	23,410	33,053
Total expenses	<u>1,303,114</u>	<u>1,425,421</u>	<u>23,410</u>	<u>33,053</u>	<u>1,326,524</u>	<u>1,458,474</u>
Change in net position	(8,183)	(7,681)	(3,535)	2,598	(11,718)	(5,083)
Net position, beginning of year, Restated	<u>9,509</u>	<u>78,574</u>	<u>7,739</u>	<u>5,141</u>	<u>17,248</u>	<u>83,715</u>
Net position, end of year	<u>\$ 1,326</u>	<u>\$ 70,893</u>	<u>\$ 4,204</u>	<u>\$ 7,739</u>	<u>\$ 5,530</u>	<u>\$ 78,632</u>

Governmental Activities

Revenues for governmental activities were \$1,294,931 and expenses were \$1,303,114. The Regional Office experienced a decrease in net position of \$8,183. The decrease was a result of unexpected expenses for Institute Fund seminars.

Financial Analysis of the Regional Office's Funds

As previously noted, the Regional Office uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office's governmental funds reported combined fund balances of \$71,156 for FY15, a decrease of \$10,154 over FY14 fund balances of \$81,310.

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2015

Governmental Fund Highlights:

- County support for the Regional Office remained at FY14 levels in FY15.
- The State aid foundation level was reduced to 89% for the Foundation Level of \$6,119

Proprietary Fund Highlights:

- In FY15, the Regional Office offered 25 administrator and teacher workshops.
- There were 701 teachers and administrators for the region in FY15.

Budgetary Highlights

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

Capital Assets

Capital assets of the Regional Office include office equipment, computers, audio-visual equipment, and office furniture. The Regional Office maintains an inventory of capital assets which have been accumulated over time. Governmental activities net capital assets for FY15 were \$19,734 and for FY14 were \$5,126. Excess current year capital asset additions over current year depreciation expense has caused the net book value of capital assets to increase in FY15. More detailed information about capital assets is available in Note 3 to the financial statements.

Monitoring and Analysis

The following information is intended to document the Regional Superintendent's efforts in continuing to monitor and improve the financial status of the Regional Office. Management and financial staff members review on a continuing basis all parts of the Regional Office's financial statements, including the format, accounting, and reporting of fixed assets and funds. The Superintendent consults regularly and holds periodic meetings on financial issues with Bookkeeping Department staff members, as well as with other staff members (Program Directors) who are in charge of specific programs. Meetings include; analysis of the financial status of the Regional Office and looking at current and expected future funding. Analysis and balancing of funds are accomplished monthly. The Superintendent reviews bills prior to payment, including those bills which are recommended for payment by other members of the management staff. The Superintendent also approves or acknowledges all paid invoices. During meetings with Program Directors and the Bookkeeper, the Superintendent discusses plans for addressing current financial issues. Late payments from the State of Illinois, in previous years a problem, became an even more serious problem in FY12. Short-term borrowing was again utilized as a means of addressing this situation. Had funds not been borrowed, many services would have ceased until late in the calendar year or perhaps after the beginning of the next calendar year when state payments for FY14 were first received. Short term borrowing continued in FY15.

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2015

In addition to holding meetings and other informal conversations with the head Bookkeeper and consultants, the Superintendent, Assistant Superintendent, and Program Directors also meet regularly to review the general financial status of the Regional Office. These meetings include analysis of the status of the Regional Office dependent upon projected grant funding. The intent is to project adequate funding for the Regional Office programming before program plans are carried out and to allow for changes if such changes are deemed necessary. In recent years – until FY09 – funding has generally been sufficient to ensure a basic level of office operation. However, in general, reduced funding over the past decade and late payments from the State of Illinois have had an impact on office operations and the ability to carry out mandated responsibilities. This has been especially true the last seven fiscal years. Reduced state funding has brought about curtailed services. This reduction in service capability continued through FY09, FY10, FY11, FY12, FY13, and FY14. The FY15 Operations budget, for example, did not allow payment for full-time bookkeeping services. In some instances, largely because of staff reductions, services have been eliminated altogether. Constant concern over whether or not a program will be fully funded or even funded at all also is not conducive to encouraging experienced staff members to stay or to attracting qualified new staff members. Borrowing, even for a short time, often results in the payment of interest to the lender, and this deprives the Regional Office's programs of funding that could better be used in the service of constituents, most notably children.

The fiscal year for Christian and Montgomery Counties (December 1 through November 30) does not run concurrent with the fiscal year for the Regional Office grants, and this also is sometimes problematic. Several years ago, a disagreement between the leadership of the two counties over interpretation of the statutory allocation of county funding for the Regional Office resulted in a major funding cut for the Regional Office, a cut that was serious enough that it threatened the Regional Office's capacity to carry out even basic mandated responsibilities. That funding cut made it impossible for the office even to remain open during regular business hours (8:00 a.m. till 4:00 p.m. Monday through Friday). Although this action did not force closing of the office, it made fulfilling state mandates more difficult. In 2005, early talks among all parties brought about some resolution of the issues and resulted in a better financial situation for the Regional Office. The counties' leaders agreed without incident on the following years' budgets. The FY07 budget restored the office at the Taylorville satellite site to four days per week operation; it had been reduced to two days. The office remains open to the public four days per week at the satellite site and five days per week at the Hillsboro main office site. Staff numbers remain lower than they were a few years ago. Some full-time staff members have been replaced by retirees who work on a part-time basis. It is difficult to find individuals willing to work in uncertain conditions such as the office currently offers. Unemployment insurance costs increased as a result of the end-of-the-fiscal year layoffs in FY11. A result of staff reductions has been a decrease in the number of professional development programs the Regional Office can offer to the region's educators, as fewer staff members have been available to organize and oversee the programming and less funding is available to pay for the costs. The Professional Development Co-op and Institute funds are used to provide support on a region wide basis and individual basis depending on the needs of the school. Professional development includes, but not limited to, the implementation of PERA, Danielson, New Illinois State Standards, Next Science Generation Standards and the new state assessment PARCC (Partnership for Assessment of Readiness for College and Careers).

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2015

Level funding has allowed the Regional Office of Education to serve the same amount of students and families in FY15, such as, the Truants' Alternative Program, the Early Childhood Block Grant, and the Regional Safe Schools Program. A state budget that includes a regular, guaranteed revenue stream, with built-in cost-of-living adjustments, would assist the Regional Office in avoiding mid-year and end-of-year cutbacks, as well as reductions in services. It would also be helpful if legislators and the executive branch would conclude their budget negotiations in a timely fashion, by May 31. This would enhance planning as funding letters for individual grants could be mailed and received earlier.

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

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Office's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives.

BASIC FINANCIAL STATEMENTS

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 78,226	\$ 4,204	\$ 82,430
Due from other governments:			
State	3,558	-	3,558
Federal	15,202	-	15,202
Total current assets	<u>96,986</u>	<u>4,204</u>	<u>101,190</u>
NONCURRENT ASSETS			
Capital assets, net of depreciation	<u>19,734</u>	<u>-</u>	<u>19,734</u>
TOTAL ASSETS	<u>116,720</u>	<u>4,204</u>	<u>120,924</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>140,587</u>	<u>-</u>	<u>140,587</u>
LIABILITIES			
CURRENT LIABILITIES			
Note payable	18,760	-	18,760
Due to other governments:			
Local	351	-	351
Unearned revenue	6,719	-	6,719
Total current liabilities	<u>25,830</u>	<u>-</u>	<u>25,830</u>
NONCURRENT LIABILITIES			
Net pension liability	<u>230,151</u>	<u>-</u>	<u>230,151</u>
TOTAL LIABILITIES	<u>255,981</u>	<u>-</u>	<u>255,981</u>
NET POSITION			
Investment in capital assets	19,734	-	19,734
Restricted - other	50,890	-	50,890
Unrestricted	<u>(69,298)</u>	<u>4,204</u>	<u>(65,094)</u>
TOTAL NET POSITION	<u>\$ 1,326</u>	<u>\$ 4,204</u>	<u>\$ 5,530</u>

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT						
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 466,198	\$ -	\$ 463,619	\$ (2,579)	\$ -	\$ (2,579)
Purchased services	428,630	-	154,414	(274,216)	-	(274,216)
Supplies and materials	41,155	-	40,869	(286)	-	(286)
Other objects	6,149	-	5,598	(551)	-	(551)
Depreciation	3,611	-	-	(3,611)	-	(3,611)
Capital outlay	-	-	18,219	18,219	-	18,219
Payments to other governments	17,092	-	17,092	-	-	-
Pension expense	82,902	-	-	(82,902)	-	(82,902)
Administrative:						
Debt service - interest expense	4,019	-	-	(4,019)	-	(4,019)
On-behalf payments - State	253,358	-	-	(253,358)	-	(253,358)
On-behalf payments - County	62,227	-	-	(62,227)	-	(62,227)
Total governmental activities	<u>1,365,341</u>	<u>-</u>	<u>699,811</u>	<u>(665,530)</u>	<u>-</u>	<u>(665,530)</u>
Business-type activities:						
Registration fees	<u>23,410</u>	<u>19,846</u>	<u>-</u>	<u>-</u>	<u>(3,564)</u>	<u>(3,564)</u>
Total business-type activities	<u>23,410</u>	<u>19,846</u>	<u>-</u>	<u>-</u>	<u>(3,564)</u>	<u>(3,564)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 1,388,751</u>	<u>\$ 19,846</u>	<u>\$ 699,811</u>	<u>(665,530)</u>	<u>(3,564)</u>	<u>(669,094)</u>
GENERAL REVENUES:						
Local sources				111,155	-	111,155
State sources				230,322	-	230,322
On-behalf payments - State				253,358	-	253,358
On-behalf payments - County				62,227	-	62,227
Interest income				285	29	314
Total general revenues				<u>657,347</u>	<u>29</u>	<u>657,376</u>
CHANGE IN NET POSITION				(8,183)	(3,535)	(11,718)
NET POSITION - BEGINNING, (Restated - See Note 10)				<u>9,509</u>	<u>7,739</u>	<u>17,248</u>
NET POSITION - ENDING				<u>\$ 1,326</u>	<u>\$ 4,204</u>	<u>\$ 5,530</u>

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Education Fund	Institute Fund	General Education Development	Non-Major Special Revenue	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 20,266	\$ 7,070	\$ 26,870	\$ 15,788	\$ 8,232	\$ 78,226
Due from other governments:						
State	-	3,558	-	-	-	3,558
Federal	-	15,202	-	-	-	15,202
TOTAL ASSETS	\$ 20,266	\$ 25,830	\$ 26,870	\$ 15,788	\$ 8,232	\$ 96,986
LIABILITIES						
Note payable	\$ -	\$ 18,760	\$ -	\$ -	\$ -	\$ 18,760
Due to other governments:						
State	-	351	-	-	-	351
Unearned revenue	-	6,719	-	-	-	6,719
Total Liabilities	-	25,830	-	-	-	25,830
FUND BALANCE						
Restricted	-	-	26,870	15,788	8,232	50,890
Assigned	17,448	-	-	-	-	17,448
Unassigned	2,818	-	-	-	-	2,818
Total Fund Balance	20,266	-	26,870	15,788	8,232	71,156
TOTAL LIABILITIES AND FUND BALANCE	\$ 20,266	\$ 25,830	\$ 26,870	\$ 15,788	\$ 8,232	\$ 96,986

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

CHRISTIAN/MONTGOMERY COUNTIES
 REGIONAL OFFICE OF EDUCATION #10
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 GOVERNMENTAL FUNDS
 JUNE 30, 2015

TOTAL FUND BALANCES—GOVERNMENTAL FUNDS	\$ 71,156
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	19,734
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are not reported in the governmental funds as follows:	
Deferred outflows of resources	140,587
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
IMRF net pension liability	<u>(230,151)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,326</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, 2015

	General Fund	Education Fund	Institute Fund	General Education Development	Non-Major Special Revenue	Total Governmental Funds
REVENUES						
Local sources	\$ 70,120	\$ 22,312	\$ 17,192	\$ 595	\$ 936	\$ 111,155
On-behalf payments - County	62,227	-	-	-	-	62,227
State sources	196,184	607,704	-	-	680	804,568
On-behalf payments - State	253,358	-	-	-	-	253,358
Federal sources	-	125,565	-	-	-	125,565
Total Revenues	<u>581,889</u>	<u>755,581</u>	<u>17,192</u>	<u>595</u>	<u>1,616</u>	<u>1,356,873</u>
EXPENDITURES						
Instructional Services						
Salaries and benefits	-	463,619	18,122	-	-	481,741
Pension expense	2,123	52,599	-	-	-	54,722
Purchased services	266,020	154,414	5,842	26	2,328	428,630
Supplies and materials	20	40,869	-	-	266	41,155
Payments to other governments	-	17,092	-	-	-	17,092
Other objects	551	5,598	-	-	-	6,149
On-behalf payments	315,585	-	-	-	-	315,585
Capital outlay	519	17,700	-	-	-	18,219
Debt service						
Interest expense	86	3,933	-	-	-	4,019
Total Expenditures	<u>584,904</u>	<u>755,824</u>	<u>23,964</u>	<u>26</u>	<u>2,594</u>	<u>1,367,312</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,015)</u>	<u>(243)</u>	<u>(6,772)</u>	<u>569</u>	<u>(978)</u>	<u>(10,439)</u>
OTHER FINANCING SOURCES						
Interest income	107	42	71	42	23	285
Total Other Financing Sources	<u>107</u>	<u>42</u>	<u>71</u>	<u>42</u>	<u>23</u>	<u>285</u>
NET CHANGE IN FUND BALANCE	(2,908)	(201)	(6,701)	611	(955)	(10,154)
FUND BALANCE - BEGINNING	<u>23,174</u>	<u>201</u>	<u>33,571</u>	<u>15,177</u>	<u>9,187</u>	<u>81,310</u>
FUND BALANCE - ENDING	<u>\$ 20,266</u>	<u>\$ -</u>	<u>\$ 26,870</u>	<u>\$ 15,788</u>	<u>\$ 8,232</u>	<u>\$ 71,156</u>

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

NET CHANGE IN FUND BALANCES — GOVERNMENTAL FUNDS \$ (10,154)

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

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

Capital outlay	\$ 18,219	
Depreciation expense	<u>(3,611)</u>	14,608

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

Change in compensated absences		15,543
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Governmental funds report pension contributions as expenditures; however, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions	\$ 54,722	
Cost of benefits earned, net	<u>(82,902)</u>	<u>(28,180)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (8,183)

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-Type Activities – Enterprise Funds	
	Nonmajor Enterprise Funds	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,204	\$ 4,204
TOTAL ASSETS	\$ 4,204	\$ 4,204
NET POSITION		
Unrestricted	\$ 4,204	\$ 4,204
TOTAL NET POSITION	\$ 4,204	\$ 4,204

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities – Enterprise Funds	
	Nonmajor Enterprise Funds	Total
	OPERATING REVENUES	
Local sources	\$ 19,846	\$ 19,846
Total operating revenues	19,846	19,846
OPERATING EXPENSES		
Salaries and benefits	7,461	7,461
Purchased services	15,369	15,369
Supplies and materials	563	563
Depreciation	17	17
Total operating expenses	23,410	23,410
Operating loss	(3,564)	(3,564)
NONOPERATING REVENUES		
Interest income	29	29
CHANGE IN NET POSITION	(3,535)	(3,535)
TOTAL NET POSITION - BEGINNING	7,739	7,739
TOTAL NET POSITION - ENDING	\$ 4,204	\$ 4,204

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, 2015

	Business-Type Activities – Enterprise Funds	
	Nonmajor Enterprise Funds	Total
Cash flows from operating activities:		
Receipts from customers	\$ 19,846	\$ 19,846
Payments to suppliers and providers of goods and services	(15,932)	(15,932)
Payments to employees	(7,461)	(7,461)
Net cash used by operating activities	(3,547)	(3,547)
Cash flows from investing activities:		
Interest income	29	29
Net cash provided by investing activities	29	29
Net decrease in cash and cash equivalents	(3,518)	(3,518)
Cash and cash equivalents - Beginning	7,722	7,722
Cash and cash equivalents - Ending	\$ 4,204	\$ 4,204
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (3,564)	\$ (3,564)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	17	17
Net cash used by operating activities	\$ (3,547)	\$ (3,547)

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

CHRISTIAN/MONTGOMERY COUNTIES
 REGIONAL OFFICE OF EDUCATION #10
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUND
 JUNE 30, 2015

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 73
Due from other governments	571,425
Total Assets	\$ 571,498
LIABILITIES	
Due to other governments	\$ 571,498
Total Liabilities	\$ 571,498

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Christian/Montgomery Counties Regional Office of Education #10 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2015, the Regional Office of Education #10 implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB no. 27*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The Regional Office of Education #10 implemented these standards during the current year. The implementation of GASB Statement No. 68 established new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position was expected to include a significant liability for the government’s proportionate share of employee pension plan. The implementation of GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The implementation of GASB Statement No. 71 resolves an issue related to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability.

A. DATE OF MANAGEMENT’S REVIEW

Management has evaluated subsequent events through August 17, 2016, the date on which the financial statements were available to be issued.

B. FINANCIAL REPORTING ENTITY

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING ENTITY (Concluded)

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

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

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

For the period ended June 30, 2015, the Regional Office of Education #10 applied for, received, and administered numerous State and federal programs and grants in assistance and support of the educational activities of the school districts in Region #10. Such activities are reported as a single special revenue fund (Education Fund).

C. SCOPE OF THE REPORTING ENTITY

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

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. SCOPE OF THE REPORTING ENTITY (Concluded)

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

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

E. PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

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

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

H. FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

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

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

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

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

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

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

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

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

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

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

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Education Fund (Concluded)

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

National School Lunch – This program is funded by federal grants to provide reimbursement of meals through the school lunch program and free or reduced-price meals for students enrolled in the Regional Safe Schools Program.

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

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

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

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

State Free Lunch and Breakfast – This program is funded by State monies to provide free breakfast and lunch to eligible needy students enrolled in the Regional Safe Schools Program.

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

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

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

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Concluded)

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

General Education Development (GED) – Illinois law requires the Regional Superintendent of Schools to administer the GED test. Testing fees provide testing materials and staff salaries.

Nonmajor Special Revenue Funds – The Christian/Montgomery Counties Regional Office of Education #10 reports the following nonmajor governmental fund:

Bus Driver Training – Experienced bus drivers must take a two-hour refresher course annually, while all new drivers must take an eight-hour course in bus driver safety and first aid prescribed by the Illinois State Board of Education and administered by the Regional Office.

PROPRIETARY FUNDS

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

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

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

FIDUCIARY FUNDS

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. FUND ACCOUNTING (Concluded)

FIDUCIARY FUNDS (Concluded)

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

I. GOVERNMENTAL FUND BALANCES

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

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

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

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

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

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. NET POSITION

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

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

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

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

K. CASH AND CASH EQUIVALENTS

The Regional Office of Education #10 considers cash on hand, checking accounts, savings accounts, money market funds, and investments with an original maturity date of less than three months to be cash and cash equivalents. As of June 30, 2015, cash and cash equivalents consisted of cash on deposit.

L. ESTIMATES

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

M. CAPITAL ASSETS

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

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

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. CAPITAL ASSETS (Concluded)

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

N. COMPENSATED ABSENCES

Full-time employees can earn from 10 to 25 vacation days for a full year of service. Part-time employees earn vacation time on a prorated basis. Vacation days may accumulate to a maximum of 20 days per year. Teaching and administrative staff at the Regional Safe School Program are entitled to personal and professional days as stipulated in their contracts but no vacation days. At June 30, 2015, the liability for unused vacation days decreased \$15,543 from the prior year to \$-0-.

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

O. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources are reported in the governmental fund financial statements as unavailable revenue and represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of grant receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the components of the net pension liability that will reduce pension expense in future years.

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

P. BUDGET INFORMATION

The Regional Office of Education #10 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Funds. Certain programs have separate budgets and are required to report to the Illinois State Board of Education; however, none of the annual budgets have been legally adopted, nor are they required to be. Certain programs within the General Fund and Special Revenue Funds do not have separate budgets. Comparisons of budgeted and actual results are presented as supplementary information. Budgetary comparison schedules have been provided in supplementary schedules for the following funds: Early Childhood Block Grant (2014-3705-01), Early Childhood Block Grant (2015-3705-01), Regional Safe Schools, ROE/ISC Operations, Substance Abuse Prevention Program, Title II - Teacher Quality, Truants Alternative and Optional Education, and Title I School Improvement and Accountability.

NOTE 2 – DEPOSITS AND INVESTMENTS

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

A. DEPOSITS

At June 30, 2015, the carrying amount of the Regional Office of Education #10's government-wide and Agency Fund deposits were \$82,430 and \$73, respectively, and the bank balances were \$348,702 and \$304, respectively. Of the total bank balances as of June 30, 2015, \$250,000 was insured by Federal Depository Insurance Corporation, \$93,900 was fully collateralized, and \$5,106 was invested in the Illinois Funds Money Market Fund.

CUSTODIAL CREDIT RISK

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – DEPOSITS AND INVESTMENTS (Concluded)

B. INVESTMENTS

The Regional Office of Education #10 has a formal investment policy that permits it to invest only in certain instruments, including, among others, securities guaranteed by the full faith and credit of the United States of America as to principal and interest; bonds, notes, and similar obligations of the United States of America; interest-bearing deposits or other direct obligations of any bank as defined by the Illinois Banking Act, 205 ILCS 5/1 et seq.; short-term obligations of U.S. corporations with assets exceeding \$500,000,000 if they are rated at the time of purchase at one of the three highest classifications by at least two standard rating services, if they do not exceed 10% of the corporation's outstanding obligations, and if no more than one-third of the Regional Office's funds are invested in commercial paper; and certain money market mutual funds registered under the Federal Investment Company Act of 1940, 14 U.S.C. ¶ 80a-1 et seq. As of June 30, 2015, the Regional Office of Education #10 had deposits totaling \$5,106 in the Illinois Funds Money Market Fund, which is reported as cash and cash equivalents in the financial statements.

CREDIT RISK

At June 30, 2015, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor, and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provision of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

CONCENTRATION OF CREDIT RISK

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

INTEREST RATE RISK

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Regional Office of Education #10 has reported capital assets in the government-wide Statement of Net Position. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2015:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Governmental Activities				
Capital assets being depreciated:				
Furniture and fixtures	\$ 2,343	\$ -	\$ -	\$ 2,343
Equipment	57,518	18,219	18,741	56,996
Total capital assets being depreciated	<u>59,861</u>	<u>18,219</u>	<u>18,741</u>	<u>59,339</u>
Less accumulated depreciation:				
Furniture and fixtures	(2,324)	(19)	-	(2,343)
Equipment	(52,411)	(3,592)	(18,741)	(37,262)
Total accumulated depreciation	<u>(54,735)</u>	<u>(3,611)</u>	<u>(18,741)</u>	<u>(39,605)</u>
Governmental Activities -				
Investment in Capital Assets	<u>\$ 5,126</u>	<u>\$ 14,608</u>	<u>\$ -</u>	<u>\$ 19,734</u>
Business-Type Activities				
Capital assets being depreciated:				
Furniture and fixtures	\$ 663	\$ -	\$ -	\$ 663
Less accumulated depreciation:				
Furniture and fixtures	(646)	(17)	-	(663)
Business-Type Activities -				
Investment in Capital Assets	<u>\$ 17</u>	<u>\$ (17)</u>	<u>\$ -</u>	<u>\$ -</u>

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$3,611 and \$17 was charged to the governmental activities and to the business-type activities, respectively, on the government-wide Statement of Activities for the year ended June 30, 2015. Investment in capital assets is the component of net position that reports capital assets net of accumulated depreciation.

CHRISTIAN/MONTGOMERY COUNTIES
 REGIONAL OFFICE OF EDUCATION #10
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 4 – SHORT-TERM DEBT

The Regional Office of Education #10 obtained short-term loans from a local bank to cover cash shortages created when program expenditures occurred before grant payments were received from the State. The Regional Office received a loan on June 30, 2014, for \$121,423. The note was secured by grant funds from the Education Fund. The note issued on June 30, 2014 had an interest rate of 3.5%. The June 30, 2014 note had an original maturity date of December 31, 2014; however, the maturity date of the loan was later extended to June 30, 2015. Interest expense totaling \$4,019 was reported for this note in the year ending June 30, 2015.

The short-term debt activity for the year ended June 30, 2015, was as follows:

	Balance at July 1, 2014	Additions	Reductions	Balance at June 30, 2015
Note payable	\$121,423	\$ -	\$102,663	\$18,760

NOTE 5 – DEFINED-BENEFIT PENSION PLAN

IMRF Plan Description

The Regional Office of Education #10’s defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #10’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff’s Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

CHRISTIAN/MONTGOMERY COUNTIES
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 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 5 – DEFINED-BENEFIT PENSION PLAN (Continued)

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2014, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	6
Inactive Plan Members entitled to but not yet receiving benefits	16
Active Plan Members	14
Total	36

CHRISTIAN/MONTGOMERY COUNTIES
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 – DEFINED-BENEFIT PENSION PLAN (Continued)

Contributions

As set by statute, the Regional Office of Education #10's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Regional Office of Education #10's annual contribution rate for calendar year 2014 was 15.09%. For the calendar year ended December 31, 2014, the Regional Office of Education #10 contributed \$61,566 to the plan. The Regional Office of Education #10 also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The Regional Office of Education #10's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2014:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 3.5%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

CHRISTIAN/MONTGOMERY COUNTIES
 REGIONAL OFFICE OF EDUCATION #10
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 5 – DEFINED-BENEFIT PENSION PLAN (Continued)

- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	7.60%
International Equity	17%	7.80%
Fixed Income	27%	3.00%
Real Estate	8%	6.15%
Alternative Investments	9%	5.25-8.50%
Cash Equivalents	1%	2.25%
 Total	 100%	

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.56%, and the resulting single discount rate is 7.50%.

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 – DEFINED-BENEFIT PENSION PLAN (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension (Asset) Liability (A) - (B)
Balances at December 31, 2013	\$ 1,475,583	\$ 1,375,023	\$ 100,560
Changes for the year:			
Service Cost	46,048	-	46,048
Interest on the Total Pension Liability	110,281	-	110,281
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	87,151	-	87,151
Changes of Assumptions	58,076	-	58,076
Contributions - Employer	-	61,566	(61,566)
Contributions - Employees	-	18,360	(18,360)
Net Investment Income	-	93,271	(93,271)
Benefit Payments, including Refunds of Employee Contributions	(57,801)	(57,801)	-
Other (Net Transfer)	-	(1,232)	1,232
Net Changes	243,755	114,164	129,591
Balances at December 31, 2014	\$ 1,719,338	\$ 1,489,187	\$ 230,151

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower 6.50%	Current Discount 7.50%	1% Higher 8.50%
Net Pension Liability	\$ 469,700	\$ 230,151	\$ 36,987

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ending June 30, 2015, the Regional Office of Education #10 recognized pension expense of \$82,902. At June 30, 2015, the Regional Office of Education #10 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 – DEFINED-BENEFIT PENSION PLAN (Concluded)

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 59,788	\$ -
Changes of assumptions	39,842	-
Net difference between projected and actual earnings on pension plan investments	8,625	-
Total Deferred Amounts to be recognized in pension expense in future periods	108,255	-
Pension Contributions made subsequent to the Measurement Date	32,332	-
Total Deferred Amounts Related to Pensions	\$ 140,587	\$ -

\$32,332 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2015	\$ 47,753
2016	47,753
2017	10,593
2018	2,156
2019	-
Thereafter	-
Total	\$ 108,255

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – RISK MANAGEMENT

The Regional Office of Education #10 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Regional Office of Education #10 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 7 – DUE TO/FROM OTHER GOVERNMENTS

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

Due from Other Governments:

Education Fund

Illinois State Board of Education	\$ 13,859
Illinois Department of Human Services	4,901

Fiduciary Fund

Illinois State Board of Education	571,425
Total Due from Other Governments	<u>\$ 590,185</u>

Due to Other Governments:

Education Fund

Illinois State Board of Education	\$ 351
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Fiduciary Fund

Local Governments	571,498
	<u>\$ 571,849</u>

NOTE 8 – ON-BEHALF PAYMENTS

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

Regional Superintendent Salary	\$ 106,356
Assistant Regional Superintendent Salary	95,736
Regional Superintendent Benefits (includes State-paid insurance)	20,087
Assistant Regional Superintendent Benefits (includes State-paid insurance)	<u>31,179</u>
Total	<u>\$ 253,358</u>

CHRISTIAN/MONTGOMERY COUNTIES
 REGIONAL OFFICE OF EDUCATION #10
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 8 – ON-BEHALF PAYMENTS (Concluded)

Salary and benefit data for the Regional Superintendent and Assistant Regional Superintendent were calculated based on data provided by the Illinois State Board of Education (ISBE). These amounts have been recorded in the accompanying governmental fund financial statements as State revenue and expenditures of the General Fund.

Christian and Montgomery Counties provide the Regional Office with staff and pay certain expenditures on behalf of the Regional Office. The expenditures paid on the Regional Office of Education #10's behalf for the year ended June 30, 2015, were as follows:

Salaries and benefits	\$ 52,635
Purchased services	8,123
Supplies and materials	<u>1,469</u>
Total	<u>\$ 62,227</u>

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

NOTE 9 – REGIONAL OFFICE OF EDUCATION CONSOLIDATION

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

NOTE 10 – RESTATEMENT

The Regional Office of Education #10 implemented GASB 68 and consequently recognized deferred outflows of resources, deferred inflows of resources, and net pension liability in the current year. The net opening balance of deferred outflows of resources, deferred inflows of resources, and net pension liability was \$61,384. Because these pension-related opening balances reflect pension expenses not previously recognized, the opening net position of the governmental activities on the government-wide Statement of Activities has been restated as follows:

Governmental Activities Net Position

Net position - July 1, 2014	\$ 70,893
Effect of recognizing deferred outflows of resources and net pension liability	<u>(61,384)</u>
Net position, restated - July 1, 2014	<u><u>\$ 9,509</u></u>

REQUIRED SUPPLEMENTARY INFORMATION
(other than Management's Discussion and Analysis)

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
CALENDAR YEAR 2014

Calendar Year Ended December 31,	<u>2014</u>
Total Pension Liability	
Service Cost	\$ 46,048
Interest on the Total Pension Liability	110,281
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience of the Total Pension Liability	87,151
Changes of Assumptions	58,076
Benefit Payments, including Refunds of Employee Contributions	<u>(57,801)</u>
Net Change in Total Pension Liability	243,755
Total Pension Liability - Beginning	<u>1,475,583</u>
Total Pension Liability - Ending (A)	<u><u>\$ 1,719,338</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 61,566
Contributions - Employees	18,360
Net Investment Income	93,271
Benefit Payments, including Refunds of Employee Contributions	(57,801)
Other (Net Transfer)	<u>(1,232)</u>
Net Change in Plan Fiduciary Net Position	114,164
Plan Fiduciary Net Position - Beginning	<u>1,375,023</u>
Plan Fiduciary Net Position - Ending (B)	<u><u>\$ 1,489,187</u></u>
Net Pension Liability - Ending (A) - (B)	<u><u>\$ 230,151</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.61%
Covered Valuation Payroll	407,990
Net Pension Liability as a Percentage of Covered Valuation Payroll	56.41%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CHRISTIAN/MONTGOMERY COUNTIES
 REGIONAL OFFICE OF EDUCATION #10
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 ILLINOIS MUNICIPAL RETIREMENT FUND
 CALENDAR YEAR 2014

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2014	\$ 62,953 *	\$ 61,566	\$ 1,387	\$ 407,990	15.09%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2014 Contribution Rate*

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2014 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age = normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	29-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	4%
<i>Price Inflation:</i>	3%, approximate; No explicit price inflation assumption in used in this valuation
<i>Salary Increases:</i>	4.40% to 16%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
<i>Mortality:</i>	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes: There were no benefit changes during the year

* Based on Valuation Assumptions used in the December 31, 2012, actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

OTHER SUPPLEMENTARY INFORMATION

CHRISTIAN/MONTGOMERY COUNTIES
 REGIONAL OFFICE OF EDUCATION #10
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 JUNE 30, 2015

	<u>Conferences</u>	<u>Fingerprinting</u>	<u>General State Aid - Regional Safe School</u>	<u>TOTALS</u>
ASSETS				
Cash and cash equivalents	\$ 2,818	\$ 8,200	\$ 9,248	\$ 20,266
TOTAL ASSETS	\$ 2,818	\$ 8,200	\$ 9,248	\$ 20,266
FUND BALANCE				
Assigned	\$ -	\$ 8,200	\$ 9,248	\$ 17,448
Unassigned	2,818	-	-	2,818
Total Fund Balance	<u>2,818</u>	<u>8,200</u>	<u>9,248</u>	<u>20,266</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,818	\$ 8,200	\$ 9,248	\$ 20,266

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, 2015

	Conferences	Fingerprinting	General State Aid - Regional Safe School	TOTALS
REVENUES				
Local sources	\$ 8,749	\$ 2,700	\$ 58,671	\$ 70,120
On-behalf payments - County	62,227	-	-	62,227
State sources	-	-	196,184	196,184
On-behalf payments - State	253,358	-	-	253,358
Total Revenues	<u>324,334</u>	<u>2,700</u>	<u>254,855</u>	<u>581,889</u>
EXPENDITURES				
Pension expense	2,123	-	-	2,123
Purchased services	4,780	6,796	254,444	266,020
Supplies and materials	20	-	-	20
Capital outlay	-	-	519	519
Other objects	551	-	-	551
On-behalf payments	315,585	-	-	315,585
Debt service				
Interest expense	-	-	86	86
Total Expenditures	<u>323,059</u>	<u>6,796</u>	<u>255,049</u>	<u>584,904</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>1,275</u>	<u>(4,096)</u>	<u>(194)</u>	<u>(3,015)</u>
OTHER FINANCING SOURCES				
Interest income	11	30	66	107
Total Other Financing Sources	<u>11</u>	<u>30</u>	<u>66</u>	<u>107</u>
NET CHANGE IN FUND BALANCE	1,286	(4,066)	(128)	(2,908)
FUND BALANCE - BEGINNING	<u>1,532</u>	<u>12,266</u>	<u>9,376</u>	<u>23,174</u>
FUND BALANCE - ENDING	<u>\$ 2,818</u>	<u>\$ 8,200</u>	<u>\$ 9,248</u>	<u>\$ 20,266</u>

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2015

	Early Childhood Block Grant	LITES	National School Breakfast	National School Lunch	No Child Left Behind
ASSETS					
Cash and cash equivalents	\$ 857	\$ 1,757	\$ -	\$ -	\$ 3,140
Due from other governments					
State	-	-	-	-	-
Federal	-	-	-	-	-
TOTAL ASSETS	\$ 857	\$ 1,757	\$ -	\$ -	\$ 3,140
LIABILITIES					
Note payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments					
State	351	-	-	-	-
Unearned revenue	506	1,757	-	-	3,140
TOTAL LIABILITIES	857	1,757	-	-	3,140
FUND BALANCE					
Restricted	-	-	-	-	-
Total Fund Balance	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 857	\$ 1,757	\$ -	\$ -	\$ 3,140

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2015

	Regional Safe Schools	ROE/ISC Operations	Rural School Achievement Program	State Free Lunch & Breakfast	Substance Abuse Prevention Program
ASSETS					
Cash and cash equivalents	\$ 246	\$ 414	\$ -	\$ -	\$ 77
Due from other governments					
State	3,558	-	-	-	-
Federal	-	-	-	-	4,901
TOTAL ASSETS	\$ 3,804	\$ 414	\$ -	\$ -	\$ 4,978
LIABILITIES					
Note payable	\$ 3,558	\$ -	\$ -	\$ -	\$ 4,901
Due to other governments					
State	-	-	-	-	-
Unearned revenue	246	414	-	-	77
TOTAL LIABILITIES	3,804	414	-	-	4,978
FUND BALANCE					
Restricted	-	-	-	-	-
Total Fund Balance	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,804	\$ 414	\$ -	\$ -	\$ 4,978

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
JUNE 30, 2015

	Title II - Teacher Quality	Truants Alternative and Optional Education	Title I School Improvement and Accountability	TOTALS
ASSETS				
Cash and cash equivalents	\$ -	\$ 579	\$ -	\$ 7,070
Due from other governments				
State	-	-	-	3,558
Federal	-	-	10,301	15,202
TOTAL ASSETS	\$ -	\$ 579	\$ 10,301	\$ 25,830
LIABILITIES				
Note payable	\$ -	\$ -	\$ 10,301	\$ 18,760
Due to other governments				
State	-	-	-	351
Unearned revenue	-	579	-	6,719
TOTAL LIABILITIES	-	579	10,301	25,830
FUND BALANCE				
Restricted	-	-	-	-
Total Fund Balance	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ 579	\$ 10,301	\$ 25,830

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	Early Childhood Block Grant	LITES	National School Breakfast	National School Lunch	No Child Left Behind
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	427,550	-	-	-	-
Federal sources	-	-	5,477	11,405	-
Total Revenues	<u>427,550</u>	<u>-</u>	<u>5,477</u>	<u>11,405</u>	<u>-</u>
EXPENDITURES					
Salaries and benefits	312,900	-	-	-	-
Pension expense	34,880	-	-	-	-
Purchased services	37,739	-	-	-	-
Supplies and materials	30,526	-	-	-	-
Capital outlay	10,013	-	-	-	-
Payments to other governments	-	-	5,477	11,405	-
Other objects	-	-	-	-	-
Debt service					
Interest expense	1,492	-	-	-	-
Total Expenditures	<u>427,550</u>	<u>-</u>	<u>5,477</u>	<u>11,405</u>	<u>-</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES					
Interest income	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE					
	-	-	-	-	-
FUND BALANCE - BEGINNING					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	Regional Safe Schools	ROE/ISC Operations	Rural School Achievement Program	State Free Lunch & Breakfast	Substance Abuse Prevention Program
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	50,754	57,065	-	210	-
Federal sources	-	-	19,978	-	61,845
Total Revenues	<u>50,754</u>	<u>57,065</u>	<u>19,978</u>	<u>210</u>	<u>61,845</u>
EXPENDITURES					
Salaries and benefits	1,428	23,791	-	-	46,653
Pension expense	-	2,602	-	-	6,106
Purchased services	49,331	13,417	19,978	-	4,167
Supplies and materials	-	5,127	-	-	4,819
Capital outlay	-	7,687	-	-	-
Payments to other governments	-	-	-	210	-
Other objects	-	2,359	-	-	-
Debt service					
Interest expense	-	2,083	-	-	100
Total Expenditures	<u>50,759</u>	<u>57,066</u>	<u>19,978</u>	<u>210</u>	<u>61,845</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(5)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES					
Interest income	5	1	-	-	-
Total Other Financing Sources	<u>5</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	Title II - Teacher Quality	Truants Alternative and Optional Education	Title I School Improvement and Accountability	TOTALS
REVENUES				
Local sources	\$ -	\$ 22,312	\$ -	\$ 22,312
State sources	-	72,125	-	607,704
Federal sources	1,800	-	25,060	125,565
Total Revenues	<u>1,800</u>	<u>94,437</u>	<u>25,060</u>	<u>755,581</u>
EXPENDITURES				
Salaries and benefits	-	67,349	11,498	463,619
Pension expense	-	8,926	85	52,599
Purchased services	1,800	14,538	13,444	154,414
Supplies and materials	-	364	33	40,869
Capital outlay	-	-	-	17,700
Payments to other governments	-	-	-	17,092
Other objects	-	3,239	-	5,598
Debt service				
Interest expense	-	258	-	3,933
Total Expenditures	<u>1,800</u>	<u>94,674</u>	<u>25,060</u>	<u>755,824</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>-</u>	<u>(237)</u>	<u>-</u>	<u>(243)</u>
OTHER FINANCING SOURCES				
Interest income	-	36	-	42
Total Other Financing Sources	<u>-</u>	<u>36</u>	<u>-</u>	<u>42</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>(201)</u>	<u>-</u>	<u>(201)</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>201</u>	<u>-</u>	<u>201</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
EARLY CHILDHOOD BLOCK GRANT (2014-3705-01)
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 435,560	\$ 435,560	\$ 79,566
Total Revenue	<u>435,560</u>	<u>435,560</u>	<u>79,566</u>
EXPENDITURES			
Salaries and benefits	379,115	373,087	60,633
Purchased services	42,697	43,820	7,153
Supplies and materials	10,248	17,003	11,780
Capital outlay	500	500	-
Payments to other governments	3,000	1,150	-
Total Expenditures	<u>435,560</u>	<u>435,560</u>	<u>79,566</u>
NET CHANGE IN FUND BALANCE			
BALANCE (DEFICIT)	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Revenues and expenditures are less than budgeted amounts because the grant ran from July 1, 2013, through August 31, 2014; only part of the grant was received and expended in the current fiscal year.

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
EARLY CHILDHOOD BLOCK GRANT (2015-3705-01)
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 435,560	\$ 348,336	\$ 347,984
Total Revenue	<u>435,560</u>	<u>348,336</u>	<u>347,984</u>
EXPENDITURES			
Salaries and benefits	368,538	286,948	252,267
Pension expense	-	-	34,880
Purchased services	48,098	33,240	30,586
Supplies and materials	17,274	17,274	18,746
Capital outlay	500	9,370	10,013
Payments to other governments	1,150	1,504	-
Debt service			
Interest expense	-	-	1,492
Total Expenditures	<u>435,560</u>	<u>348,336</u>	<u>347,984</u>
NET CHANGE IN FUND BALANCE			
BALANCE (DEFICIT)	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
REGIONAL SAFE SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 51,926	\$ 50,758	\$ 50,754
Total Revenue	<u>51,926</u>	<u>50,758</u>	<u>50,754</u>
EXPENDITURES			
Salaries and benefits	2,596	1,428	1,428
Purchased services	49,330	49,330	49,331
Total Expenditures	<u>51,926</u>	<u>50,758</u>	<u>50,759</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(5)</u>
OTHER FINANCING SOURCES:			
Interest income	-	-	5
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>5</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
ROE/ISC OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
State sources	\$ 57,065	\$ 57,065	\$ 57,065
Total Revenue	<u>57,065</u>	<u>57,065</u>	<u>57,065</u>
EXPENDITURES			
Salaries and benefits	27,245	26,644	23,791
Pension expense	-	-	2,602
Purchased services	14,959	14,115	13,417
Supplies and materials	4,400	4,597	5,127
Capital outlay	7,404	7,298	7,687
Other objects	3,057	4,411	2,359
Debt service			
Interest expense	-	-	2,083
Total Expenditures	<u>57,065</u>	<u>57,065</u>	<u>57,066</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(1)</u>
OTHER FINANCING SOURCES:			
Interest income	-	-	1
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>1</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
SUBSTANCE ABUSE PREVENTION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 70,000	\$ 70,000	\$ 61,845
Total Revenue	<u>70,000</u>	<u>70,000</u>	<u>61,845</u>
EXPENDITURES			
Salaries and benefits	52,940	51,491	46,653
Pension expense	-	-	6,106
Purchased services	9,950	11,399	4,167
Supplies and materials	7,010	7,010	4,819
Debt service			
Interest expense	100	100	100
Total Expenditures	<u>70,000</u>	<u>70,000</u>	<u>61,845</u>
NET CHANGE IN FUND BALANCE (DEFICIT)			
	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING			
	-	-	-
FUND BALANCE (DEFICIT) - ENDING			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TITLE II - TEACHER QUALITY
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 2,048	\$ 2,048	\$ 1,800
Total Revenue	<u>2,048</u>	<u>2,048</u>	<u>1,800</u>
EXPENDITURES			
Purchased services	2,048	2,048	1,800
Total Expenditures	<u>2,048</u>	<u>2,048</u>	<u>1,800</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TRUANTS ALTERNATIVE AND OPTIONAL EDUCATION
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Local sources	\$ -	\$ -	\$ 22,312
State sources	73,792	72,132	72,125
Total Revenue	<u>73,792</u>	<u>72,132</u>	<u>94,437</u>
EXPENDITURES			
Salaries and benefits	59,187	57,477	67,349
Pension expense	-	-	8,926
Purchased services	10,762	11,388	14,538
Supplies and materials	243	138	364
Other Objects	3,000	2,529	3,239
Debt service			
Interest expense	600	600	258
Total Expenditures	<u>73,792</u>	<u>72,132</u>	<u>94,674</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES			
	<u>-</u>	<u>-</u>	<u>(237)</u>
OTHER FINANCING SOURCES:			
Interest income	-	-	36
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>36</u>
NET CHANGE IN FUND BALANCE (DEFICIT)			
	-	-	(201)
FUND BALANCE (DEFICIT) - BEGINNING			
	<u>-</u>	<u>-</u>	<u>201</u>
FUND BALANCE (DEFICIT) - ENDING			
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNT
TITLE I SCHOOL IMPROVEMENT AND ACCOUNTABILITY
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUE			
Federal sources	\$ 47,280	\$ 47,280	\$ 25,060
Total Revenue	<u>47,280</u>	<u>47,280</u>	<u>25,060</u>
EXPENDITURES			
Salaries and benefits	20,219	20,219	11,498
Pension expense	-	-	85
Purchased services	25,879	25,879	13,444
Supplies and materials	1,182	1,182	33
Total Expenditures	<u>47,280</u>	<u>47,280</u>	<u>25,060</u>
NET CHANGE IN FUND BALANCE (DEFICIT)			
	-	-	-
FUND BALANCE (DEFICIT) - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CHRISTIAN/MONTGOMERY COUNTIES
 REGIONAL OFFICE OF EDUCATION #10
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUND
 JUNE 30, 2015

	<u>Bus Driver Training</u>	<u>TOTALS</u>
ASSETS		
Cash and cash equivalents	\$ 8,232	\$ 8,232
TOTAL ASSETS	<u>\$ 8,232</u>	<u>\$ 8,232</u>
FUND BALANCE		
Restricted	\$ 8,232	\$ 8,232
TOTAL FUND BALANCE	<u>\$ 8,232</u>	<u>\$ 8,232</u>

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Bus Driver Training</u>	<u>TOTALS</u>
REVENUES		
Local sources	\$ 936	\$ 936
State sources	680	680
Total Revenues	<u>1,616</u>	<u>1,616</u>
EXPENDITURES		
Purchased services	2,328	2,328
Supplies and materials	266	266
Total Expenditures	<u>2,594</u>	<u>2,594</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(978)</u>	<u>(978)</u>
OTHER FINANCING SOURCES		
Interest income	23	23
Total Other Financing Sources	<u>23</u>	<u>23</u>
NET CHANGE IN FUND BALANCE	(955)	(955)
FUND BALANCE - BEGINNING	<u>9,187</u>	<u>9,187</u>
FUND BALANCE - ENDING	<u>\$ 8,232</u>	<u>\$ 8,232</u>

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2015

	Business-Type Activities – Enterprise Funds		Total
	Co-op	Workshops	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,932	\$ 2,272	\$ 4,204
TOTAL ASSETS	\$ 1,932	\$ 2,272	\$ 4,204
NET POSITION			
Unrestricted	\$ 1,932	\$ 2,272	\$ 4,204
TOTAL NET POSITION	\$ 1,932	\$ 2,272	\$ 4,204

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities – Enterprise Funds		Total
	Co-op	Workshops	
OPERATING REVENUES			
Local sources	\$ 19,416	\$ 430	\$ 19,846
Total operating revenues	<u>19,416</u>	<u>430</u>	<u>19,846</u>
OPERATING EXPENSES			
Salaries and benefits	7,461	-	7,461
Purchased services	14,245	1,124	15,369
Supplies and materials	381	182	563
Depreciation	17	-	17
Total operating expenses	<u>22,104</u>	<u>1,306</u>	<u>23,410</u>
Operating loss	(2,688)	(876)	(3,564)
NONOPERATING REVENUES			
Interest income	<u>20</u>	<u>9</u>	<u>29</u>
CHANGE IN NET POSITION	(2,668)	(867)	(3,535)
TOTAL NET POSITION - BEGINNING	<u>4,600</u>	<u>3,139</u>	<u>7,739</u>
TOTAL NET POSITION - ENDING	<u>\$ 1,932</u>	<u>\$ 2,272</u>	<u>\$ 4,204</u>

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities – Enterprise Funds		Total
	Co-op	Workshops	
Cash flows from operating activities:			
Receipts from customers	\$ 19,416	\$ 430	\$ 19,846
Payments to suppliers and providers of goods and services	(14,626)	(1,306)	(15,932)
Payments to employees	(7,461)	-	(7,461)
Net cash used for operating activities	<u>(2,671)</u>	<u>(876)</u>	<u>(3,547)</u>
Cash flows from investing activities:			
Interest income	20	9	29
Net cash provided by investing activities	<u>20</u>	<u>9</u>	<u>29</u>
Net decrease in cash and cash equivalents	(2,651)	(867)	(3,518)
Cash and cash equivalents - Beginning	<u>4,583</u>	<u>3,139</u>	<u>7,722</u>
Cash and cash equivalents - Ending	<u>\$ 1,932</u>	<u>\$ 2,272</u>	<u>\$ 4,204</u>
Reconciliation of operating loss to net cash used for operating activities:			
Operating loss	\$ (2,688)	\$ (876)	\$ (3,564)
Adjustments to reconcile operating loss to net cash used for operating activities:			
Depreciation	<u>17</u>	<u>-</u>	<u>17</u>
Net cash used for operating activities	<u>\$ (2,671)</u>	<u>\$ (876)</u>	<u>\$ (3,547)</u>

CHRISTIAN/MONTGOMERY COUNTIES
REGIONAL OFFICE OF EDUCATION #10
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>SCHOOL OCCUPATION</u>				
<u>FACILITY TAX</u>				
ASSETS				
Cash and cash equivalents	\$ 2,621	\$ 1,673,118	\$ 1,675,666	\$ 73
Due from other governments	<u>617,896</u>	<u>571,425</u>	<u>617,896</u>	<u>571,425</u>
Total Assets	<u>\$ 620,517</u>	<u>\$ 2,244,543</u>	<u>\$ 2,293,562</u>	<u>\$ 571,498</u>
LIABILITIES				
Due to other governments	<u>\$ 620,517</u>	<u>\$ 2,244,543</u>	<u>\$ 2,293,562</u>	<u>\$ 571,498</u>
Total Liabilities	<u>\$ 620,517</u>	<u>\$ 2,244,543</u>	<u>\$ 2,293,562</u>	<u>\$ 571,498</u>