

**State of Illinois**  
**HAMILTON/JEFFERSON COUNTIES**  
**REGIONAL OFFICE OF EDUCATION #25**  
**FINANCIAL AUDIT**  
**(In Accordance with the Single Audit Act and**  
**OMB Circular A-133)**  
**For the Year Ended June 30, 2006**

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

HAMILTON/JEFFERSON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #25  
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 June 30, 2006

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REGIONAL OFFICE OF EDUCATION #25

OFFICIALS

Regional Superintendent  
(Current and during the Audit Period)

Honorable P.E. Cross

Assistant Regional Superintendent  
(Current and during the Audit Period)

Ms. Cheryl Settle

Offices are located at:

Jefferson County Office  
1714 Broadway  
Mt. Vernon, IL 62864

Hamilton County Office  
Hamilton County Courthouse  
McLeansboro, IL 62859

REGIONAL OFFICE OF EDUCATION #25

COMPLIANCE REPORT SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF AUDIT FINDINGS

| <u>Number of</u>                                     | <u>This Audit</u> | <u>Prior Audit</u> |
|--|-------------------|--------------------|
| Audit findings                                       | 2                 | 1                  |
| Repeated audit findings                              | 1                 | 0                  |
| Prior recommendations implemented<br>or not repeated | 0                 | 2                  |

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

SUMMARY OF FINDINGS AND QUESTIONED COSTS

| <u>Item No.</u>                          | <u>Page</u> | <u>Description</u>                                 |
|--|-------------|--|
| FINDINGS (GOVERNMENT AUDITING STANDARDS) |             |  |
| 06-1                                     | 12a         | Controls over Compliance with Laws and Regulations |
| 06-2                                     | 12c         | Internal Control over Disbursements and Purchases  |

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

NONE

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

NONE

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

NONE

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an informal exit conference on December 11, 2006. Attending were P.E. Cross, Regional Superintendent, and Tami Knight, CPA, Manager, Kemper CPA Group, LLP. Responses to the recommendations were provided by P.E. Cross, Regional Superintendent.

## FINANCIAL STATEMENT REPORT

### SUMMARY

The audit of the accompanying basic financial statements of the Regional Office of Education #25 was performed by Kemper CPA Group LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Regional Office of Education #25's basic financial statements.





## INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #25, as of and for the year ended June 30, 2006, which collectively comprise the Regional Office of Education #25's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Office of Education #25's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #25, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 27, 2006, on our consideration of the Regional Office of Education #25's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 16a-16h, and 48 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Office of Education #25's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurer's and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurer's and Other Entities, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Kemper CPA Group LLP*

*Certified Public Accountants and Consultants*

Mt. Vernon, Illinois  
September 27, 2006

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

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Regional Office of Education #25, as of and for the year ended June 30, 2006, which collectively comprise the Regional Office of Education #25's basic financial statements and have issued our report thereon dated September 27, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Regional Office of Education #25's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Regional Office of Education #25's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 06-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is a material weakness.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Regional Office of Education #25'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*. However, we noted a certain immaterial instance of noncompliance which we reported on the accompanying Schedule of Findings and Questioned Costs as item 06-1.

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

*Kemper CPA Group LLP*

*Certified Public Accountants and Consultants*

Mt. Vernon, Illinois  
September 27, 2006



REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

Honorable William G. Holland  
Auditor General  
State of Illinois

Compliance

We have audited the compliance of the Regional Office of Education #25 with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The Regional Office of Education #25's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Regional Office of Education #25's management. Our responsibility is to express an opinion on the Regional Office of Education #25's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Regional Office of Education #25's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Regional Office of Education #25's compliance with those requirements.

In our opinion, Regional Office of Education #25 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

## Internal Control Over Compliance

The management of the Regional Office of Education #25 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Regional Office of Education #25's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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

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

*Kemper CPA Group LLP*

*Certified Public Accountants and Consultants*

Mt. Vernon, Illinois  
September 27, 2006

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2006

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Reportable condition(s) identified that are not considered to be material weakness(es)? No
- Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? No
- Reportable condition(s) identified that are not considered to be material weakness(es)? No

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)? No

Identification of **major** programs:

| <b>CFDA Number(s)</b> | <b>Name of Federal Program or Cluster</b> |
|-----------------------|---|
| 84.213C               | Even Start                                |
| 84.289A               | Standard Aligned Classroom                |

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

Auditee qualified as a low-risk auditee? Yes

HAMILTON/JEFFERSON REGIONAL OFFICE OF EDUCATION #25  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding No. 06-1 – Controls Over Compliance with Laws and Regulations (Repeat 05-1)**

**Criteria/specific requirements:**

- A. The Illinois School Code 105 ILCS 5/3-14.11 states that the Regional Superintendent shall examine at least once each year all books, accounts and vouchers of every school treasurer in his educational service region, and if he finds any irregularities in them, to report them at once, in writing, to the trustees in Class II county school units, to the respective school boards of those school districts which form a part of a Class II county school unit but which are not subject to the jurisdiction of the trustees of schools of any township in which any such district is located, or to the respective school boards of the district in Class I county school units whose duty it shall be to take immediately such action as the case demands. (This mandate has existed in its current form since at least 1953.)
- B. The Illinois School Code 105 ILCS 5/3-5 states that the county superintendent shall present under oath or affirmation to the county board at its meeting in September and as nearly quarterly thereafter as it may have regular or special meetings, a report of all his acts as county superintendent, including a list of all the schools visited with the dates of visitation. (This mandate has existed in its current form since at least 1953.)
- C. The Illinois School Code 105 ILCS 5/3-14.5 requires the Regional Superintendent to visit each public school in the county at least once a year, noting the methods of instruction, the branches taught, the text-books used, and the discipline, government and general condition of the schools. (This mandate has existed in its current form since at least 1953.)

**Conditions:**

- A. The Regional Office is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent has been examining school district financial statements on an annual basis.
- B. The Regional Office of Education #25 did not present at the September county board meeting and as nearly quarterly thereafter, a report of all his acts including a list of all the schools visited and dates of visitation. The Regional Superintendent does submit an annual report each fall to the county boards in the region.
- C. The Regional Office of Education #25 performs compliance inspections for each public school in his Region on a rotational basis every 3 years instead of annually. While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.

**Effects:**

The Regional Office of Education #25 did not comply with statutory requirements.



HAMILTON/JEFFERSON REGIONAL OFFICE OF EDUCATION #25  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding No. 06-1 – Controls Over Compliance with Laws and Regulations (Repeat 05-1), Continued**

**Causes:**

- A. The level of financial review performed by the Regional Superintendent is not adequate to comply with the statute.
- B. The Regional Superintendent does present an annual report to the county boards, but the Regional Superintendent does not attend county board meetings quarterly and was unaware of the specific details required to be provided at the meetings.
- C. The Regional Superintendent believed that the periodic compliance visits completed at the public schools were sufficient to satisfy the statutory requirement.

**Recommendations:**

- A. The Regional Office of Education #25 should comply with the requirements of 105 ILCS 5/3-14.11.
- B. The Regional Superintendent should attend the county board meeting in September and quarterly thereafter and present a report of all of his acts as county superintendent, including a list of all the schools visited with the dates of visitation as required by 105 ILCS 5/3-5.
- C. The Regional Superintendent should visit each public school annually to review all items noted in the statute as required by 105 ILCS 5/3-14.5.

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

**Management's responses:**

- A. The Illinois Association of Regional Superintendents of Schools and the Illinois State Board of Education have agreed to seek legislation to remove duplicative and/or obsolete sections of the Illinois School Code. Both parties agree that section 5/3-7 of the Illinois School Code is a more current, thorough, and comprehensive requirement concerning a public school district's financial transactions. As a result, the two parties working together will seek legislation to repeal section 5/3-14.11 of the Illinois School Code.
- B. The Regional Superintendent agrees with the finding.
- C. The Illinois Association of Regional Superintendents of Schools and the Illinois State Board of Education have agreed to seek legislation to remove duplicative and/or obsolete sections of the Illinois School Code. Both parties agree that section 1.20 of the 23<sup>rd</sup> Illinois Administrative Code is a more current, thorough, and comprehensive requirement concerning visitation of public schools by the Regional Superintendent. As a result, the two parties working together will seek legislation to repeal section 5/3-14.5 of the Illinois School Code.

HAMILTON/JEFFERSON REGIONAL OFFICE OF EDUCATION #25  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding No. 06-2 – Internal Control over Disbursements and Purchases**

**Criteria/specific requirement:**

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over disbursements and purchases to prevent errors and fraud.

**Condition:**

- A. The Regional Office made disbursements from a vendor's statements instead of the original invoices. As a result, an invoice in the amount of \$48.25 was paid three times and an invoice in the amount of \$1,789.48 was paid twice. The duplicate payments were credited to the Regional Office's account with the vendors.

In addition, the Regional Office made a disbursement from copies of two invoices.

- B. Total charges exceeding \$10,000 for fiscal year 2006 were paid on a department store credit card. The Regional Office made payments to the credit card as employees submitted individual receipts rather than from a reconciled monthly statement. The Regional Office did not reconcile the monthly statement to ensure all receipts had been submitted, paid and were for a legitimate business purpose. Consequently, the Regional Office had purchases on the monthly statements for which receipts were not submitted and no payments were made, resulting in the Regional Office incurring finance and late charges. On eight of twelve monthly statements there were charges where the receipts had not been turned in for payment and the Regional Office incurred finance charges of \$12.26 and late charges totaling \$111.31. In addition, five charges totaling \$434.46 had been paid twice.

**Effect:**

- A. Duplicate payments of expenditures are possible when disbursements are made from a statement or copy of invoice instead of the original invoice.
- B. Inappropriate purchases, duplicate payment of expenditures, and incurring of finance charges are possible when the original receipts are not reconciled to the monthly credit card statements.

**Cause:**

- A. The Regional Office is not following their established internal control procedures.
- B. The Regional Office has not developed proper internal control procedures over credit card purchases and payments.

**Auditors' Recommendation:**

- A. The Regional Office should prepare disbursements from original invoices. Any subsequent statement received should be marked "Statement" to prevent any possible duplicate payment.
- B. The Regional Office should ensure that all original credit card receipts are approved by the appropriate level of management and reconciled to the original monthly statement to verify that all charges are appropriate, authorized, and paid in a timely manner. Credit card payments should be made from the reconciled monthly statement, with all supporting receipts attached, to ensure that the total balance is paid in full each month.

**Management's Response:**

- A. The Regional Superintendent agrees with the finding.
- B. The Regional Superintendent agrees with the finding. After learning of the internal control deficiencies, the Regional Office of Education #25 has implemented corrective procedures. Now, all credit card receipts are reconciled to the credit card statement and payments are made in a timely manner from the reconciled monthly statements.

HAMILTON/JEFFERSON REGIONAL OFFICE OF EDUCATION #25  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006

**SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:**

**INSTANCES OF NONCOMPLIANCE:**

NONE

**REPORTABLE CONDITIONS:**

NONE

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
JUNE 30, 2006

**Corrective Action Plan**

**Finding No. 06-1**

**Condition:**

- A. The Regional Office is not examining all books, accounts, and vouchers of every school treasurer in his educational service area at least once each year. Regional Office officials noted that they believe this mandate is outdated and that they are satisfying the intent of the statute by other reviews they undertake. For example, the Regional Superintendent has been examining school district financial statements on an annual basis.
- B. The Regional Office of Education #25 did not present at the September county board meeting and as nearly quarterly thereafter, a report of all his acts including a list of all the schools visited and dates of visitation. The Regional Superintendent does submit an annual report each fall to the county boards in the region.
- C. The Regional Office of Education #25 performs compliance inspections for each public school in his Region on a rotational basis every 3 years instead of annually. While the Illinois Public School Accreditation Process Compliance Component document completed at these inspections includes many of the items delineated in 105 ILCS 5/3-14.5, it does not include a review of the methods of instruction and the textbooks used in the district.

**Plan:**

- A. The Regional Office of Education #25 will comply with the requirements of 105 ILCS 5/3-14.11.
- B. The Regional Superintendent will attend the county board meeting in September and quarterly thereafter and present a report of all of his acts as county superintendent, including a list of all the schools visited with the dates of visitation as required by 105 ILCS 5/3-5.
- C. The Regional Superintendent will visit each public school annually to review all items noted in the statute as required by 105 ILCS 5/3-14.5.

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

**Anticipated Completion Date:**

Immediately upon learning of the oversight.

**Contact Person:**

Honorable P.E. Cross, Regional Superintendent of Schools

**Finding No. 06-2**

**Condition:**

- A. The Regional Office made disbursements from a vendor's statements instead of the original invoices. As a result, an invoice in the amount of \$48.25 was paid three times and an invoice in the amount of \$1,789.48 was paid twice. The duplicate payments were credited to the Regional Office's account with the vendors.

In addition, the Regional Office made a disbursement from copies of two invoices.

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
JUNE 30, 2006

**Corrective Action Plan**

**Finding No. 06-2, (Concluded)**

- B. Total charges exceeding \$10,000 for fiscal year 2006 were paid on a department store credit card. The Regional Office made payments to the credit card as employees submitted individual receipts rather than from a reconciled monthly statement. The Regional Office did not reconcile the monthly statement to ensure all receipts had been submitted, paid and were for a legitimate business purpose. Consequently, the Regional Office had purchases on the monthly statements for which receipts were not submitted and no payments were made, resulting in the Regional Office incurring finance and late charges. On eight of twelve monthly statements there were charges where the receipts had not been turned in for payment and the Regional Office incurred finance charges of \$12.26 and late charges totaling \$111.31. In addition, five charges totaling \$434.46 had been paid twice.

**Plan:**

- A. The Regional Office will prepare disbursements from original invoices. Any subsequent statement received will be marked "Statement" to prevent any possible duplicate payment.
- B. The Regional Office will ensure that all original credit card receipts are approved by the appropriate level of management and reconciled to the original monthly statement to verify that all charges are appropriate, authorized, and paid in a timely manner. Credit card payments will be made from the reconciled monthly statement, with all supporting receipts attached, to ensure that the total balance is paid in full each month.

**Anticipated Completion Date:**

Immediately upon learning of the oversight.

**Contact Person:**

Honorable P.E. Cross, Regional Superintendent of Schools

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2006

| <u>Finding No.</u> | <u>Condition</u>                                   | <u>Current Status</u> |
|--------------------|--|-----------------------|
| 05-1               | Controls Over Compliance with Laws and Regulations | Repeat 06-1           |

## MANAGEMENT'S DISCUSSION AND ANALYSIS

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2006

The Regional Office of Education #25 for Hamilton and Jefferson Counties provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2006. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements which follows.

2006 Financial Highlights

- Within the Governmental Funds, the General Fund revenues were \$933,299 and \$926,249 in fiscal year 2006 and 2005, respectively. General Fund expenditures were \$1,055,107 and \$966,092 for fiscal year 2006 and 2005, respectively. These increases are a result of an increase in participants through the University College classes fund which increased revenue and expenses.
- Within the Governmental Funds, the Special Revenue Funds recorded total revenues of \$2,358,064 and \$2,470,629 in fiscal year 2006 and 2005, respectively. The Special Revenue Funds recorded total expenditures of \$2,361,531 and \$2,441,436 for fiscal year 2006 and 2005, respectively. This decrease in revenue is due to a loss of federal funding in the Title I Reading First Part B SEA Funds, COPS, Job Training Partnership Act, McKinney Education for Homeless Children, and Technology Enhancing Education – Competitive funds. The increase in expenditures is due to additional staff being hired or staff becoming full-time instead of part-time on programs such as Title I School Improvement and Accountability System of Support.
- The Proprietary Fund revenues were \$156,493 and \$122,659 in fiscal year 2006 and 2005, respectively. Proprietary Fund expenses were \$154,603 and \$133,381 for fiscal year 2006 and 2005, respectively. This increase in revenue and expenses is attributable to a reclassification of the finger printing fund as a proprietary fund in fiscal year 2006.

Using This Report

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office's financial activities.
- The government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the Regional Office of Education as a whole and present an overall view of the Office's finances.
- Fund financial statements report the Regional Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the financial statements provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements and supplementary information provides detail information about the non-major funds.



HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2006

Reporting the Office as a Whole

The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the Regional Office of Education #25 as a whole. The Statement of Net Assets includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid, using accounting methods similar to those used by private-sector companies.

The two government-wide statements report the Office's net assets and how they have changed. Net assets - the difference between the assets and liabilities - are one way to measure the Office's financial health or position.

- Over time, increases or decreases in the net assets can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office's overall health, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the state level need to be considered.

In the government-wide financial statements, the Regional Office of Education #25's activities are divided into two categories:

- **Governmental activities:** Most of the Regional Office of Education #25's basic services are included here, such as regular and special education instruction, student and instructional staff support services and administration. Local school districts, federal and State grants and State aid finance most of these activities.
- **Business-type activities:** The Regional Office of Education #25 charges fees to help cover the costs of certain services and workshops it provides.

The fund financial statements provide detailed information about the Regional Office's funds, focusing on its most significant or "major" funds - not the Regional Office of Education #25 as a whole. Funds are accounting devices which allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office of Education #25 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2006

Reporting the Office as a Whole (Concluded)

- 1) Governmental funds account for all of the Office's services. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Regional Office of Education #25's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation between the government-wide statements and the governmental fund statements follows each of the related governmental fund statements. The Regional Office of Education #25's governmental funds include: the General Fund and the Special Revenue Funds. The governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.
- 2) Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the Regional Office of Education #25's service region on a cost reimbursement basis is reported. The proprietary funds required financial statements include a Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows.
- 3) Fiduciary funds are used to account for assets held by the Regional Office of Education #25 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Regional Office of Education #25 excludes these assets from the government-wide financial statements because it cannot use these assets to finance its operations. The fiduciary funds required financial statements include a Statement of Fiduciary Net Assets.

Government-Wide Financial Analysis

The Statement of Net Assets reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The difference between the Regional Office of Education #25's assets and liabilities is its net assets. As noted earlier, net assets may serve over time as a useful indicator of financial position. The Hamilton/Jefferson Counties Regional Office of Education #25 net assets at the end of fiscal year 2006 totaled \$327,819. This compared to \$475,872 at the end of fiscal year 2005.

This section will explain the differences between the current and prior year's assets, liabilities, and changes in net assets. The Regional Office of Education #25's financial activities include both governmental and business-type activities. The analysis that follows provides a summary of the Regional Office of Education's net assets at June 30, 2006 and 2005 for the governmental and business-type activities.

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2006

Government-Wide Financial Analysis (Continued)

CONDENSED STATEMENT OF NET ASSETS

GOVERNMENTAL ACTIVITIES

|   | 2006       | 2005       | Increase /<br>(Decrease) |
|---|------------|------------|--------------------------|
| Current Assets                                  | \$ 573,484 | \$ 540,650 | 32,834                   |
| Capital Assets, being depreciated, net          | 66,560     | 83,882     | (17,322)                 |
| Total Assets                                    | 640,044    | 624,532    | 15,512                   |
| Current Liabilities                             | 346,792    | 181,337    | 165,455                  |
| Net Assets:                                     |            |            |                          |
| Invested in Capital Assets                      | 66,560     | 83,882     | (17,322)                 |
| Unrestricted                                    | 214,543    | 351,550    | (137,007)                |
| Restricted for teacher professional development | 12,149     | 7,763      | 4,386                    |
| Total Net Assets                                | \$ 293,252 | \$ 443,195 | (149,943)                |

The Regional Office of Education #25's governmental assets exceeded governmental liabilities (net assets) by \$293,252 at the close of the fiscal year. Cash and cash equivalents made up the majority of assets. The increase in current assets is attributable to the increase in current liabilities; accrued expenditures that had not yet been paid as of the fiscal year end. In addition, net assets related to the Institute Fund are considered restricted for teacher professional development.

BUSINESS-TYPE ACTIVITIES

|  | 2006      | 2005      | Increase /<br>(Decrease) |
|--|-----------|-----------|--------------------------|
| Current Assets                         | \$ 34,283 | \$ 30,969 | 3,314                    |
| Capital Assets, being depreciated, net | 6,650     | 1,708     | 4,942                    |
| Total Assets                           | 40,933    | 32,677    | 8,256                    |
| Current Liabilities                    | 6,366     | -         | 6,366                    |
| Net Assets:                            |           |           |                          |
| Invested in Capital Assets             | 6,650     | 1,708     | 4,942                    |
| Unrestricted                           | 27,917    | 30,969    | (3,052)                  |
| Total Net Assets                       | \$ 34,567 | \$ 32,677 | 1,890                    |

The Regional Office of Education #25 uses its business-type net assets to provide workshop, testing services, and finger printing services to school districts in the region and surrounding areas. The decrease in the unrestricted net assets of the business-type fund was due the purchase of equipment in the Testing fund.

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2006

Government-Wide Financial Analysis (Continued)

STATEMENT OF ACTIVITIES  
GOVERNMENTAL ACTIVITIES

|                                    | <u>2006</u>       | <u>2005</u>       | <u>Increase /<br/>(Decrease)</u> |
|------------------------------------|-------------------|-------------------|----------------------------------|
| Revenues:                          |                   |                   |                                  |
| Program Revenues:                  |                   |                   |                                  |
| Operating grants and contributions | \$ 1,743,651      | \$ 1,867,116      | (123,465)                        |
| General Revenues:                  |                   |                   |                                  |
| Local sources                      | 921,056           | 813,740           | 107,316                          |
| State sources                      | 494,587           | 454,388           | 40,199                           |
| On-behalf payments - State         | 261,113           | 289,544           | (28,431)                         |
| Investment earnings                | 37,768            | 3,869             | 33,899                           |
| Total Revenues                     | <u>3,458,175</u>  | <u>3,428,657</u>  | 29,518                           |
| Expenses:                          |                   |                   |                                  |
| Program Expenses:                  |                   |                   |                                  |
| Instructional Services             |                   |                   |                                  |
| Salaries and benefits              | 1,660,985         | 1,571,249         | 89,736                           |
| Purchased services                 | 1,311,234         | 1,346,546         | (35,312)                         |
| Supplies and materials             | 144,601           | 179,401           | (34,800)                         |
| Other objects                      | 54                | -                 | 54                               |
| Payments to other governments      | 200,636           | -                 | 200,636                          |
| Depreciation expense               | 29,495            | 33,675            | (4,180)                          |
| Administrative Expense:            |                   |                   |                                  |
| On-behalf payments - State         | 261,113           | 289,544           | (28,431)                         |
| Total Expenses                     | <u>3,608,118</u>  | <u>3,420,415</u>  | 187,703                          |
| Change in Net Assets               | (149,943)         | 8,242             | (158,185)                        |
| Net Assets - Beginning             | <u>443,195</u>    | <u>434,953</u>    | 8,242                            |
| Net Assets - Ending                | <u>\$ 293,252</u> | <u>\$ 443,195</u> | (149,943)                        |

Program revenues decreased mainly due to a loss of federal funding in the Title I Reading First Part B SEA Funds, COPS, Job Training Partnership Act, McKinney Education for Homeless Children, and Technology Enhancing Education – Competitive funds. An increase in general revenues such as local revenue and investment earnings helped to offset the decrease in revenue from program revenue in FY06. Salaries and benefits increased approximately \$90,000 from fiscal year 2005 to 2006; this was the result of several employees retiring in FY04 that were not replaced until FY06 as well as several employees working full-

HAMILTON/JEFFERSON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #25  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 For the Year Ended June 30, 2006

Government-Wide Financial Analysis (Concluded)

time instead of part-time in FY06. Also, the decrease in purchased services resulted from reclassifying payments to other governments as a separate line item in FY06 as compared to FY05 when those amounts were included with purchased services.

| BUSINESS-TYPE ACTIVITIES |            |            |                          |
|--------------------------|------------|------------|--------------------------|
|                          | 2006       | 2005       | Increase /<br>(Decrease) |
| Revenues:                |            |            |                          |
| Program Revenues:        |            |            |                          |
| Charges for Services     | \$ 156,493 | \$ 122,659 | 33,834                   |
| Total Revenues           | 156,493    | 122,659    | 33,834                   |
| Expenses:                |            |            |                          |
| Program Expenses:        |            |            |                          |
| Instructional Services   |            |            |                          |
| Salaries and Benefits    | 29,982     | 27,816     | 2,166                    |
| Purchased Services       | 119,170    | 102,023    | 17,147                   |
| Supplies and Materials   | 3,528      | 2,637      | 891                      |
| Other objects            | 75         | -          | 75                       |
| Depreciation Expense     | 1,848      | 905        | 943                      |
| Total Expenses           | 154,603    | 133,381    | 21,222                   |
| Change in Net Assets     | 1,890      | (10,722)   | 12,612                   |
| Net Assets - Beginning   | 32,677     | 43,399     | (10,722)                 |
| Net Assets - Ending      | \$ 34,567  | \$ 32,677  | 1,890                    |

This increase in revenue and expenses is attributable to a reclassification of the finger printing fund as a proprietary fund in fiscal year 2006.

Financial Analysis of the Regional Office of Education #25 Funds

As previously noted, the Regional Office of Education #25 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Regional Office of Education #25's governmental funds reported combined fund balances of \$284,535 and \$372,042 for fiscal year end June 30, 2006 and 2005, respectively.

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2006

Financial Analysis of the Regional Office of Education #25 Funds (Concluded)

- The General Fund is the principal operating fund. The fund balance in the general fund increased from \$53,170 to \$57,017. The increase is due to increased funding for the following programs: Office Operations, Region VI Illinois Association of Regional Superintendents of Schools, and Regional In-service Meeting funds.
- The Special Revenue funds decreased from the prior year in the amount of \$34,337 to an ending fund balance of \$227,518. This decrease is due to reduction in federal funding for the Title I Reading First Part B SEA Funds, COPS, Job Training Partnership Act, McKinney Education for Homeless Children, and Technology Enhancing Education – Competitive funds. This revenue decrease combined with an increase of expenditures resulted in the net decrease.
- The Proprietary funds increased from the prior year in the amount of \$1,890 to an ending net asset balance of \$34,567. This increase primarily relates to the reclassification of the finger printing fund to a proprietary fund in FY06.

Budgetary Highlights

The Regional Office of Education #25 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Fund. Certain programs have separate budgets and are required to report to the Illinois State Board of Education but are not required to be legally adopted. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board. The General Fund and certain programs within the Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results are presented as supplemental information in this report.

Capital Assets

Capital Assets of the Regional Office of Education #25 include office equipment, computers, audio-visual equipment and office furniture. The Regional Office of Education #25 maintains an inventory of capital assets which have been accumulated over time. The increase for FY06 in the governmental activities was \$12,173 and \$6,790 in the business-type activities and came as a result of grant money and other funds being used to purchase equipment. No fixed assets were disposed of during the year. In addition, the Regional Office of Education #25 has adopted a depreciation schedule which reflects the level of Net Governmental and Business-Type Activities Capital Assets. More detailed information about capital assets is available in Note 6 to the financial statements.

Economic Factors and Next Year's Budget

Some of the most important factors affecting the financial health of the Regional Office in the future are:

- The State of Illinois Foundation level used in the calculation per student;

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2006

Economic Factors and Next Year's Budget (Concluded)

- The interest rate on investments;
- Grants that remain at constant levels or are reduced drastically; and
- County Board support dollars that remain at constant levels or are increased slightly.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Offices' citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact the Regional Superintendent of the Regional Office of Education #25 at 1714 Broadway, Mt. Vernon, Illinois 62864.

## BASIC FINANCIAL STATEMENTS



HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2006

|   | Primary Government         |                             |                   |
|---|----------------------------|-----------------------------|-------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total             |
| <b>ASSETS</b>                                   |                            |                             |                   |
| Current assets:                                 |                            |                             |                   |
| Cash  | \$ 488,902                 | \$ 21,147                   | \$ 510,049        |
| Due from other funds                            | 6,366                      | -                           | 6,366             |
| Due from other governments:                     |                            |                             |                   |
| Local   | 26,431                     | 13,136                      | 39,567            |
| State   | 25,499                     | -                           | 25,499            |
| Federal   | 26,286                     | -                           | 26,286            |
| Total current assets                            | <u>573,484</u>             | <u>34,283</u>               | <u>607,767</u>    |
| Noncurrent assets:                              |                            |                             |                   |
| Capital assets, being depreciated, net          | 66,560                     | 6,650                       | 73,210            |
| Total noncurrent assets                         | <u>66,560</u>              | <u>6,650</u>                | <u>73,210</u>     |
| <b>TOTAL ASSETS</b>                             | <u>640,044</u>             | <u>40,933</u>               | <u>680,977</u>    |
| <b>LIABILITIES</b>                              |                            |                             |                   |
| Current liabilities:                            |                            |                             |                   |
| Accounts payable                                | 280,634                    | -                           | 280,634           |
| Due to other funds                              | -                          | 6,366                       | 6,366             |
| Deferred revenue                                | 66,158                     | -                           | 66,158            |
| Total current liabilities                       | <u>346,792</u>             | <u>6,366</u>                | <u>353,158</u>    |
| <b>TOTAL LIABILITIES</b>                        | <u>346,792</u>             | <u>6,366</u>                | <u>353,158</u>    |
| <b>NET ASSETS</b>                               |                            |                             |                   |
| Invested in capital assets                      | 66,560                     | 6,650                       | 73,210            |
| Unrestricted                                    | 214,543                    | 27,917                      | 242,460           |
| Restricted for teacher professional development | 12,149                     | -                           | 12,149            |
| <b>TOTAL NET ASSETS</b>                         | <u>\$ 293,252</u>          | <u>\$ 34,567</u>            | <u>\$ 327,819</u> |

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

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006

| FUNCTIONS/PROGRAMS              | Program Revenues    |                         |  | Net (Expense) Revenue and<br>Changes in Net Assets |                             |                    |
|---------------------------------|---------------------|-------------------------|--|--|-----------------------------|--------------------|
|                                 | Expenses            | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Primary Government                                 |                             |                    |
|                                 |                     |                         |  | Governmental<br>Activities                         | Business-Type<br>Activities | Total              |
| Primary government:             |                     |                         |  |  |                             |                    |
| Governmental activities:        |                     |                         |  |  |                             |                    |
| Current:                        |                     |                         |  |  |                             |                    |
| Instructional services:         |                     |                         |  |  |                             |                    |
| Salaries and benefits           | \$ 1,660,985        | \$ -                    | \$ 1,067,108                             | \$ (593,877)                                       | \$ -                        | \$ (593,877)       |
| Purchased services              | 1,311,234           | -                       | 392,453                                  | (918,781)  | -                           | (918,781)          |
| Supplies and materials          | 144,601             | -                       | 76,806                                   | (67,795)   | -                           | (67,795)           |
| Capital outlay                  | -                   | -                       | 6,648                                    | 6,648  | -                           | 6,648              |
| Other objects                   | 54                  | -                       | -  | (54)   | -                           | (54)               |
| Payments to other governments   | 200,636             | -                       | 200,636                                  | -  | -                           | -                  |
| Depreciation                    | 29,495              | -                       | -  | (29,495)   | -                           | (29,495)           |
| Administrative:                 |                     |                         |  |  |                             |                    |
| On-behalf payments - State      | 261,113             | -                       | -  | (261,113)  | -                           | (261,113)          |
| Total governmental activities   | <u>3,608,118</u>    | <u>-</u>                | <u>1,743,651</u>                         | <u>(1,864,467)</u>                                 | <u>-</u>                    | <u>(1,864,467)</u> |
| Business-type activities:       |                     |                         |  |  |                             |                    |
| Registration/Testing Fee        | 154,603             | 156,493                 | -  | -  | 1,890                       | 1,890              |
| Total business-type activities  | <u>154,603</u>      | <u>156,493</u>          | <u>-</u>                                 | <u>-</u>   | <u>1,890</u>                | <u>1,890</u>       |
| <b>TOTAL PRIMARY GOVERNMENT</b> | <u>\$ 3,762,721</u> | <u>\$ 156,493</u>       | <u>\$ 1,743,651</u>                      | <u>(1,864,467)</u>                                 | <u>1,890</u>                | <u>(1,862,577)</u> |
| GENERAL REVENUES:               |                     |                         |  |  |                             |                    |
| Local sources                   |                     |                         |  | 921,056  | -                           | 921,056            |
| State sources                   |                     |                         |  | 494,587  | -                           | 494,587            |
| On-behalf payments - State      |                     |                         |  | 261,113  | -                           | 261,113            |
| Investment earnings             |                     |                         |  | 37,768   | -                           | 37,768             |
| Total general revenues          |                     |                         |  | <u>1,714,524</u>                                   | <u>-</u>                    | <u>1,714,524</u>   |
| CHANGE IN NET ASSETS            |                     |                         |  | (149,943)  | 1,890                       | (148,053)          |
| NET ASSETS - BEGINNING          |                     |                         |  | 443,195  | 32,677                      | 475,872            |
| NET ASSETS - ENDING             |                     |                         |  | <u>\$ 293,252</u>                                  | <u>\$ 34,567</u>            | <u>\$ 327,819</u>  |

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

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2006

|  | General<br>Fund   | Education<br>Fund | Other<br>Nonmajor<br>Funds | Eliminations       | Total<br>Governmental<br>Funds |
|--|-------------------|-------------------|----------------------------|--------------------|--------------------------------|
| <b>ASSETS</b>                                  |                   |                   |                            |                    |                                |
| Cash   | \$ 265,550        | \$ 209,438        | \$ 13,914                  | \$ -               | \$ 488,902                     |
| Due from other funds                           | -                 | 84,412            | -                          | (20,203)           | 64,209                         |
| Due from other governments:                    |                   |                   |                            |                    |                                |
| Local  | 24,652            | 1,779             | -                          | -                  | 26,431                         |
| State  | -                 | 18,032            | 7,467                      | -                  | 25,499                         |
| Federal  | -                 | 26,286            | -                          | -                  | 26,286                         |
| <b>TOTAL ASSETS</b>                            | <b>\$ 290,202</b> | <b>\$ 339,947</b> | <b>\$ 21,381</b>           | <b>\$ (20,203)</b> | <b>\$ 631,327</b>              |
| <b>LIABILITIES</b>                             |                   |                   |                            |                    |                                |
| Accounts payable                               | \$ 224,609        | \$ 56,025         | \$ -                       | \$ -               | \$ 280,634                     |
| Due to other funds                             | 8,576             | 10,826            | 801                        | (20,203)           | -                              |
| Deferred revenue                               | -                 | 66,158            | -                          | -                  | 66,158                         |
| <b>Total Liabilities</b>                       | <b>233,185</b>    | <b>133,009</b>    | <b>801</b>                 | <b>(20,203)</b>    | <b>346,792</b>                 |
| <b>FUND BALANCES</b>                           |                   |                   |                            |                    |                                |
| Unreserved, reported in:                       |                   |                   |                            |                    |                                |
| General fund                                   | 57,017            | -                 | -                          | -                  | 57,017                         |
| Special revenue fund                           | -                 | 206,938           | 20,580                     | -                  | 227,518                        |
| <b>Total Fund Balances</b>                     | <b>57,017</b>     | <b>206,938</b>    | <b>20,580</b>              | <b>-</b>           | <b>284,535</b>                 |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <b>\$ 290,202</b> | <b>\$ 339,947</b> | <b>\$ 21,381</b>           | <b>\$ (20,203)</b> | <b>\$ 631,327</b>              |

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

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2006

|  |          |          |
|--|----------|----------|
| TOTAL FUND BALANCES — GOVERNMENTAL FUNDS   | \$       | 284,535  |
| <p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>  |          |          |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.   |          | 66,560   |
| <p>Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Assets.</p> |          |          |
| Net Assets - Internal Service Funds  | (52,871) |          |
| Less Capital Assets Included in Total Above  | (4,972)  | (57,843) |
| NET ASSETS OF GOVERNMENTAL ACTIVITIES  | \$       | 293,252  |

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

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2006

|  | General<br>Fund  | Education<br>Fund | Other<br>Nonmajor<br>Funds | Eliminations | Total<br>Governmental<br>Funds |
|--|------------------|-------------------|----------------------------|--------------|--------------------------------|
| <b>REVENUES</b>  |                  |                   |                            |              |                                |
| Local sources  | \$ 616,531       | \$ 164,039        | \$ 11,442                  | \$ -         | \$ 792,012                     |
| State sources  | 55,655           | 1,506,971         | 24,971                     | -            | 1,587,597                      |
| State sources-payments made on behalf of region              | 261,113          | -                 | -                          | -            | 261,113                        |
| Federal sources  | -                | 650,641           | -                          | -            | 650,641                        |
| Total revenues   | <u>933,299</u>   | <u>2,321,651</u>  | <u>36,413</u>              | <u>-</u>     | <u>3,291,363</u>               |
| <b>EXPENDITURES</b>  |                  |                   |                            |              |                                |
| Current:   |                  |                   |                            |              |                                |
| Instructional Services                                       |                  |                   |                            |              |                                |
| Salaries and benefits  | 94,290           | 1,532,895         | 14,882                     | -            | 1,642,067                      |
| Purchased services   | 674,650          | 476,589           | 10,280                     | -            | 1,161,519                      |
| Supplies and materials                                       | 25,000           | 116,077           | 3,524                      | -            | 144,601                        |
| Capital outlay   | -                | 6,648             | -                          | -            | 6,648                          |
| Other objects  | 54               | -                 | -                          | -            | 54                             |
| Payments to other governments                                | -                | 200,636           | -                          | -            | 200,636                        |
| On-behalf payments   | 261,113          | -                 | -                          | -            | 261,113                        |
| Total expenditures   | <u>1,055,107</u> | <u>2,332,845</u>  | <u>28,686</u>              | <u>-</u>     | <u>3,416,638</u>               |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> |                  |                   |                            |              |                                |
|  | <u>(121,808)</u> | <u>(11,194)</u>   | <u>7,727</u>               | <u>-</u>     | <u>(125,275)</u>               |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                  |                   |                            |              |                                |
| Transfers in   | 30,894           | -                 | -                          | (30,894)     | -                              |
| Transfers out  | -                | (30,894)          | -                          | 30,894       | -                              |
| Interest   | 37,744           | -                 | 24                         | -            | 37,768                         |
| Total other financing sources (uses)                         | <u>68,638</u>    | <u>(30,894)</u>   | <u>24</u>                  | <u>-</u>     | <u>37,768</u>                  |
| <b>NET CHANGE IN FUND BALANCES</b>                           |                  |                   |                            |              |                                |
|  | (53,170)         | (42,088)          | 7,751                      | -            | (87,507)                       |
| <b>FUND BALANCES - BEGINNING</b>                             |                  |                   |                            |              |                                |
|  | <u>110,187</u>   | <u>249,026</u>    | <u>12,829</u>              | <u>-</u>     | <u>372,042</u>                 |
| <b>FUND BALANCES - ENDING</b>                                |                  |                   |                            |              |                                |
|  | <u>\$ 57,017</u> | <u>\$ 206,938</u> | <u>\$ 20,580</u>           | <u>\$ -</u>  | <u>\$ 284,535</u>              |

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

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2006

NET CHANGE IN FUND BALANCES — GOVERNMENTAL FUNDS \$ (87,507)

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

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

|                      |                 |          |
|----------------------|-----------------|----------|
| Capital outlay       | \$ 6,648        |          |
| Depreciation expense | <u>(29,495)</u> | (22,847) |

Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities - excluding the related depreciation expense of \$553 which is included above.

(39,589)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (149,943)

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2006

|  | Business-Type<br>Activities -<br>Enterprise Funds |                  | Governmental<br>Activities -<br>Internal<br>Service Funds |
|--|---|------------------|---|
|  | Other<br>Enterprise<br>Funds                      | Total            |   |
| <b>ASSETS</b>                                    |   |                  |   |
| Current assets:                                  |   |                  |   |
| Cash   | \$ 21,147   | \$ 21,147        | \$ -  |
| Due from other governments                       | 13,136  | 13,136           | -   |
| Total current assets                             | <u>34,283</u>                                     | <u>34,283</u>    | <u>-</u>  |
| Noncurrent assets:                               |   |                  |   |
| Capital assets, net of accumulated depreciation: | <u>6,650</u>                                      | <u>6,650</u>     | <u>4,972</u>  |
| Total noncurrent assets                          | <u>6,650</u>                                      | <u>6,650</u>     | <u>4,972</u>  |
| <b>TOTAL ASSETS</b>                              | <u>40,933</u>                                     | <u>40,933</u>    | <u>4,972</u>  |
| <b>LIABILITIES</b>                               |   |                  |   |
| Current liabilities:                             |   |                  |   |
| Due to other funds                               | <u>6,366</u>                                      | <u>6,366</u>     | <u>57,843</u>   |
| Total current liabilities                        | <u>6,366</u>                                      | <u>6,366</u>     | <u>57,843</u>   |
| <b>TOTAL LIABILITIES</b>                         | <u>6,366</u>                                      | <u>6,366</u>     | <u>57,843</u>   |
| <b>NET ASSETS</b>                                |   |                  |   |
| Invested in capital assets                       | 6,650   | 6,650            | 4,972   |
| Unrestricted (deficit)                           | <u>27,917</u>                                     | <u>27,917</u>    | <u>(57,843)</u>   |
| <b>TOTAL NET ASSETS</b>                          | <u>\$ 34,567</u>                                  | <u>\$ 34,567</u> | <u>\$ (52,871)</u>  |

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

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2006

|                              | Business-Type<br>Activities -<br>Enterprise Funds |                  | Governmental<br>Activities -<br>Internal<br>Service Funds |
|------------------------------|---|------------------|---|
|                              | Other<br>Enterprise<br>Funds                      | Total            |   |
| OPERATING REVENUES           |   |                  |   |
| Local sources                | \$ 156,493  | \$ 156,493       | \$ 129,044  |
| Total operating revenues     | <u>156,493</u>                                    | <u>156,493</u>   | <u>129,044</u>  |
| OPERATING EXPENSES           |   |                  |   |
| Salaries and benefits        | 29,982  | 29,982           | 18,918  |
| Purchased services           | 119,170   | 119,170          | 149,715   |
| Supplies and materials       | 3,528   | 3,528            | -   |
| Other objects                | 75  | 75               | -   |
| Depreciation                 | 1,848   | 1,848            | 553   |
| Total operating expenses     | <u>154,603</u>                                    | <u>154,603</u>   | <u>169,186</u>  |
| CHANGE IN NET ASSETS         | 1,890   | 1,890            | (40,142)  |
| TOTAL NET ASSETS - BEGINNING | <u>32,677</u>                                     | <u>32,677</u>    | <u>(12,729)</u>   |
| TOTAL NET ASSETS - ENDING    | <u>\$ 34,567</u>                                  | <u>\$ 34,567</u> | <u>\$ (52,871)</u>  |

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



HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2006

|  | Business-Type<br>Activities -<br>Enterprise Funds |                  | Governmental<br>Activities -<br>Internal<br>Service Funds |
|--|---|------------------|---|
|  | Other<br>Enterprise<br>Funds                      | Totals           |   |
| Cash flows from operating activities:  |   |                  |   |
| Receipts from customers  | \$ 155,803  | \$ 155,803       | \$ 174,158  |
| Payments to suppliers and providers of goods<br>and services   | -   | (117,293)        | (149,715)   |
| Payments to employees  | (29,982)  | (29,982)         | (18,918)  |
| Net cash provided by (used for) operating activities   | <u>8,528</u>                                      | <u>8,528</u>     | <u>5,525</u>  |
| Cash flows from capital and related financing activities:  |   |                  |   |
| Purchases of capital assets  | (6,790)   | (6,790)          | (5,525)   |
| Net cash provided by (used for) capital and<br>related financing activities                                  | <u>(6,790)</u>                                    | <u>(6,790)</u>   | <u>(5,525)</u>  |
| Net increase (decrease) in cash and cash equivalents   | 1,738   | 1,738            | -   |
| Cash - beginning   | <u>19,409</u>                                     | <u>19,409</u>    | <u>-</u>  |
| Cash - ending  | <u>\$ 21,147</u>                                  | <u>\$ 21,147</u> | <u>\$ -</u>   |
| Reconciliation of operating income (loss) to net cash<br>provided by (used for) operating activities:        |   |                  |   |
| Operating income (loss)  | \$ 1,890  | \$ 1,890         | \$ (40,142)   |
| Adjustments to reconcile operating income (loss) to<br>net cash provided by (used for) operating activities: |   |                  |   |
| Depreciation   | 1,848   | 1,848            | 553   |
| Change in assets and liabilities:  |   |                  |   |
| (Increase) Decrease in Due from Other Governments  | (690)   | (690)            | 820   |
| Increase in Due to Other Funds   | <u>5,480</u>                                      | <u>5,480</u>     | <u>44,294</u>   |
| Net cash provided by (used for) operating activities   | <u>\$ 8,528</u>                                   | <u>\$ 8,528</u>  | <u>\$ 5,525</u>   |

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

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2006

|                            | <u>Agency<br/>Funds</u>        |
|----------------------------|--------------------------------|
| ASSETS                     |                                |
| Cash                       | \$ 79,544                      |
| Due from other governments | <u>1,246,854</u>               |
| <br>TOTAL ASSETS           | <br><u><u>\$ 1,326,398</u></u> |
| LIABILITIES                |                                |
| Due to other governments   | <u>\$ 1,326,398</u>            |
| <br>TOTAL LIABILITIES      | <br><u><u>\$ 1,326,398</u></u> |

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

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regional Office of Education #25 was formed under the provisions of the State of Illinois, Illinois State Board of Education.

In 2006, the Regional Office of Education #25 implemented Governmental Accounting Standards Board (GASB) Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section, an Amendment of NCGA Statement 1*, GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, an Amendment of GASB No. 34 and GASB No. 47, *Accounting for Termination Benefits*. The Regional Office of Education #25 implemented these standards during the current year, however; they do not have a significant impact on the financial statements.

GASB Statement No. 34 established a financial reporting model for State and local governments that included the addition of Management's Discussion and Analysis, government-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

A. 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; to serve as the official advisor and assistant of school officers and teachers; to conduct teachers institutes as well as to aid and encourage the formation of other teachers meetings and assist in their management; evaluate the schools in the region; examine school treasurer's books, accounts, and vouchers; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the regional superintendent's office; and file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required; providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Regional Office of Education #25's districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with state law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required; to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

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

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. FINANCIAL REPORTING ENTITY (CONCLUDED)

The Regional Superintendent is also responsible for apportionment and payment of funds received from the state for the districts in the Regional Office of Education #25, or see 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, 2006, the Regional Office of Education #25 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 Regional Office of Education #25. Such activities are reported as a single major special revenue fund (Education Fund).

B. SCOPE OF THE REPORTING ENTITY

The Regional Office of Education #25 reporting entity includes all related organizations for which they exercise oversight responsibility.

The Regional Office of Education #25 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education #25, 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 #25 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The districts and joint agreements have been determined not to be a part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the Regional Office of Education #25 does not control the assets, operations, or management of the districts or joint agreements. In addition, the Regional Office of Education #25 is not aware of any entity, which would exercise such oversight as to result in the Regional Office of Education #25 being considered a component unit of the entity.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Regional Office of Education #25's activities with most of the interfund activities removed. Governmental activities include programs supported primarily by state and

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

federal grants and other intergovernmental revenues. The Regional Office of Education #25 has three business-type activities that rely on fees and charges for support.

The Regional Office of Education #25's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Regional Office of Education #25 accompanied by a total column. These statements are presented on an "economic resources" measurement as prescribed by GASB Statement No. 34. All of the Regional Office of Education #25's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services, and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

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

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

D. PROPRIETARY FUND FINANCIAL STATEMENTS

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and nonmajor funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. PROPRIETARY FUND FINANCIAL STATEMENTS (Concluded)

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

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

E. GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

The governmental fund financial statements have been prepared in accordance with generally accepted accounting principles on the modified accrual basis. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e., 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. 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.

F. 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. Their

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)

reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Regional Office of Education #25; 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.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict the guidance of the Governmental Accounting Standards Board.

Under the provision of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Regional Office of Education applies all GASB pronouncements and has elected to apply only the pronouncements issued on or before November 30, 1989 for the following: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure.

G. FUND ACCOUNTING

The Regional Office of Education #25 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 #25 uses governmental, proprietary, and fiduciary funds.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are reported. Governmental funds 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 a fund balance.

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

As prescribed by GASB Statement No. 34, governmental fund reporting focuses on the major funds, rather than on the fund type. There is a two-step process for determining if a fund should be reported as a major fund: 1) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for the fund type, and 2) total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and proprietary funds combined. Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor funds. The Regional Office of Education #25 has presented all major funds that met the above qualifications.

The Regional Office of Education #25 reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Regional Office of Education #25. It is used to account for the expenditures, which benefit all school districts in the region except those required to be accounted for in other funds. General Funds include the following:

University College Classes – This fund provides the opportunity for teachers and administrators to earn graduate credit through participation in weekend classes in programs leading to advanced degrees. Programs currently offered include a Masters Degree in Guidance and Counseling and a Masters or Specialist Degree in School Administration from EIU and a Masters in Curriculum and Instruction from SIUC.

ROE/ISC Operation – This fund accounts for comprehensive services to improve education in the region in the areas of gifted, staff development, administrator academies, school improvement, and technology.

ISBE Emotional and Behavioral Disabilities State Network Grant – This fund is a three county collaborative effort to develop and improve the continuum of community-based services and supports for children with or at risk of developing severe emotional or behavioral disabilities and their families.

Partners in Quality Education – This fund is a fiscal agent for a collaborative agreement between the 18 school districts for in-service activities.

Special Projects – This fund accounts for the purchases and daily operation for the Regional Office of Education #25.

Office Operations – The fund accounts for the shared expenses incurred in the operation of the Regional Superintendent's office by Hamilton and Jefferson counties.



HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Regional In-Service Meeting – The fund accounts for local registration fees and expenses associated with school improvement.

Regional VI Illinois Association of Regional Superintendents of Schools – This fund accounts for registration fees and expenses associated with Region VI meetings.

Major Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are legally restricted to expenditures for specified purposes. Major special revenue funds include the following:

Education – This fund is used to account for various grant and education enhancement programs as follows:

ROE/ISC Technology – This program provides support and technical assistance to the Regional Office and the 18 school districts.

ISBE Contracts – This is for special programs initiated by the Illinois State Board of Education.

Title I Reading First Part B SEA Funds– This program is designed to ensure that K-3 teachers have the skills they need to teach the five essential components of reading instruction as defined by the No Child Left Behind Legislation.

Illinois Violence Prevention Authority – This program is a fiscal agent for the 2<sup>nd</sup> Judicial Circuits Local Family Violence Coordinators Council and supports their efforts.

Penny Severns – This program provides opportunities for families to read, grow, and learn together during the summer months. The program keeps families active in educational activities when traditional schools are not in session.

Early Childhood Block Grant (3705-01) – This program provides training programs for the parents of children from birth to age 3, with activities requiring substantial interaction between parent and child.

Early Childhood Block Grant (3705-60) – This program provides training for the parents of children ages 3 to kindergarten enrollment, assisting parents to become full partners in the education of their children.

School Improvement – This program accounts for local funds for school improvement activities.

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

Title IV Safe and Drug Free School - Formula – This entitlement program is a multi-district, cooperative grant agreement of 13 school districts in Jefferson County and will provide professional development sessions to school personnel on prevention, education and early intervention strategies as related to drugs and violence.

Rural Vision – This program is a cooperative of royalty payments.

Southern Thirty – This is an educational program for the Southern Thirty Adolescent Center.

Regional Safe Schools – This program provides educational options for students that have been chronically suspended or are eligible for expulsion.

Truants Alternative Optional Education – This program provides services for students that are truant, chronic truant, dropouts, and potential dropouts and provides options to regular school attendance (Alternative Schools) and/or attendance worker intervention designed to improve student attendance at school and prevent students from dropping out of school.

Job Training Partnership Act – This program provides work based learning opportunities and/or work experiences for WIA (Workforce Investment Act Title I) eligible youth ages 14-21.

Early Childhood Block Grant (3705-00) – This program serves children ages 3-5 (not age eligible for kindergarten) who are determined by a screening process to be at risk of academic failure. Focus is on the Illinois Early Learning Standards.

Standards Aligned Classroom – This program involves teams of teachers using assessments as a base for aligning curriculum to state standards.

McKinney Education for Homeless Children – This program provides training and technical assistance to school districts to help assist school officials in understanding and complying with the McKinney-Vento Act.

Mathematics and Science Partnerships (4936-00 & 4936-01) – This program is a professional development program designed to improve the content knowledge and pedagogical skills of 5<sup>th</sup> through 12<sup>th</sup> grade teachers in mathematics and science.

Illinois Virtual High School Program – This program is designed to create awareness and to increase the use of virtual high school programs, i.e., make available to students courses that are not available in local school offerings.

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NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Concluded)

Title I School Improvement and Accountability System of Support – This program is designed to provide assistance to those schools/school districts that do not meet Adequate Yearly Progress (AYP) as defined by the No Child Left Behind Act.

State Aid – This program accounts for aid provided by the state based on the students that attend the Alternative School and Safe School programs.

Even Start – This program is designed to break the cycle of illiteracy by improving educational opportunities for low income families.

The Regional Office of Education #25 reports the following nonmajor governmental funds:

Nonmajor Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary or major capital projects) that are legally restricted to expenditures for specified purposes. Nonmajor special revenue funds include the following:

Institute – This fund accounts for teacher certificate registration, issuance and evaluation fees for processing certificates, and expenses of meetings of a professional nature. All funds generated remain restricted until expended only on the aforementioned activities.

General Education Development – This fund accounts for the receipts and expenses pertaining to the G.E.D./High School Equivalency program for high school dropouts.

Bus Driver Training – This fund accounts for state and local receipts and expenses as a result of training school district bus drivers.

Supervisory – This fund accounts for proceeds provided to the Regional Superintendent by the Illinois State Board of Education to be used for travel and related purposes.

PROPRIETARY FUNDS

Proprietary funds are those in which revenues and expenses related to services provided to organizations inside the Regional Office of Education #25 on a cost reimbursement basis are reported.

The Regional Office of Education #25 reports the following nonmajor proprietary funds:

Mt. Vernon Conference - This fund accounts for the two-day statewide teacher's conference that provides exhibit booths and presentations on various curriculum and interest areas for participants representing all areas and grade levels.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPRIETARY FUNDS (Concluded)

Testing - This fund provides materials for and results from administering standardized achievement tests, cognitive skills tests, and local assessments to the schools within the region.

Finger Printing – This program is used to bill school districts semi-annually for the number of employees fingerprinted as well as a prorated amount for substitutes.

The Regional Office of Education #25 reports the following internal service funds:

Transportation Reimbursement Fund - The use of vehicles is accounted for in this fund. The Agency Fund and Education Fund accounts using these vehicles include the following: Early Childhood Block Grant (3705-00), Truants Alternative Optional Education, and the Regional Cooperative Board.

Building Fund - The rent and maintenance on the buildings used by the Regional Office of Education #25 is accounted for in this fund.

FIDUCIARY FUNDS

Agency Funds - Agency Funds are used to account for assets held by the Regional Office of Education #25 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. Agency Funds include the following:

Distributive Fund – This fund distributes monies received by the state out to the school districts and other entities.

Regional Vocational Board – This fund supports facilitation, administration, and coordination for the following grants: Carl D. Perkins Vocational and Applied Technology Grant, Career and Technical Education Improvement Grant, Elementary Career Development Program Grant, Career and Technical Education Formula Reimbursement, Agriculture Education Incentive Funding Grant, and Work-Based Learning Grant.

Regional Cooperative Board – Fund that accounts for the Regional Office of Education’s operating accounts.

Clearing – This fund receives money from teachers and distributes this money to the Illinois State Board of Education for teacher certifications. It also receives and pays fees for any petitions to annex in the district.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIDUCIARY FUNDS (Concluded)

Interest on Distributive Fund – The Regional Office of Education #25 has agreements with all districts in the region whereby the Regional Office of Education #25 is allowed to keep the interest for expenditures benefiting all districts.

H. NET ASSETS

Net assets present the difference between assets and liabilities in the Statement of Net Assets. Net assets are reported as restricted when there are legal limitations imposed on their use by legislation or external restrictions by grantors, laws or regulations of other governments.

I. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on deposit. The Regional Office of Education #25 considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

J. INVENTORY

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

K. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. 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. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

|                                |             |
|--------------------------------|-------------|
| Office Equipment and Furniture | 5-10 years  |
| Computer Equipment             | 3 - 5 years |
| Other Equipment                | 5-20 years  |

L. COMPENSATED ABSENCES

Non-certified and certified employees who work 12 calendar months earn up to 20 vacation days for a full year of service. The accumulated total of vacation days may never exceed 30 days. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days. Employees

HAMILTON/JEFFERSON COUNTIES  
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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

L. COMPENSATED ABSENCES (Concluded)

receive up to 12 sick days annually and the unused portion is accumulated up to 180 days and carried forward. Employee sick leave is recorded when paid. Upon termination, employees do not receive any accumulated sick leave pay and therefore; no liability is accrued.

M. ESTIMATES

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

N. BUDGET INFORMATION

The Regional Office of Education #25 acts as the administrative agent for certain grant programs that are accounted for in the General and Education Fund. 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 do so. The General Fund and certain programs within the Special Revenue Fund do not have separate budgets. Comparisons of budgeted and actual results are presented as supplemental information. Budget to actual statements have been provided in supplementary schedules for the following funds: ROE/ISC Operations, Office Operations, Illinois Violence Prevention Authority, Penny Severns, Early Childhood Block Grant (3705-01), Early Childhood Block Grant (3705-60), Title IV Safe & Drug Free School - Formula, Regional Safe Schools, Truants Alternative Optional Education, Job Training Partnership Act, Early Childhood Block Grant (3705-00), McKinney Education for Homeless Children, Mathematics and Science Partnerships (4936-00 & 4936-01), and Even Start.

NOTE 2 – CASH

The Regional Office of Education #25 is allowed to invest in securities as authorized by 30 ILCS-235/2 and 6 and 105 ILCS-5/8-7.

A. DEPOSITS

At June 30, 2006, the carrying amount of the Regional Office of Education #25's government-wide and Agency fund deposits were \$510,049 and \$79,544, respectively, and the bank balances were \$596,704 and \$105,693, respectively. Of the total bank balances as of June 30, 2006, \$288,167 was secured by federal depository insurance and \$323,255 was collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education #25's name.

HAMILTON/JEFFERSON COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 2 – CASH (Concluded)

B. INVESTMENTS

The Regional Office of Education #25 does not have a formal investment policy, as its only investments are internally pooled in the Illinois Funds Money Market Fund. As of June 30, 2006, the Regional Office of Education #25 had investments with carrying and fair value of \$90,975 invested in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2006, 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.

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.

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.

NOTE 3 - DEFINED BENEFIT PENSION PLAN

The Regional Office of Education #25's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 3 - DEFINED BENEFIT PENSION PLAN (Concluded)

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

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by State statute. The Regional Office of Education #25 is required to contribute at an actuarially determined rate. The employer rate for calendar year 2005 was 12.34 percent of payroll. The Regional Office of Education #25's contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2005, was 5 years.

For December 31, 2005, the Regional Office of Education #25's annual pension cost of \$51,095 was equal to the Regional Office of Education #25's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4% per year, attributable to inflation (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2005 actuarial valuation were based on the 2002-2004 experience study.

A. TREND INFORMATION

| <u>Actuarial<br/>Valuation<br/>Date</u> | <u>Annual Pension<br/>Cost (APC)</u> | <u>Percentage<br/>of APC<br/>Contribution</u> | <u>Net Pension<br/>Obligation</u> |
|---|--------------------------------------|---|-----------------------------------|
| 12/31/05                                | 51,095                               | 100%  | \$0                               |
| 12/31/04                                | 46,097                               | 100%  | 0                                 |
| 12/31/03                                | 30,424                               | 100%  | 0                                 |
| 12/31/02                                | 27,457                               | 100%  | 0                                 |
| 12/31/01                                | 35,757                               | 100%  | 0                                 |
| 12/31/00                                | 25,568                               | 100%  | 0                                 |
| 12/31/99                                | 5,401                                | 100%  | 0                                 |
| 12/31/98                                | 19,507                               | 100%  | 0                                 |
| 12/31/97                                | 14,166                               | 100%  | 0                                 |
| 12/31/96                                | 18,707                               | 100%  | 0                                 |



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NOTE 4 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Regional Office of Education #25 participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois, maintains primary responsibility for funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2006, was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not part of this retirement plan. The employer THIS Fund contribution was 0.6 percent during the year ended June 30, 2006, and the member THIS Fund health insurance contribution was 0.80 percent.

The State of Illinois makes contributions directly to TRS on behalf of the Regional Office of Education #25's TRS-covered employees.

- **On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #25. For the year ended June 30, 2006, the State of Illinois contributions were based on 7.06 percent of creditable earnings, and the Regional Office of Education #25 recognized revenue and expenditures of \$63,832 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2005 and June 30, 2004, the State of Illinois contribution rates as percentages of creditable earnings were 11.76 percent (\$94,230) and 13.98 percent (\$114,792), respectively.

The Regional Office of Education #25 makes three other types of employer contributions directly to TRS.

- **2.2 formula contributions.** Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ending June 30, 2006 were \$5,244. Contributions for the years ending June 30, 2005, and June 30, 2004, were \$4,647 and \$4,762, respectively.
- **Federal and trust fund contributions.** When TRS members are paid from federal and trust funds administered by the Regional Office of Education #25, there is a statutory requirement for the Regional Office of Education #25 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 4 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Concluded)

the state contribution rate to TRS. For the year ended June 30, 2006, the employer pension contribution was 7.06 percent of salaries paid from federal and trust funds. For the two years ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2006, salaries totaling \$71,389 were paid from federal and trust funds that required employer funds that required employer contributions of \$5,040. For the years ended June 30, 2005 and 2004, required Regional Office of Education #25 contributions were \$8,454 and \$5,148, respectively.

- **Early retirement option.** The Regional Office of Education #25 is also required to make one-time employer contributions to TRS for members retiring under the early retirement option. The payments vary depending on the age and salary of the member and under which ERO program the member retires.

Under Public Act 94-0004, a "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007. If members do not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the Pipeline ERO).

Under the ERO program that expired on June 30, 2005 and the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation. Under the Modified ERO, the maximum employer contribution is 117.5 percent. Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement. For the year ended June 30, 2006, the Regional Office of Education #25 paid no employer contributions to TRS under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2005 and June 30 2004, the Regional Office of Education #25 paid no employer ERO contributions.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2005. The report for the year ended June 30, 2006, is expected to be available in late 2006. The reports may be obtained by writing to the Teacher's Retirement System of the State of Illinois, PO Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at [trs.illinois.gov](http://trs.illinois.gov).

HAMILTON/JEFFERSON COUNTIES  
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 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2006

NOTE 5 - INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2006 consist of the following individual due to/from other funds in the governmental fund balance sheet. The balances between governmental funds were eliminated in the government-wide Statement of Net Assets. The balances between governmental and business-type activities are not eliminated in the government-wide Statement of Net Assets.

| <u>Fund</u>           | <u>Due From<br/>Other Funds</u> | <u>Due To<br/>Other Funds</u> |
|-----------------------|---------------------------------|-------------------------------|
| Education Fund        | \$84,412                        | \$10,826                      |
| Special Revenue       | -                               | 801                           |
| General Fund          | -                               | 8,576                         |
| Proprietary Funds     | -                               | 6,366                         |
| Internal Service Fund | -                               | <u>57,843</u>                 |
| Totals                | <u>\$84,412</u>                 | <u>\$84,412</u>               |

TRANSFERS

Interfund transfer out/in to other fund balances at June 30, 2006 consists of the following individual transfer out/in to other funds in the governmental fund Statement of Revenue, Expenditures, and Changes in Fund Balance. The transfer balances between governmental funds were eliminated in the government-wide Statement of Activities.

|                            | <u>Transfer Out</u> | <u>Transfer In</u> |
|----------------------------|---------------------|--------------------|
| <u>General Fund</u>        |                     |                    |
| University College Classes | \$ -                | \$ 30,894          |
| <u>Education Fund</u>      |                     |                    |
| State Aid                  | <u>30,894</u>       | <u>-</u>           |
| Totals                     | <u>\$30,894</u>     | <u>\$30,894</u>    |

NOTE 6 - CAPITAL ASSET ACTIVITY

In accordance with GASB Statement No. 34, the Regional Office of Education #25 has reported capital assets in the government-wide Statement of Net Assets. Purchases are reported as capital outlay in the governmental fund statements. Purchases of business-type activities are capitalized when purchased. The following table provides a summary of changes in total assets, accumulated depreciation, and investment in capital assets for the year ended June 30, 2006:

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NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 6 - CAPITAL ASSET ACTIVITY (Continued)

|  | <u>Balance</u><br><u>July 1, 2005</u> | <u>Additions</u>   | <u>Deletions</u> | <u>Balance</u><br><u>June 30, 2006</u> |
|--|---------------------------------------|--------------------|------------------|--|
| Governmental Activities:               |                                       |                    |                  |  |
| <u>General Fund</u>                    |                                       |                    |                  |  |
| ROE/ISC Operation                      | \$ 46,409                             | \$ -               | \$ -             | \$ 46,409                              |
| Special Projects                       | 103,920                               | -                  | -                | 103,920                                |
| <u>Education Fund</u>                  |                                       |                    |                  |  |
| ROE/ISC Technology                     | 2,000                                 | -                  | -                | 2,000                                  |
| Title I Reading First Part B SEA Funds | 1,610                                 | -                  | -                | 1,610                                  |
| Early Childhood Block Grant (3705-60)  | 680                                   | 2,126              | -                | 2,806                                  |
| Title IV Safe and Drug Free School     | 10,749                                | -                  | -                | 10,749                                 |
| Southern Thirty                        | 16,328                                | -                  | -                | 16,328                                 |
| Early Childhood Block Grant (3705-00)  | 16,036                                | 784                | -                | 16,820                                 |
| Mathematics and Science Partnerships   | 10,140                                | -                  | -                | 10,140                                 |
| Community Oriented Policing Servicing  |                                       |                    |                  |  |
| School Safety                          | 29,991                                | -                  | -                | 29,991                                 |
| Technology Enhancing Education         | 7,480                                 | -                  | -                | 7,480                                  |
| Title I School Improvement and         |                                       |                    |                  |  |
| Accountability System of Support       | 1,230                                 | -                  | -                | 1,230                                  |
| State Aid                              | 116,688                               | 3,459              | -                | 120,147                                |
| Scientific Literacy                    | 52,594                                | -                  | -                | 52,594                                 |
| Technology Literacy                    | 13,500                                | -                  | -                | 13,500                                 |
| Even Start                             | -                                     | 279                | -                | 279                                    |
| <u>Internal Service</u>                |                                       |                    |                  |  |
| Building fund                          | -                                     | 5,525              | -                | 5,525                                  |
| Governmental Activities Total Assets   | 429,355                               | 12,173             | -                | 441,528                                |
| Less Accumulated Depreciation          | 345,473                               | 29,495             | -                | 374,968                                |
| Governmental Activities                |                                       |                    |                  |  |
| Investment in Capital Assets, Net      | <u>\$ 83,882</u>                      | <u>\$ (17,322)</u> | <u>\$ -</u>      | <u>\$ 66,560</u>                       |

HAMILTON/JEFFERSON COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 6 - CAPITAL ASSET ACTIVITY (Concluded)

|                               | <u>Balance</u><br><u>July 1, 2005</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u><br><u>June 30, 2006</u> |
|-------------------------------|---------------------------------------|------------------|------------------|--|
| Business-type Activities:     |                                       |                  |                  |  |
| Mt. Vernon Conference         | \$ 896                                | \$ -             | \$ -             | \$ 896                                 |
| Testing                       | <u>1,818</u>                          | <u>6,790</u>     | <u>-</u>         | <u>8,608</u>                           |
| Business-type Activities      |                                       |                  |                  |  |
| Total Assets                  | 2,714                                 | 6,790            | -                | 9,504                                  |
| Less Accumulated Depreciation | <u>1,006</u>                          | <u>1,848</u>     | <u>-</u>         | <u>2,854</u>                           |
| Business-type Activities      |                                       |                  |                  |  |
| Investment in Capital Assets  | <u>\$ 1,708</u>                       | <u>\$ 4,942</u>  | <u>\$ -</u>      | <u>\$ 6,650</u>                        |

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2006 of \$29,495 and \$1,848 was charged to the governmental activities and the business-type activities, respectively, on the government-wide Statement of Activities. Investment in capital assets is the component of net assets that reports capital assets net of accumulated depreciation.

NOTE 7 - RISK MANAGEMENT

The Regional Office of Education #25 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 #25 has purchased commercial insurance to cover these risks. No losses have been incurred in excess of the amounts covered by insurance over the past three years.

NOTE 8 – ON BEHALF PAYMENTS

The State of Illinois paid the following salaries on behalf of the Regional Office of Education #25:

|   |                   |
|---|-------------------|
| Regional Superintendent Salary  | \$ 84,731         |
| Assistant Regional Superintendent Salary  | 76,263            |
| Regional Superintendent Fringe Benefit<br>(Includes State paid insurance)           | 16,902            |
| Assistant Regional Superintendent Fringe Benefit<br>(Includes State paid insurance) | 19,385            |
| TRS Pension contributions   | <u>63,832</u>     |
| Total   | <u>\$ 261,113</u> |

HAMILTON/JEFFERSON COUNTIES  
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 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2006

NOTE 8 – ON BEHALF PAYMENTS (Concluded)

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

These amounts have been recorded in the accompanying financial statements as state revenue and expenditures.

NOTE 9 – DUE TO/FROM OTHER GOVERNMENTS

The Regional Office of Education #25's Agency Fund, General Fund and various grant programs have funds due from various other governmental units which consist of the following:

Due From Other Governments:

|                                   |                    |
|-----------------------------------|--------------------|
| <u>Fiduciary Fund</u>             |                    |
| Illinois State Board of Education | \$1,220,701        |
| Local Governments                 | 26,153             |
| <u>Proprietary Fund</u>           |                    |
| Local Governments                 | 13,136             |
| <u>General Fund</u>               |                    |
| Local Governments                 | 24,652             |
| <u>Education Fund</u>             |                    |
| Local Governments                 | 1,779              |
| Illinois State Board of Education | 18,032             |
| Federal Government                | 26,286             |
| <u>Nonmajor Funds</u>             |                    |
| State of Illinois                 | 7,467              |
| Total                             | <u>\$1,338,206</u> |

Due To Other Governments:

|                        |                    |
|------------------------|--------------------|
| <u>Fiduciary Fund</u>  |                    |
| Local School Districts | \$1,220,953        |
| Local Governments      | 105,445            |
| Total                  | <u>\$1,326,398</u> |

NOTE 10 - OPERATING LEASE

The Education Fund has an annual renewable operating lease for its Alternative Education, Safe School, and Preschool Programs, as well as, its administrative office. Rent expense for 2006 totaled \$156,136.

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 11 – RELATED PARTY TRANSACTIONS

The Regional Office of Education #25 subleases two groups of buildings from the Regional Coop Board with an annual agreement. Details provided in Note 10.

The Regional Office of Education #25 acts as fiscal agent for the Regional Coop Board and the Regional Superintendent is currently a member of its board.

NOTE 12 – RECLASSIFICATION

The Finger Printing fund is used to account for finger printing fees and expenses of the Regional Office of Education #25. This program has been reported as part of the Education fund; however, it should be reported as a proprietary fund. There is no effect of this reclassification on the beginning Education Fund's fund balance and the governmental and business-type activities beginning net assets.

Also, the Building Fund is used to account for rent and maintenance on the buildings used by the Regional Office of Education #25. This fund has been included in the Regional Cooperative Board as an Agency fund; however, it should be reported as an internal service fund. There is no effect of this reclassification on the governmental activities beginning net assets.

**REQUIRED SUPPLEMENTAL INFORMATION**  
**(Other than Management Discussion and Analysis)**



HAMILTON AND JEFFERSON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #25  
 ILLINOIS MUNICIPAL RETIREMENT FUND  
 SCHEDULE OF FUNDING PROGRESS  
 (UNAUDITED)  
 June 30, 2006

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------|-------------------------------|---|---------------------------|--------------------|---------------------|---|
| 12/31/05                 | 969,977                       | 1,038,672                                       | 68,695                    | 93.39%             | 414,060             | 16.59%  |
| 12/31/04                 | 859,505                       | 975,072   | 115,567                   | 88.15%             | 382,548             | 30.21%  |
| 12/31/03                 | 905,918                       | 992,559   | 86,641                    | 91.27%             | 493,089             | 17.57%  |
| 12/31/02                 | 930,287                       | 996,150   | 65,863                    | 93.39%             | 524,991             | 12.55%  |
| 12/31/01                 | 976,113                       | 905,248   | (70,865)                  | 107.83%            | 504,330             | 0.00%   |
| 12/31/00                 | 1,064,971                     | 975,293   | (89,678)                  | 109.19%            | 549,841             | 0.00%   |
| 12/31/99                 | 933,399                       | 862,393   | (71,006)                  | 108.23%            | 562,638             | 0.00%   |
| 12/31/98                 | 884,382                       | 823,398   | (60,984)                  | 107.41%            | 500,177             | 0.00%   |
| 12/31/97                 | 782,897                       | 702,470   | (80,427)                  | 111.45%            | 331,744             | 0.00%   |
| 12/31/96                 | 686,713                       | 633,696   | (53,017)                  | 108.37%            | 380,215             | 0.00%   |

On a market value basis, the actuarial value of assets as of December 31, 2005 is \$982,680. On a market basis, the funded ratio would be 94.61%.

**\* Digest of changes**

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

The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For regular members, fewer normal and early retirements are expected to occur.

**SUPPLEMENTAL INFORMATION**

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 JUNE 30, 2006

|  | University<br>College<br>Classes | ROE/ISC<br>Operation | ISBE Emotional<br>and Behavioral<br>Disabilities<br>State Network<br>Grant | Partners in<br>Quality<br>Education | Special<br>Projects | Office<br>Operations | Regional<br>In-Service<br>Meeting | Region VI Illinois<br>Association<br>of Regional<br>Superintendents<br>of Schools | TOTALS            |
|--|----------------------------------|----------------------|--|-------------------------------------|---------------------|----------------------|-----------------------------------|---|-------------------|
| <b>ASSETS</b>                                  |                                  |                      |  |                                     |                     |                      |                                   |   |                   |
| Cash   | \$ 191,799                       | \$ -                 | \$ -   | \$ -                                | \$ 44,866           | \$ 26,987            | \$ -                              | \$ 1,898  | \$ 265,550        |
| Due from other governments                     | -                                | -                    | -  | -                                   | -                   | 15,523               | 9,129                             | -   | 24,652            |
| <b>TOTAL ASSETS</b>                            | <b>\$ 191,799</b>                | <b>\$ -</b>          | <b>\$ -</b>  | <b>\$ -</b>                         | <b>\$ 44,866</b>    | <b>\$ 42,510</b>     | <b>\$ 9,129</b>                   | <b>\$ 1,898</b>   | <b>\$ 290,202</b> |
| <b>LIABILITIES</b>                             |                                  |                      |  |                                     |                     |                      |                                   |   |                   |
| Accounts payable                               | \$ 185,026                       | \$ -                 | \$ -   | \$ -                                | \$ -                | \$ 39,583            | \$ -                              | \$ -  | \$ 224,609        |
| Due to other funds                             | -                                | -                    | -  | -                                   | -                   | -                    | 8,576                             | -   | 8,576             |
| <b>Total Liabilities</b>                       | <b>185,026</b>                   | <b>-</b>             | <b>-</b>   | <b>-</b>                            | <b>-</b>            | <b>39,583</b>        | <b>8,576</b>                      | <b>-</b>  | <b>233,185</b>    |
| <b>FUND BALANCES</b>                           |                                  |                      |  |                                     |                     |                      |                                   |   |                   |
| Unreserved                                     | 6,773                            | -                    | -  | -                                   | 44,866              | 2,927                | 553                               | 1,898   | 57,017            |
| <b>Total Fund Balances</b>                     | <b>6,773</b>                     | <b>-</b>             | <b>-</b>   | <b>-</b>                            | <b>44,866</b>       | <b>2,927</b>         | <b>553</b>                        | <b>1,898</b>  | <b>57,017</b>     |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <b>\$ 191,799</b>                | <b>\$ -</b>          | <b>\$ -</b>  | <b>\$ -</b>                         | <b>\$ 44,866</b>    | <b>\$ 42,510</b>     | <b>\$ 9,129</b>                   | <b>\$ 1,898</b>   | <b>\$ 290,202</b> |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GENERAL FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2006

|  | University<br>College<br>Classes | ROE/ISC<br>Operation | ISBE Emotional<br>and Behavioral<br>Disabilities<br>State Network<br>Grant | Partners in<br>Quality<br>Education | Special<br>Projects | Office<br>Operations | Regional<br>In-Service<br>Meeting | Region VI Illinois<br>Association<br>of Regional<br>Superintendents<br>of Schools | TOTALS           |
|--|----------------------------------|----------------------|--|-------------------------------------|---------------------|----------------------|-----------------------------------|---|------------------|
| <b>REVENUES</b>                                    |                                  |                      |  |                                     |                     |                      |                                   |   |                  |
| Local sources                                      | \$ 404,309                       | \$ -                 | \$ 1,723   | \$ -                                | \$ 97,747           | \$ 95,876            | \$ 15,676                         | \$ 1,200  | \$ 616,531       |
| State sources                                      | -                                | 55,655               | -  | -                                   | -                   | -                    | -                                 | -   | 55,655           |
| State sources-payments made<br>on behalf of region | -                                | 261,113              | -  | -                                   | -                   | -                    | -                                 | -   | 261,113          |
| <b>Total Revenues</b>                              | <b>404,309</b>                   | <b>316,768</b>       | <b>1,723</b>   | <b>-</b>                            | <b>97,747</b>       | <b>95,876</b>        | <b>15,676</b>                     | <b>1,200</b>  | <b>933,299</b>   |
| <b>EXPENDITURES</b>                                |                                  |                      |  |                                     |                     |                      |                                   |   |                  |
| <b>Current:</b>                                    |                                  |                      |  |                                     |                     |                      |                                   |   |                  |
| Salaries and benefits                              | -                                | 23,476               | 5,302  | -                                   | 510                 | 61,834               | 3,168                             | -   | 94,290           |
| Purchased services                                 | 494,324                          | 26,761               | 167  | 30                                  | 111,364             | 29,987               | 10,587                            | 1,430   | 674,650          |
| Supplies and materials                             | 36                               | 5,418                | -  | 112                                 | 13,330              | 1,504                | 4,600                             | -   | 25,000           |
| Other objects                                      | -                                | -                    | -  | -                                   | 54                  | -                    | -                                 | -   | 54               |
| On-behalf payments                                 | -                                | 261,113              | -  | -                                   | -                   | -                    | -                                 | -   | 261,113          |
| <b>Total Expenditures</b>                          | <b>494,360</b>                   | <b>316,768</b>       | <b>5,469</b>   | <b>142</b>                          | <b>125,258</b>      | <b>93,325</b>        | <b>18,355</b>                     | <b>1,430</b>  | <b>1,055,107</b> |
| <b>OTHER FINANCING SOURCES (USES)</b>              |                                  |                      |  |                                     |                     |                      |                                   |   |                  |
| Transfer in  | 30,894                           | -                    | -  | -                                   | -                   | -                    | -                                 | -   | 30,894           |
| Interest   | -                                | -                    | -  | -                                   | 37,744              | -                    | -                                 | -   | 37,744           |
| <b>Total other financing sources (uses)</b>        | <b>30,894</b>                    | <b>-</b>             | <b>-</b>   | <b>-</b>                            | <b>37,744</b>       | <b>-</b>             | <b>-</b>                          | <b>-</b>  | <b>68,638</b>    |
| <b>NET CHANGE IN FUND BALANCES</b>                 | <b>(59,157)</b>                  | <b>-</b>             | <b>(3,746)</b>   | <b>(142)</b>                        | <b>10,233</b>       | <b>2,551</b>         | <b>(2,679)</b>                    | <b>(230)</b>  | <b>(53,170)</b>  |
| <b>FUND BALANCES - BEGINNING</b>                   | <b>65,930</b>                    | <b>-</b>             | <b>3,746</b>   | <b>142</b>                          | <b>34,633</b>       | <b>376</b>           | <b>3,232</b>                      | <b>2,128</b>  | <b>110,187</b>   |
| <b>FUND BALANCES - ENDING</b>                      | <b>\$ 6,773</b>                  | <b>\$ -</b>          | <b>\$ -</b>  | <b>\$ -</b>                         | <b>\$ 44,866</b>    | <b>\$ 2,927</b>      | <b>\$ 553</b>                     | <b>\$ 1,898</b>   | <b>\$ 57,017</b> |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2005 to June 30, 2006)  
 GENERAL FUND ACCOUNTS  
 ROE/ISC OPERATIONS  
 FOR THE YEAR ENDED JUNE 30, 2006

|   | Budgeted Amounts   |                    | Actual<br>Amounts  |
|---|--------------------|--------------------|--------------------|
|   | Original           | Final              |                    |
| <b>REVENUES</b>                                   |                    |                    |                    |
| State   | \$ 55,636          | \$ 55,655          | \$ 55,655          |
| State sources - payments made on behalf of region | -                  | -                  | 261,113            |
| Total Revenues                                    | <u>55,636</u>      | <u>55,655</u>      | <u>316,768</u>     |
| <b>EXPENDITURES</b>                               |                    |                    |                    |
| Current:  |                    |                    |                    |
| Salaries and benefits                             | 24,350             | 23,350             | 23,476             |
| Purchased services                                | 26,786             | 26,805             | 26,761             |
| Supplies and materials                            | 4,500              | 5,500              | 5,418              |
| On-behalf payments                                | -                  | -                  | 261,113            |
| Total Expenditures                                | <u>55,636</u>      | <u>55,655</u>      | <u>316,768</u>     |
| NET CHANGE IN FUND BALANCES                       | -                  | -                  | -                  |
| FUND BALANCES - BEGINNING                         | <u>-</u>           | <u>-</u>           | <u>-</u>           |
| FUND BALANCES - ENDING                            | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of November 1, 2004 to October 31, 2005 and  
 November 1, 2005 to October 31, 2006)  
 GENERAL FUND ACCOUNTS  
 OFFICE OPERATIONS  
 FOR THE YEAR ENDED JUNE 30, 2006

|                             | Budgeted Amounts       |                        |                        |                        | Actual<br>Amounts |
|-----------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|
|                             | Original               |                        | Final                  |                        |                   |
|                             | 11/1/04 to<br>10/31/05 | 11/1/05 to<br>10/31/06 | 11/1/04 to<br>10/31/05 | 11/1/05 to<br>10/31/06 |                   |
| REVENUES                    |                        |                        |                        |                        |                   |
| Local                       | \$ 61,230              | \$ 62,485              | \$ 61,230              | \$ 62,485              | \$ 95,876         |
| Total Revenues              | <u>61,230</u>          | <u>62,485</u>          | <u>61,230</u>          | <u>62,485</u>          | <u>95,876</u>     |
| EXPENDITURES                |                        |                        |                        |                        |                   |
| Current:                    |                        |                        |                        |                        |                   |
| Salaries and benefits       | 30,295                 | 30,295                 | 30,295                 | 30,295                 | 61,834            |
| Purchased services          | 29,650                 | 30,695                 | 29,650                 | 30,695                 | 29,987            |
| Supplies and materials      | 1,285                  | 1,495                  | 1,285                  | 1,495                  | 1,504             |
| Total Expenditures          | <u>61,230</u>          | <u>62,485</u>          | <u>61,230</u>          | <u>62,485</u>          | <u>93,325</u>     |
| NET CHANGE IN FUND BALANCES | -                      | -                      | -                      | -                      | 2,551             |
| FUND BALANCES - BEGINNING   | <u>-</u>               | <u>-</u>               | <u>-</u>               | <u>-</u>               | <u>376</u>        |
| FUND BALANCES - ENDING      | <u>\$ -</u>            | <u>\$ -</u>            | <u>\$ -</u>            | <u>\$ -</u>            | <u>\$ 2,927</u>   |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2006

|  | ROE/ISC<br>Technology | ISBE<br>Contracts | Title I Reading<br>First Part B<br>SEA Funds | Illinois<br>Violence<br>Prevention<br>Authority | Penny<br>Severns | Early Childhood<br>Block Grant<br>(3705-01) |
|--|-----------------------|-------------------|--|---|------------------|---|
| <b>ASSETS</b>                              |                       |                   |  |   |                  |   |
| Cash                                       | \$ 2,419              | \$ 7,895          | \$ -   | \$ 1,134  | \$ 2,051         | \$ -  |
| Due from other funds                       | -                     | -                 | -  | -   | -                | -   |
| Due from other governments                 | -                     | -                 | -  | -   | -                | 871   |
| <b>TOTAL ASSETS</b>                        | <b>\$ 2,419</b>       | <b>\$ 7,895</b>   | <b>\$ -</b>                                  | <b>\$ 1,134</b>                                 | <b>\$ 2,051</b>  | <b>\$ 871</b>                               |
| <b>LIABILITIES</b>                         |                       |                   |  |   |                  |   |
| Accounts payable                           | \$ -                  | \$ -              | \$ -   | \$ -  | \$ -             | \$ 759                                      |
| Due to other funds                         | -                     | -                 | -  | -   | -                | 112   |
| Deferred revenue                           | -                     | 7,895             | -  | 1,134   | 2,051            | -   |
| <b>Total Liabilities</b>                   | <b>-</b>              | <b>7,895</b>      | <b>-</b>                                     | <b>1,134</b>                                    | <b>2,051</b>     | <b>871</b>                                  |
| <b>FUND BALANCES</b>                       |                       |                   |  |   |                  |   |
| Unreserved                                 | 2,419                 | -                 | -  | -   | -                | -   |
| <b>Total Fund Balances</b>                 | <b>2,419</b>          | <b>-</b>          | <b>-</b>                                     | <b>-</b>  | <b>-</b>         | <b>-</b>                                    |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 2,419</b>       | <b>\$ 7,895</b>   | <b>\$ -</b>                                  | <b>\$ 1,134</b>                                 | <b>\$ 2,051</b>  | <b>\$ 871</b>                               |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2006

|  | Early Childhood<br>Block Grant<br>(3705-60) | School<br>Improvement | Title IV Safe<br>and Drug Free<br>School - Formula | Rural<br>Vision  | Southern<br>Thirty | Regional<br>Safe<br>Schools |
|--|---|-----------------------|--|------------------|--------------------|-----------------------------|
| <b>ASSETS</b>                              |   |                       |  |                  |                    |                             |
| Cash                                       | \$ -  | \$ 4,090              | \$ -   | \$ 12,314        | \$ 8,131           | \$ 8,270                    |
| Due from other funds                       | -   | -                     | -  | -                | -                  | -                           |
| Due from other governments                 | 16,531                                      | -                     | 3,047  | -                | -                  | -                           |
| <b>TOTAL ASSETS</b>                        | <b>\$ 16,531</b>                            | <b>\$ 4,090</b>       | <b>\$ 3,047</b>                                    | <b>\$ 12,314</b> | <b>\$ 8,131</b>    | <b>\$ 8,270</b>             |
| <b>LIABILITIES</b>                         |   |                       |  |                  |                    |                             |
| Accounts payable                           | \$ 14,039                                   | \$ -                  | \$ -   | \$ -             | \$ -               | \$ 8,270                    |
| Due to other funds                         | 2,492                                       | -                     | 3,047  | -                | -                  | -                           |
| Deferred revenue                           | -   | -                     | -  | -                | -                  | -                           |
| <b>Total Liabilities</b>                   | <b>16,531</b>                               | <b>-</b>              | <b>3,047</b>                                       | <b>-</b>         | <b>-</b>           | <b>8,270</b>                |
| <b>FUND BALANCES</b>                       |   |                       |  |                  |                    |                             |
| Unreserved                                 | -   | 4,090                 | -  | 12,314           | 8,131              | -                           |
| <b>Total Fund Balances</b>                 | <b>-</b>                                    | <b>4,090</b>          | <b>-</b>   | <b>12,314</b>    | <b>8,131</b>       | <b>-</b>                    |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 16,531</b>                            | <b>\$ 4,090</b>       | <b>\$ 3,047</b>                                    | <b>\$ 12,314</b> | <b>\$ 8,131</b>    | <b>\$ 8,270</b>             |



HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2006

|  | Truants Alternative<br>and Optional<br>Education | Job Training<br>Partnership<br>Act | Early Childhood<br>Block Grant<br>(3705-00) | Standards<br>Aligned<br>Classroom | McKinney<br>Education for<br>Homeless Children |
|--|--|------------------------------------|---|-----------------------------------|--|
| <b>ASSETS</b>                              |  |                                    |   |                                   |  |
| Cash                                       | \$ 14,176  | \$ -                               | \$ 18,267                                   | \$ 10,177                         | \$ -   |
| Due from other funds                       | -  | -                                  | -   | -                                 | -  |
| Due from other governments                 | 2,409  | 5,175                              | -   | -                                 | -  |
| <b>TOTAL ASSETS</b>                        | <b>\$ 16,585</b>                                 | <b>\$ 5,175</b>                    | <b>\$ 18,267</b>                            | <b>\$ 10,177</b>                  | <b>\$ -</b>                                    |
| <b>LIABILITIES</b>                         |  |                                    |   |                                   |  |
| Accounts payable                           | \$ 16,585  | \$ -                               | \$ -  | \$ -                              | \$ -   |
| Due to other funds                         | -  | 5,175                              | -   | -                                 | -  |
| Deferred revenue                           | -  | -                                  | 18,267                                      | 10,177                            | -  |
| <b>Total Liabilities</b>                   | <b>16,585</b>                                    | <b>5,175</b>                       | <b>18,267</b>                               | <b>10,177</b>                     | <b>-</b>                                       |
| <b>FUND BALANCES</b>                       |  |                                    |   |                                   |  |
| Unreserved                                 | -  | -                                  | -   | -                                 | -  |
| <b>Total Fund Balances</b>                 | <b>-</b>   | <b>-</b>                           | <b>-</b>                                    | <b>-</b>                          | <b>-</b>                                       |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 16,585</b>                                 | <b>\$ 5,175</b>                    | <b>\$ 18,267</b>                            | <b>\$ 10,177</b>                  | <b>\$ -</b>                                    |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2006

|  | Mathematics<br>and Science<br>Partnerships<br>(4936-00 & 4936-01) | Illinois Virtual<br>High School<br>Program | Title I School<br>Improvement and<br>Accountability<br>System of Support | State<br>Aid      | Even<br>Start    | Total             |
|--|---|--|--|-------------------|------------------|-------------------|
| <b>ASSETS</b>                              |   |  |  |                   |                  |                   |
| Cash                                       | \$ 272  | \$ -                                       | \$ 22,724  | \$ 95,572         | \$ 1,946         | \$ 209,438        |
| Due from other funds                       | -   | -  | -  | 84,412            | -                | 84,412            |
| Due from other governments                 | 3,638   | -  | -  | -                 | 14,426           | 46,097            |
| <b>TOTAL ASSETS</b>                        | <b>\$ 3,910</b>   | <b>\$ -</b>                                | <b>\$ 22,724</b>   | <b>\$ 179,984</b> | <b>\$ 16,372</b> | <b>\$ 339,947</b> |
| <b>LIABILITIES</b>                         |   |  |  |                   |                  |                   |
| Accounts payable                           | \$ -  | \$ -                                       | \$ -   | \$ -              | \$ 16,372        | \$ 56,025         |
| Due to other funds                         | -   | -  | -  | -                 | -                | 10,826            |
| Deferred revenue                           | 3,910   | -  | 22,724   | -                 | -                | 66,158            |
| <b>Total Liabilities</b>                   | <b>3,910</b>  | <b>-</b>                                   | <b>22,724</b>  | <b>-</b>          | <b>16,372</b>    | <b>133,009</b>    |
| <b>FUND BALANCES</b>                       |   |  |  |                   |                  |                   |
| Unreserved                                 | -   | -  | -  | 179,984           | -                | 206,938           |
| <b>Total Fund Balances</b>                 | <b>-</b>  | <b>-</b>                                   | <b>-</b>   | <b>179,984</b>    | <b>-</b>         | <b>206,938</b>    |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 3,910</b>   | <b>\$ -</b>                                | <b>\$ 22,724</b>   | <b>\$ 179,984</b> | <b>\$ 16,372</b> | <b>\$ 339,947</b> |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2006

|                                       | ROE/ISC<br>Technology  | ISBE<br>Contracts  | Title I Reading<br>First Part B<br>SEA Funds | Illinois<br>Violence<br>Prevention<br>Authority | Penny<br>Severns   | Early Childhood<br>Block Grant<br>(3705-01) |
|---------------------------------------|------------------------|--------------------|--|---|--------------------|---|
| <b>REVENUES</b>                       |                        |                    |  |   |                    |   |
| Local sources                         | \$ 16,545              | \$ -               | \$ -   | \$ 1,015  | \$ -               | \$ -  |
| State sources                         | -                      | -                  | -  | 26,095  | 6,173              | 5,873                                       |
| Federal sources                       | -                      | -                  | 1,689  | -   | -                  | -   |
| Total Revenues                        | <u>16,545</u>          | <u>-</u>           | <u>1,689</u>                                 | <u>27,110</u>                                   | <u>6,173</u>       | <u>5,873</u>                                |
| <b>EXPENDITURES</b>                   |                        |                    |  |   |                    |   |
| Current:                              |                        |                    |  |   |                    |   |
| Salaries and benefits                 | 13,722                 | -                  | 1,689  | 15,502  | 3,790              | 4,977                                       |
| Purchased services                    | 404                    | -                  | -  | 7,782   | 1,775              | 801   |
| Supplies and materials                | -                      | -                  | -  | 3,826   | 608                | 95  |
| Capital outlay                        | -                      | -                  | -  | -   | -                  | -   |
| Payments to other governments         | -                      | -                  | -  | -   | -                  | -   |
| Total Expenditures                    | <u>14,126</u>          | <u>-</u>           | <u>1,689</u>                                 | <u>27,110</u>                                   | <u>6,173</u>       | <u>5,873</u>                                |
| <b>OTHER FINANCING SOURCES (USES)</b> |                        |                    |  |   |                    |   |
| Transfer out                          | -                      | -                  | -  | -   | -                  | -   |
| Total other financing sources (uses)  | <u>-</u>               | <u>-</u>           | <u>-</u>                                     | <u>-</u>  | <u>-</u>           | <u>-</u>                                    |
| <b>NET CHANGE IN FUND BALANCES</b>    | <b>2,419</b>           | <b>-</b>           | <b>-</b>                                     | <b>-</b>  | <b>-</b>           | <b>-</b>                                    |
| <b>FUND BALANCES - BEGINNING</b>      | <u>-</u>               | <u>-</u>           | <u>-</u>                                     | <u>-</u>  | <u>-</u>           | <u>-</u>                                    |
| <b>FUND BALANCES - ENDING</b>         | <u><u>\$ 2,419</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u>                           | <u><u>\$ -</u></u>                              | <u><u>\$ -</u></u> | <u><u>\$ -</u></u>                          |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2006

|                                       | Early Childhood<br>Block Grant<br>(3705-60) | School<br>Improvement | Title IV Safe<br>and Drug Free<br>School - Formula | Rural<br>Vision  | Southern<br>Thirty | Regional<br>Safe<br>Schools |
|---------------------------------------|---|-----------------------|--|------------------|--------------------|-----------------------------|
| <b>REVENUES</b>                       |   |                       |  |                  |                    |                             |
| Local sources                         | \$ -  | \$ 10,329             | \$ -   | \$ 871           | \$ 80,442          | \$ -                        |
| State sources                         | 132,923                                     | -                     | -  | -                | -                  | 90,785                      |
| Federal sources                       | -   | -                     | 7,710  | -                | -                  | -                           |
| Total Revenues                        | <u>132,923</u>                              | <u>10,329</u>         | <u>7,710</u>                                       | <u>871</u>       | <u>80,442</u>      | <u>90,785</u>               |
| <b>EXPENDITURES</b>                   |   |                       |  |                  |                    |                             |
| Current:                              |   |                       |  |                  |                    |                             |
| Salaries and benefits                 | 104,106                                     | -                     | 3,464  | -                | 69,094             | 53,358                      |
| Purchased services                    | 15,120                                      | 6,172                 | 1,057  | -                | 4,913              | 30,794                      |
| Supplies and materials                | 11,571                                      | 67                    | 3,189  | -                | 946                | 6,633                       |
| Capital outlay                        | 2,126                                       | -                     | -  | -                | -                  | -                           |
| Payments to other governments         | -   | -                     | -  | -                | -                  | -                           |
| Total Expenditures                    | <u>132,923</u>                              | <u>6,239</u>          | <u>7,710</u>                                       | <u>-</u>         | <u>74,953</u>      | <u>90,785</u>               |
| <b>OTHER FINANCING SOURCES (USES)</b> |   |                       |  |                  |                    |                             |
| Transfer out                          | -   | -                     | -  | -                | -                  | -                           |
| Total other financing sources (uses)  | <u>-</u>                                    | <u>-</u>              | <u>-</u>   | <u>-</u>         | <u>-</u>           | <u>-</u>                    |
| NET CHANGE IN FUND BALANCES           | -   | 4,090                 | -  | 871              | 5,489              | -                           |
| FUND BALANCES - BEGINNING             | <u>-</u>                                    | <u>-</u>              | <u>-</u>   | <u>11,443</u>    | <u>2,642</u>       | <u>-</u>                    |
| FUND BALANCES - ENDING                | <u>\$ -</u>                                 | <u>\$ 4,090</u>       | <u>\$ -</u>  | <u>\$ 12,314</u> | <u>\$ 8,131</u>    | <u>\$ -</u>                 |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2006

|                                       | Truants Alternative<br>Optional<br>Education | Job Training<br>Partnership<br>Act | Early Childhood<br>Block Grant<br>(3705-00) | Standards<br>Aligned<br>Classroom | McKinney<br>Education for<br>Homeless Children |
|---------------------------------------|--|------------------------------------|---|-----------------------------------|--|
| <b>REVENUES</b>                       |  |                                    |   |                                   |  |
| Local sources                         | \$ 10,492                                    | \$ -                               | \$ -  | \$ -                              | \$ -   |
| State sources                         | 122,249                                      | -                                  | 620,170                                     | -                                 | -  |
| Federal sources                       | 17,523                                       | 58,741                             | -   | 98,552                            | 21,545   |
| Total Revenues                        | <u>150,264</u>                               | <u>58,741</u>                      | <u>620,170</u>                              | <u>98,552</u>                     | <u>21,545</u>                                  |
| <b>EXPENDITURES</b>                   |  |                                    |   |                                   |  |
| Current:                              |  |                                    |   |                                   |  |
| Salaries and benefits                 | 85,010                                       | 56,867                             | 503,960                                     | 20,319                            | 20,471   |
| Purchased services                    | 59,383                                       | 1,681                              | 87,643                                      | 7,605                             | 1,027  |
| Supplies and materials                | 5,871  | 193                                | 27,783                                      | 591                               | 47   |
| Capital outlay                        | -  | -                                  | 784   | -                                 | -  |
| Payments to other governments         | -  | -                                  | -   | 70,037                            | -  |
| Total Expenditures                    | <u>150,264</u>                               | <u>58,741</u>                      | <u>620,170</u>                              | <u>98,552</u>                     | <u>21,545</u>                                  |
| <b>OTHER FINANCING SOURCES (USES)</b> |  |                                    |   |                                   |  |
| Transfer out                          | -  | -                                  | -   | -                                 | -  |
| Total other financing sources (uses)  | <u>-</u>                                     | <u>-</u>                           | <u>-</u>                                    | <u>-</u>                          | <u>-</u>                                       |
| <b>NET CHANGE IN FUND BALANCES</b>    | -  | -                                  | -   | -                                 | -  |
| <b>FUND BALANCES - BEGINNING</b>      | <u>-</u>                                     | <u>-</u>                           | <u>-</u>                                    | <u>-</u>                          | <u>-</u>                                       |
| <b>FUND BALANCES - ENDING</b>         | <u>\$ -</u>                                  | <u>\$ -</u>                        | <u>\$ -</u>                                 | <u>\$ -</u>                       | <u>\$ -</u>                                    |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 EDUCATION FUND ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2006

|                                       | Mathematics<br>and Science<br>Partnerships<br>(4936-00 & 4936-01) | Illinois Virtual<br>High School<br>Program | Title I School<br>Improvement and<br>Accountability<br>System of Support | State<br>Aid      | Even<br>Start  | TOTAL             |
|---------------------------------------|---|--|--|-------------------|----------------|-------------------|
| <b>REVENUES</b>                       |   |  |  |                   |                |                   |
| Local sources                         | \$ -  | \$ 2,000                                   | \$ -   | \$ 42,345         | \$ -           | \$ 164,039        |
| State sources                         | -   | -  | 29,628   | 473,075           | -              | 1,506,971         |
| Federal sources                       | 220,132   | -  | 112,749  | -                 | 112,000        | 650,641           |
| Total Revenues                        | <u>220,132</u>  | <u>2,000</u>                               | <u>142,377</u>   | <u>515,420</u>    | <u>112,000</u> | <u>2,321,651</u>  |
| <b>EXPENDITURES</b>                   |   |  |  |                   |                |                   |
| Current:                              |   |  |  |                   |                |                   |
| Salaries and benefits                 | 34,631  | -  | 50,276   | 399,933           | 91,726         | 1,532,895         |
| Purchased services                    | 48,464  | 2,000                                      | 90,600   | 92,972            | 16,396         | 476,589           |
| Supplies and materials                | 6,438   | -  | 1,501  | 43,119            | 3,599          | 116,077           |
| Capital outlay                        | -   | -  | -  | 3,459             | 279            | 6,648             |
| Payments to other governments         | 130,599   | -  | -  | -                 | -              | 200,636           |
| Total Expenditures                    | <u>220,132</u>  | <u>2,000</u>                               | <u>142,377</u>   | <u>539,483</u>    | <u>112,000</u> | <u>2,332,845</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b> |   |  |  |                   |                |                   |
| Transfer out                          | -   | -  | -  | (30,894)          | -              | (30,894)          |
| Total other financing sources (uses)  | <u>-</u>  | <u>-</u>                                   | <u>-</u>   | <u>(30,894)</u>   | <u>-</u>       | <u>(30,894)</u>   |
| <b>NET CHANGE IN FUND BALANCES</b>    | -   | -  | -  | (54,957)          | -              | (42,088)          |
| <b>FUND BALANCES - BEGINNING</b>      | <u>-</u>  | <u>-</u>                                   | <u>-</u>   | <u>234,941</u>    | <u>-</u>       | <u>249,026</u>    |
| <b>FUND BALANCES - ENDING</b>         | <u>\$ -</u>   | <u>\$ -</u>                                | <u>\$ -</u>  | <u>\$ 179,984</u> | <u>\$ -</u>    | <u>\$ 206,938</u> |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of December 15, 2004 to December 31, 2005 and  
 December 15, 2005 to December 31, 2006)  
 EDUCATION FUND ACCOUNTS  
 ILLINOIS VIOLENCE PREVENTION AUTHORITY  
 FOR THE YEAR ENDED JUNE 30, 2006

|                             | Budgeted Amounts        |                         |                         |                         | Actual<br>Amounts |
|-----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------|
|                             | Original                |                         | Final                   |                         |                   |
|                             | 12/15/04<br>to 12/31/05 | 12/15/05<br>to 12/31/06 | 12/15/04<br>to 12/31/05 | 12/15/05<br>to 12/31/06 |                   |
| REVENUES                    |                         |                         |                         |                         |                   |
| Local                       | \$ -                    | \$ -                    | \$ -                    | \$ -                    | \$ 1,015          |
| State                       | 19,500                  | 19,500                  | 19,500                  | 15,284                  | 26,095            |
| Total Revenues              | <u>19,500</u>           | <u>19,500</u>           | <u>19,500</u>           | <u>15,284</u>           | <u>27,110</u>     |
| EXPENDITURES                |                         |                         |                         |                         |                   |
| Current:                    |                         |                         |                         |                         |                   |
| Salaries and Benefits       | 15,900                  | 16,185                  | 9,777                   | 12,146                  | 15,502            |
| Purchased Services          | 2,300                   | 2,465                   | 5,229                   | 2,316                   | 7,782             |
| Supplies and Materials      | 800                     | 800                     | 3,072                   | 772                     | 3,826             |
| Capital Outlay              | 500                     | 50                      | 1,422                   | 50                      | -                 |
| Total Expenditures          | <u>19,500</u>           | <u>19,500</u>           | <u>19,500</u>           | <u>15,284</u>           | <u>27,110</u>     |
| NET CHANGE IN FUND BALANCES | -                       | -                       | -                       | -                       | -                 |
| FUND BALANCES - BEGINNING   | -                       | -                       | -                       | -                       | -                 |
| FUND BALANCES - ENDING      | <u>\$ -</u>             | <u>\$ -</u>             | <u>\$ -</u>             | <u>\$ -</u>             | <u>\$ -</u>       |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of May 31, 2006 to August 31, 2006)  
 EDUCATION FUND ACCOUNTS  
 PENNY SEVERNS  
 FOR THE YEAR ENDED JUNE 30, 2006

|                             | <u>Budgeted Amounts</u> |              | <u>Actual</u>  |
|-----------------------------|-------------------------|--------------|----------------|
|                             | <u>Original</u>         | <u>Final</u> | <u>Amounts</u> |
| REVENUES                    |                         |              |                |
| State                       | \$ 4,800                | \$ 4,800     | \$ 6,173       |
| Total Revenues              | <u>4,800</u>            | <u>4,800</u> | <u>6,173</u>   |
| EXPENDITURES                |                         |              |                |
| Current:                    |                         |              |                |
| Salaries and Benefits       | 1,170                   | 1,170        | 3,790          |
| Purchased Services          | 2,486                   | 2,486        | 1,775          |
| Supplies and Materials      | 974                     | 974          | 608            |
| Other Objects               | 170                     | 170          | -              |
| Total Expenditures          | <u>4,800</u>            | <u>4,800</u> | <u>6,173</u>   |
| NET CHANGE IN FUND BALANCES | -                       | -            | -              |
| FUND BALANCES - BEGINNING   | <u>-</u>                | <u>-</u>     | <u>-</u>       |
| FUND BALANCES - ENDING      | <u>\$ -</u>             | <u>\$ -</u>  | <u>\$ -</u>    |



HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2005 to June 30, 2006)  
 EDUCATION FUND ACCOUNTS  
 EARLY CHILDHOOD BLOCK GRANT (3705-01)  
 FOR THE YEAR ENDED JUNE 30, 2006

|                             | Budgeted Amounts |              | Actual<br>Amounts |
|-----------------------------|------------------|--------------|-------------------|
|                             | Original         | Final        |                   |
| REVENUES                    |                  |              |                   |
| State                       | \$ 5,873         | \$ 5,873     | \$ 5,873          |
| Total Revenues              | <u>5,873</u>     | <u>5,873</u> | <u>5,873</u>      |
| EXPENDITURES                |                  |              |                   |
| Current:                    |                  |              |                   |
| Salaries and Benefits       | 4,925            | 4,925        | 4,977             |
| Purchased Services          | 816              | 816          | 801               |
| Supplies and Materials      | 132              | 132          | 95                |
| Total Expenditures          | <u>5,873</u>     | <u>5,873</u> | <u>5,873</u>      |
| NET CHANGE IN FUND BALANCES | -                | -            | -                 |
| FUND BALANCES - BEGINNING   | <u>-</u>         | <u>-</u>     | <u>-</u>          |
| FUND BALANCES - ENDING      | <u>\$ -</u>      | <u>\$ -</u>  | <u>\$ -</u>       |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2005 to June 30, 2006)  
 EDUCATION FUND ACCOUNTS  
 EARLY CHILDHOOD BLOCK GRANT (3705-60)  
 FOR THE YEAR ENDED JUNE 30, 2006

|                             | Budgeted Amounts |                | Actual<br>Amounts |
|-----------------------------|------------------|----------------|-------------------|
|                             | Original         | Final          |                   |
| <b>REVENUES</b>             |                  |                |                   |
| State                       | \$ 116,382       | \$ 116,382     | \$ 132,923        |
| Total Revenues              | <u>116,382</u>   | <u>116,382</u> | <u>132,923</u>    |
| <b>EXPENDITURES</b>         |                  |                |                   |
| Current:                    |                  |                |                   |
| Salaries and Benefits       | 88,330           | 88,330         | 104,106           |
| Purchased Services          | 16,752           | 16,752         | 15,120            |
| Supplies and Materials      | 9,300            | 9,300          | 11,571            |
| Capital Outlay              | 2,000            | 2,000          | 2,126             |
| Total Expenditures          | <u>116,382</u>   | <u>116,382</u> | <u>132,923</u>    |
| NET CHANGE IN FUND BALANCES | -                | -              | -                 |
| FUND BALANCES - BEGINNING   | <u>-</u>         | <u>-</u>       | <u>-</u>          |
| FUND BALANCES - ENDING      | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ -</u>       |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2005 to June 30, 2006)  
 EDUCATION FUND ACCOUNTS  
 TITLE IV SAFE AND DRUG FREE SCHOOL - FORMULA  
 FOR THE YEAR ENDED JUNE 30, 2006

|                             | Budgeted Amounts |               | Actual<br>Amounts |
|-----------------------------|------------------|---------------|-------------------|
|                             | Original         | Final         |                   |
| REVENUES                    |                  |               |                   |
| Federal                     | \$ 10,117        | \$ 10,117     | \$ 7,710          |
| Total Revenues              | <u>10,117</u>    | <u>10,117</u> | <u>7,710</u>      |
| EXPENDITURES                |                  |               |                   |
| Current:                    |                  |               |                   |
| Salaries and benefits       | 4,944            | 4,944         | 3,464             |
| Purchased services          | 1,053            | 1,053         | 1,057             |
| Supplies and materials      | 4,120            | 4,120         | 3,189             |
| Total Expenditures          | <u>10,117</u>    | <u>10,117</u> | <u>7,710</u>      |
| NET CHANGE IN FUND BALANCES | -                | -             | -                 |
| FUND BALANCES - BEGINNING   | <u>-</u>         | <u>-</u>      | <u>-</u>          |
| FUND BALANCES - ENDING      | <u>\$ -</u>      | <u>\$ -</u>   | <u>\$ -</u>       |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2005 to June 30, 2006)  
 EDUCATION FUND ACCOUNTS  
 REGIONAL SAFE SCHOOLS  
 FOR THE YEAR ENDED JUNE 30, 2006

|                             | Budgeted Amounts |               | Actual<br>Amounts |
|-----------------------------|------------------|---------------|-------------------|
|                             | Original         | Final         |                   |
| REVENUES                    |                  |               |                   |
| State                       | \$ 89,381        | \$ 90,785     | \$ 90,785         |
| Total Revenues              | <u>89,381</u>    | <u>90,785</u> | <u>90,785</u>     |
| EXPENDITURES                |                  |               |                   |
| Current:                    |                  |               |                   |
| Salaries and Benefits       | 53,531           | 54,431        | 53,358            |
| Purchased Services          | 29,210           | 29,654        | 30,794            |
| Supplies and Materials      | 6,640            | 6,700         | 6,633             |
| Total Expenditures          | <u>89,381</u>    | <u>90,785</u> | <u>90,785</u>     |
| NET CHANGE IN FUND BALANCES | -                | -             | -                 |
| FUND BALANCES - BEGINNING   | <u>-</u>         | <u>-</u>      | <u>-</u>          |
| FUND BALANCES - ENDING      | <u>\$ -</u>      | <u>\$ -</u>   | <u>\$ -</u>       |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2005 to June 30, 2006)  
 EDUCATION FUND ACCOUNTS  
 TRUANTS ALTERNATIVE OPTIONAL EDUCATION  
 FOR THE YEAR ENDED JUNE 30, 2006

|                             | Budgeted Amounts |         | Actual<br>Amounts |
|-----------------------------|------------------|---------|-------------------|
|                             | Original         | Final   |                   |
| <b>REVENUES</b>             |                  |         |                   |
| Local                       | \$ -             | \$ -    | \$ 10,492         |
| State                       | 128,865          | 121,133 | 122,249           |
| Federal                     | -                | -       | 17,523            |
| Total Revenues              | 128,865          | 121,133 | 150,264           |
| <b>EXPENDITURES</b>         |                  |         |                   |
| Current:                    |                  |         |                   |
| Salaries and Benefits       | 94,888           | 87,689  | 85,010            |
| Purchased Services          | 29,187           | 28,854  | 59,383            |
| Supplies and Materials      | 4,790            | 4,590   | 5,871             |
| Total Expenditures          | 128,865          | 121,133 | 150,264           |
| NET CHANGE IN FUND BALANCES | -                | -       | -                 |
| FUND BALANCES - BEGINNING   | -                | -       | -                 |
| FUND BALANCES - ENDING      | \$ -             | \$ -    | \$ -              |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of September 1, 2005 to August 31, 2006)  
 EDUCATION FUND ACCOUNTS  
 JOB TRAINING PARTNERSHIP ACT  
 FOR THE YEAR ENDED JUNE 30, 2006

|                             | Budgeted Amounts |               | Actual<br>Amounts |
|-----------------------------|------------------|---------------|-------------------|
|                             | Original         | Final         |                   |
| REVENUES                    |                  |               |                   |
| Federal                     | \$ 65,000        | \$ 65,000     | \$ 58,741         |
| Total Revenues              | <u>65,000</u>    | <u>65,000</u> | <u>58,741</u>     |
| EXPENDITURES                |                  |               |                   |
| Current:                    |                  |               |                   |
| Salaries and Benefits       | 57,083           | 57,740        | 56,867            |
| Purchased Services          | 7,917            | 7,260         | 1,681             |
| Supplies and Materials      | -                | -             | 193               |
| Total Expenditures          | <u>65,000</u>    | <u>65,000</u> | <u>58,741</u>     |
| NET CHANGE IN FUND BALANCES | -                | -             | -                 |
| FUND BALANCES - BEGINNING   | <u>-</u>         | <u>-</u>      | <u>-</u>          |
| FUND BALANCES - ENDING      | <u>\$ -</u>      | <u>\$ -</u>   | <u>\$ -</u>       |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2005 to August 31, 2006)  
 EDUCATION FUND ACCOUNTS  
 EARLY CHILDHOOD BLOCK GRANT (3705-00)  
 FOR THE YEAR ENDED JUNE 30, 2006

|                             | Budgeted Amounts |                | Actual<br>Amounts |
|-----------------------------|------------------|----------------|-------------------|
|                             | Original         | Final          |                   |
| REVENUES                    |                  |                |                   |
| State                       | \$ 732,128       | \$ 744,128     | \$ 620,170        |
| Total Revenues              | <u>732,128</u>   | <u>744,128</u> | <u>620,170</u>    |
| EXPENDITURES                |                  |                |                   |
| Current:                    |                  |                |                   |
| Salaries and Benefits       | 593,035          | 593,035        | 503,960           |
| Purchased Services          | 90,809           | 102,809        | 87,643            |
| Supplies and Materials      | 48,284           | 48,284         | 27,783            |
| Capital Outlay              | -                | -              | 784               |
| Total Expenditures          | <u>732,128</u>   | <u>744,128</u> | <u>620,170</u>    |
| NET CHANGE IN FUND BALANCES | -                | -              | -                 |
| FUND BALANCES - BEGINNING   | <u>-</u>         | <u>-</u>       | <u>-</u>          |
| FUND BALANCES - ENDING      | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ -</u>       |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2005 to June 30, 2006)  
 EDUCATION FUND ACCOUNTS  
 MCKINNEY EDUCATION FOR HOMELESS CHILDREN  
 FOR THE YEAR ENDED JUNE 30, 2006

|                             | Budgeted Amounts |               | Actual<br>Amounts |
|-----------------------------|------------------|---------------|-------------------|
|                             | Original         | Final         |                   |
| REVENUES                    |                  |               |                   |
| Federal                     | \$ 19,365        | \$ 21,545     | \$ 21,545         |
| Total Revenues              | <u>19,365</u>    | <u>21,545</u> | <u>21,545</u>     |
| EXPENDITURES                |                  |               |                   |
| Current:                    |                  |               |                   |
| Salaries and Benefits       | 17,803           | 19,835        | 20,471            |
| Purchased Services          | 1,330            | 1,536         | 1,027             |
| Supplies and Materials      | 232              | 174           | 47                |
| Total Expenditures          | <u>19,365</u>    | <u>21,545</u> | <u>21,545</u>     |
| NET CHANGE IN FUND BALANCES | -                | -             | -                 |
| FUND BALANCES - BEGINNING   | <u>-</u>         | <u>-</u>      | <u>-</u>          |
| FUND BALANCES - ENDING      | <u>\$ -</u>      | <u>\$ -</u>   | <u>\$ -</u>       |



HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of September 1, 2005 to August 31, 2006)  
 EDUCATION FUND ACCOUNTS  
 MATHEMATICS AND SCIENCE PARTNERSHIPS (4936-00 & 4936-01)  
 FOR THE YEAR ENDED JUNE 30, 2006

|                               | Budgeted Amounts |                | Actual<br>Amounts |
|-------------------------------|------------------|----------------|-------------------|
|                               | Original         | Final          |                   |
| REVENUES                      |                  |                |                   |
| Federal                       | \$ 209,768       | \$ 209,768     | \$ 220,132        |
| Total Revenues                | <u>209,768</u>   | <u>209,768</u> | <u>220,132</u>    |
| EXPENDITURES                  |                  |                |                   |
| Current:                      |                  |                |                   |
| Salaries and Benefits         | 26,900           | 26,900         | 34,631            |
| Purchased Services            | 174,993          | 174,993        | 48,464            |
| Supplies and Materials        | 7,875            | 7,875          | 6,438             |
| Payments to other governments | -                | -              | 130,599           |
| Total Expenditures            | <u>209,768</u>   | <u>209,768</u> | <u>220,132</u>    |
| NET CHANGE IN FUND BALANCES   | -                | -              | -                 |
| FUND BALANCES - BEGINNING     | <u>-</u>         | <u>-</u>       | <u>-</u>          |
| FUND BALANCES - ENDING        | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ -</u>       |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2005 to June 30, 2006)  
 EDUCATION FUND ACCOUNTS  
 EVEN START  
 FOR THE YEAR ENDED JUNE 30, 2006

|                             | Budgeted Amounts |                | Actual<br>Amounts |
|-----------------------------|------------------|----------------|-------------------|
|                             | Original         | Final          |                   |
| REVENUES                    |                  |                |                   |
| Federal                     | \$ 112,000       | \$ 112,000     | \$ 112,000        |
| Total Revenues              | <u>112,000</u>   | <u>112,000</u> | <u>112,000</u>    |
| EXPENDITURES                |                  |                |                   |
| Current:                    |                  |                |                   |
| Salaries and Benefits       | 86,966           | 85,956         | 91,726            |
| Purchased Services          | 21,018           | 20,255         | 16,396            |
| Supplies and Materials      | 4,016            | 5,789          | 3,599             |
| Capital Outlay              | -                | -              | 279               |
| Total Expenditures          | <u>112,000</u>   | <u>112,000</u> | <u>112,000</u>    |
| NET CHANGE IN FUND BALANCES | -                | -              | -                 |
| FUND BALANCES - BEGINNING   | <u>-</u>         | <u>-</u>       | <u>-</u>          |
| FUND BALANCES - ENDING      | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ -</u>       |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2006

|  | <u>Institute</u> | <u>General<br/>Education<br/>Development</u> | <u>Bus<br/>Driver<br/>Training</u> | <u>Supervisory</u> | <u>TOTALS</u>    |
|--|------------------|--|------------------------------------|--------------------|------------------|
| <b>ASSETS</b>                              |                  |  |                                    |                    |                  |
| Cash                                       | \$ 12,149        | \$ -   | \$ 1,598                           | \$ 167             | \$ 13,914        |
| Due from other governments                 | -                | 7,467  | -                                  | -                  | 7,467            |
| <b>TOTAL ASSETS</b>                        | <u>\$ 12,149</u> | <u>\$ 7,467</u>                              | <u>\$ 1,598</u>                    | <u>\$ 167</u>      | <u>\$ 21,381</u> |
| <b>LIABILITIES</b>                         |                  |  |                                    |                    |                  |
| Due to other funds                         | \$ -             | \$ 801                                       | \$ -                               | \$ -               | \$ 801           |
| Total Liabilities                          | -                | 801  | -                                  | -                  | 801              |
| <b>FUND BALANCES</b>                       |                  |  |                                    |                    |                  |
| Unreserved                                 | 12,149           | 6,666  | 1,598                              | 167                | 20,580           |
| Total Fund Balances                        | <u>12,149</u>    | <u>6,666</u>                                 | <u>1,598</u>                       | <u>167</u>         | <u>20,580</u>    |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <u>\$ 12,149</u> | <u>\$ 7,467</u>                              | <u>\$ 1,598</u>                    | <u>\$ 167</u>      | <u>\$ 21,381</u> |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2006

|                                       | Institute        | General<br>Education<br>Development | Bus<br>Driver<br>Training | Supervisory   | TOTALS           |
|---------------------------------------|------------------|-------------------------------------|---------------------------|---------------|------------------|
| <b>REVENUES</b>                       |                  |                                     |                           |               |                  |
| Local sources                         | \$ 5,074         | \$ 5,504                            | \$ 864                    | \$ -          | \$ 11,442        |
| State sources                         | -                | 22,611                              | 360                       | 2,000         | 24,971           |
| Total Revenues                        | <u>5,074</u>     | <u>28,115</u>                       | <u>1,224</u>              | <u>2,000</u>  | <u>36,413</u>    |
| <b>EXPENDITURES</b>                   |                  |                                     |                           |               |                  |
| Current:                              |                  |                                     |                           |               |                  |
| Salaries and benefits                 | -                | 14,882                              | -                         | -             | 14,882           |
| Purchased services                    | 712              | 6,259                               | 1,309                     | 2,000         | 10,280           |
| Supplies and materials                | -                | 3,516                               | 8                         | -             | 3,524            |
| Total Expenditures                    | <u>712</u>       | <u>24,657</u>                       | <u>1,317</u>              | <u>2,000</u>  | <u>28,686</u>    |
| <b>OTHER FINANCING SOURCES (USES)</b> |                  |                                     |                           |               |                  |
| Interest income                       | 24               | -                                   | -                         | -             | 24               |
| Total other financing sources (uses)  | <u>24</u>        | <u>-</u>                            | <u>-</u>                  | <u>-</u>      | <u>24</u>        |
| <b>NET CHANGE IN FUND BALANCES</b>    | 4,386            | 3,458                               | (93)                      | -             | 7,751            |
| <b>FUND BALANCES - BEGINNING</b>      | 7,763            | 3,208                               | 1,691                     | 167           | 12,829           |
| <b>FUND BALANCES - ENDING</b>         | <u>\$ 12,149</u> | <u>\$ 6,666</u>                     | <u>\$ 1,598</u>           | <u>\$ 167</u> | <u>\$ 20,580</u> |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING STATEMENT OF NET ASSETS  
 NONMAJOR PROPRIETARY FUNDS  
 JUNE 30, 2006

|  | Enterprise Funds         |                  |                    | Total<br>Proprietary<br>Funds |
|--|--------------------------|------------------|--------------------|-------------------------------|
|  | Mt. Vernon<br>Conference | Testing          | Finger<br>Printing |                               |
| <b>ASSETS</b>                                    |                          |                  |                    |                               |
| <b>Current assets:</b>                           |                          |                  |                    |                               |
| Cash   | \$ 19,018                | \$ -             | \$ 2,129           | \$ 21,147                     |
| Due from other governments                       | -                        | 13,136           | -                  | 13,136                        |
| <b>Total current assets</b>                      | <b>19,018</b>            | <b>13,136</b>    | <b>2,129</b>       | <b>34,283</b>                 |
| <b>Noncurrent assets:</b>                        |                          |                  |                    |                               |
| Capital assets, net of accumulated depreciation: | 248                      | 6,402            | -                  | 6,650                         |
| <b>Total noncurrent assets</b>                   | <b>248</b>               | <b>6,402</b>     | <b>-</b>           | <b>6,650</b>                  |
| <b>TOTAL ASSETS</b>                              | <b>19,266</b>            | <b>19,538</b>    | <b>2,129</b>       | <b>40,933</b>                 |
| <b>LIABILITIES</b>                               |                          |                  |                    |                               |
| Due to other funds                               | -                        | 6,366            | -                  | 6,366                         |
| <b>TOTAL LIABILITIES</b>                         | <b>-</b>                 | <b>6,366</b>     | <b>-</b>           | <b>6,366</b>                  |
| <b>NET ASSETS</b>                                |                          |                  |                    |                               |
| Invested in capital assets                       | 248                      | 6,402            | -                  | 6,650                         |
| Unrestricted                                     | 19,018                   | 6,770            | 2,129              | 27,917                        |
| <b>TOTAL NET ASSETS</b>                          | <b>\$ 19,266</b>         | <b>\$ 13,172</b> | <b>\$ 2,129</b>    | <b>\$ 34,567</b>              |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
 IN FUND NET ASSETS  
 NONMAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2006

|                              | Enterprise Funds         |           |                    | Total<br>Proprietary<br>Funds |
|------------------------------|--------------------------|-----------|--------------------|-------------------------------|
|                              | Mt. Vernon<br>Conference | Testing   | Finger<br>Printing |                               |
| OPERATING REVENUES           |                          |           |                    |                               |
| Local sources                | \$ 83,509                | \$ 35,760 | \$ 37,224          | \$ 156,493                    |
| Total operating revenues     | 83,509                   | 35,760    | 37,224             | 156,493                       |
| OPERATING EXPENSES           |                          |           |                    |                               |
| Salaries and benefits        | 16,263                   | 13,719    | -                  | 29,982                        |
| Purchased services           | 62,964                   | 21,239    | 34,967             | 119,170                       |
| Supplies and materials       | 3,475                    | -         | 53                 | 3,528                         |
| Other objects                | -                        | -         | 75                 | 75                            |
| Depreciation                 | 299                      | 1,549     | -                  | 1,848                         |
| Total operating expenses     | 83,001                   | 36,507    | 35,095             | 154,603                       |
| CHANGE IN NET ASSETS         | 508                      | (747)     | 2,129              | 1,890                         |
| TOTAL NET ASSETS - BEGINNING | 18,758                   | 13,919    | -                  | 32,677                        |
| TOTAL NET ASSETS - ENDING    | \$ 19,266                | \$ 13,172 | \$ 2,129           | \$ 34,567                     |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2006

|  | Enterprise Funds         |                 |                    | Total<br>Proprietary<br>Funds |
|--|--------------------------|-----------------|--------------------|-------------------------------|
|  | Mt. Vernon<br>Conference | Testing         | Finger<br>Printing |                               |
| Cash flows from operating activities:  |                          |                 |                    |                               |
| Receipts from customers  | \$ 83,509                | \$ 34,184       | \$ 38,110          | \$ 155,803                    |
| Payments to suppliers and providers of goods<br>and services   | (66,439)                 | (14,873)        | (35,981)           | (117,293)                     |
| Payments to employees  | (16,263)                 | (13,719)        | -                  | (29,982)                      |
| Net cash provided by (used for) operating activities   | <u>807</u>               | <u>5,592</u>    | <u>2,129</u>       | <u>8,528</u>                  |
| Cash flows from capital and related financing activities:  |                          |                 |                    |                               |
| Purchases of capital assets  | -                        | (6,790)         | -                  | (6,790)                       |
| Net cash provided by (used for) capital and<br>related financing activities                                  | <u>-</u>                 | <u>(6,790)</u>  | <u>-</u>           | <u>(6,790)</u>                |
| Net increase (decrease) in cash and cash equivalents   | 807                      | (1,198)         | 2,129              | 1,738                         |
| Cash - beginning   | <u>18,211</u>            | <u>1,198</u>    | <u>-</u>           | <u>19,409</u>                 |
| Cash - ending  | <u>\$ 19,018</u>         | <u>\$ -</u>     | <u>\$ 2,129</u>    | <u>\$ 21,147</u>              |
| Reconciliation of operating income (loss) to net cash<br>provided by (used for) operating activities:        |                          |                 |                    |                               |
| Operating income (loss)  | \$ 508                   | \$ (747)        | \$ 2,129           | \$ 1,890                      |
| Adjustments to reconcile operating income (loss) to<br>net cash provided by (used for) operating activities: |                          |                 |                    |                               |
| Depreciation   | 299                      | 1,549           | -                  | 1,848                         |
| Change in assets and liabilities:  |                          |                 |                    |                               |
| (Increase) Decrease in Due from Other Governments  | -                        | (1,576)         | 886                | (690)                         |
| Increase (Decrease) in Due to Other Funds  | <u>-</u>                 | <u>6,366</u>    | <u>(886)</u>       | <u>5,480</u>                  |
| Net cash provided by (used for) operating activities   | <u>\$ 807</u>            | <u>\$ 5,592</u> | <u>\$ 2,129</u>    | <u>\$ 8,528</u>               |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 JUNE 30, 2006

|   | Transportation<br>Reimbursement<br>Fund | Building<br>Fund   | Totals             |
|---|---|--------------------|--------------------|
| <b>ASSETS</b>                                       |   |                    |                    |
| Current assets:                                     |   |                    |                    |
| Cash  | \$ -                                    | \$ -               | \$ -               |
| Total current assets                                | -                                       | -                  | -                  |
| Noncurrent assets:                                  |   |                    |                    |
| Capital assets, net of accumulated<br>depreciation: | -                                       | 4,972              | 4,972              |
| Total noncurrent assets                             | -                                       | 4,972              | 4,972              |
| <b>TOTAL ASSETS</b>                                 | -                                       | 4,972              | 4,972              |
| <b>LIABILITIES</b>                                  |   |                    |                    |
| Due to other funds                                  | 35,318                                  | 22,525             | 57,843             |
| <b>TOTAL LIABILITIES</b>                            | 35,318                                  | 22,525             | 57,843             |
| <b>NET ASSETS</b>                                   |   |                    |                    |
| Invested in capital assets                          | -                                       | 4,972              | 4,972              |
| Unrestricted (deficit)                              | (35,318)                                | (22,525)           | (57,843)           |
| <b>TOTAL NET ASSETS</b>                             | <u>\$ (35,318)</u>                      | <u>\$ (17,553)</u> | <u>\$ (52,871)</u> |



HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
 IN FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2006

|                                  | Transportation<br>Reimbursement<br>Fund | Building<br>Fund       | Totals                 |
|----------------------------------|---|------------------------|------------------------|
| <b>OPERATING REVENUES</b>        |   |                        |                        |
| Local sources                    | \$ 29,342                               | \$ 99,702              | \$ 129,044             |
| Total operating revenues         | <u>29,342</u>                           | <u>99,702</u>          | <u>129,044</u>         |
| <b>OPERATING EXPENSES</b>        |   |                        |                        |
| Salaries and benefits            | -                                       | 18,918                 | 18,918                 |
| Purchased services               | 51,931                                  | 97,784                 | 149,715                |
| Depreciation                     | -                                       | 553                    | 553                    |
| Total operating expenses         | <u>51,931</u>                           | <u>117,255</u>         | <u>169,186</u>         |
| <br>CHANGE IN NET ASSETS         | <br>(22,589)                            | <br>(17,553)           | <br>(40,142)           |
| <br>TOTAL NET ASSETS - BEGINNING | <br><u>(12,729)</u>                     | <br><u>-</u>           | <br><u>(12,729)</u>    |
| <br>TOTAL NET ASSETS - ENDING    | <br><u>\$ (35,318)</u>                  | <br><u>\$ (17,553)</u> | <br><u>\$ (52,871)</u> |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2006

|   | Transportation<br>Reimbursement<br>Fund | Building<br>Fund | Totals          |
|---|---|------------------|-----------------|
| Cash flows from operating activities:   |   |                  |                 |
| Receipts from customers   | \$ 51,931                               | \$ 122,227       | \$ 174,158      |
| Payments to suppliers and providers of goods<br>and services  | (51,931)                                | (97,784)         | (149,715)       |
| Payments to employees   | -                                       | (18,918)         | (18,918)        |
| Net cash provided by (used for) operating activities  | <u>-</u>                                | <u>5,525</u>     | <u>5,525</u>    |
| Cash flows from capital and related financing activities:   |   |                  |                 |
| Purchases of capital assets   | -                                       | (5,525)          | (5,525)         |
| Net cash provided by (used for) capital and<br>related financing activities                           | <u>-</u>                                | <u>(5,525)</u>   | <u>(5,525)</u>  |
| Net increase (decrease) in cash and cash equivalents  | -                                       | -                | -               |
| Cash - beginning  | <u>-</u>                                | <u>-</u>         | <u>-</u>        |
| Cash - ending   | <u>\$ -</u>                             | <u>\$ -</u>      | <u>\$ -</u>     |
| Reconciliation of operating income (loss) to net cash<br>provided by (used for) operating activities: |   |                  |                 |
| Operating (loss)  | \$ (22,589)                             | \$ (17,553)      | \$ (40,142)     |
| Adjustments to reconcile operating (loss) to<br>net cash provided by (used for) operating activities: |   |                  |                 |
| Depreciation  | -                                       | 553              | 553             |
| Change in assets and liabilities:   |   |                  |                 |
| Decrease in Due from Other Governments  | -                                       | 820              | 820             |
| Increase in Due to Other Funds  | 22,589                                  | 21,705           | 44,294          |
| Net cash provided by (used for) operating activities  | <u>\$ -</u>                             | <u>\$ 5,525</u>  | <u>\$ 5,525</u> |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 AGENCY FUNDS  
 JUNE 30, 2006

|                            | <u>Distributive</u> | <u>Regional<br/>Vocational<br/>Board</u> | <u>Clearing</u> | <u>Regional<br/>Cooperative<br/>Board</u> | <u>Totals</u>       |
|----------------------------|---------------------|--|-----------------|---|---------------------|
| <b>ASSETS</b>              |                     |  |                 |   |                     |
| Cash                       | \$ 252              | \$ 11,053                                | \$ 1,428        | \$ 66,811                                 | \$ 79,544           |
| Due from other governments | <u>1,220,701</u>    | <u>-</u>                                 | <u>-</u>        | <u>26,153</u>                             | <u>1,246,854</u>    |
| Total Assets               | <u>\$ 1,220,953</u> | <u>\$ 11,053</u>                         | <u>\$ 1,428</u> | <u>\$ 92,964</u>                          | <u>\$ 1,326,398</u> |
| <b>LIABILITIES</b>         |                     |  |                 |   |                     |
| Due to other governments   | <u>\$ 1,220,953</u> | <u>\$ 11,053</u>                         | <u>\$ 1,428</u> | <u>\$ 92,964</u>                          | <u>\$ 1,326,398</u> |
| Total Liabilities          | <u>\$ 1,220,953</u> | <u>\$ 11,053</u>                         | <u>\$ 1,428</u> | <u>\$ 92,964</u>                          | <u>\$ 1,326,398</u> |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2006

|                                | <u>July 1, 2005</u> | <u>Additions</u>     | <u>Deductions</u>    | <u>June 30, 2006</u> |
|--------------------------------|---------------------|----------------------|----------------------|----------------------|
| <u>DISTRIBUTIVE</u>            |                     |                      |                      |                      |
| <u>ASSETS</u>                  |                     |                      |                      |                      |
| Cash                           | \$ 547,245          | \$ 24,810,468        | \$ 25,357,461        | \$ 252               |
| Due from other governments     | 235,049             | 1,220,701            | 235,049              | 1,220,701            |
| Total Assets                   | <u>\$ 782,294</u>   | <u>\$ 26,031,169</u> | <u>\$ 25,592,510</u> | <u>\$ 1,220,953</u>  |
| <u>LIABILITIES</u>             |                     |                      |                      |                      |
| Due to other governments       | \$ 782,294          | \$ 26,031,169        | \$ 25,592,510        | \$ 1,220,953         |
| Total Liabilities              | <u>\$ 782,294</u>   | <u>\$ 26,031,169</u> | <u>\$ 25,592,510</u> | <u>\$ 1,220,953</u>  |
| <br><u>REGIONAL VOCATIONAL</u> |                     |                      |                      |                      |
| <u>BOARD</u>                   |                     |                      |                      |                      |
| <u>ASSETS</u>                  |                     |                      |                      |                      |
| Cash                           | \$ -                | \$ 458,507           | \$ 447,454           | \$ 11,053            |
| Due from other governments     | 29,553              | -                    | 29,553               | -                    |
| Total Assets                   | <u>\$ 29,553</u>    | <u>\$ 458,507</u>    | <u>\$ 477,007</u>    | <u>\$ 11,053</u>     |
| <u>LIABILITIES</u>             |                     |                      |                      |                      |
| Due to other funds             | \$ 29,553           | \$ -                 | \$ 29,553            | \$ -                 |
| Due to other governments       | -                   | 458,507              | 447,454              | 11,053               |
| Total Liabilities              | <u>\$ 29,553</u>    | <u>\$ 458,507</u>    | <u>\$ 477,007</u>    | <u>\$ 11,053</u>     |
| <br><u>CLEARING</u>            |                     |                      |                      |                      |
| <u>ASSETS</u>                  |                     |                      |                      |                      |
| Cash                           | \$ 1,211            | \$ 4,506             | \$ 4,289             | \$ 1,428             |
| Total Assets                   | <u>\$ 1,211</u>     | <u>\$ 4,506</u>      | <u>\$ 4,289</u>      | <u>\$ 1,428</u>      |
| <u>LIABILITIES</u>             |                     |                      |                      |                      |
| Due to other governments       | \$ 1,211            | \$ 4,506             | \$ 4,289             | \$ 1,428             |
| Total Liabilities              | <u>\$ 1,211</u>     | <u>\$ 4,506</u>      | <u>\$ 4,289</u>      | <u>\$ 1,428</u>      |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2006

|  | <u>July 1, 2005</u> | <u>Additions</u>     | <u>Deductions</u>    | <u>June 30, 2006</u> |
|--|---------------------|----------------------|----------------------|----------------------|
| <b><u>REGIONAL COOPERATIVE BOARD</u></b> |                     |                      |                      |                      |
| <b>ASSETS</b>                            |                     |                      |                      |                      |
| Cash                                     | \$ 47,824           | \$ 294,062           | \$ 275,075           | \$ 66,811            |
| Due from other funds                     | 29,553              | -                    | 29,553               | -                    |
| Due from other governments               | 34,110              | 26,153               | 34,110               | 26,153               |
| Total Assets                             | <u>\$ 111,487</u>   | <u>\$ 320,215</u>    | <u>\$ 338,738</u>    | <u>\$ 92,964</u>     |
| <b>LIABILITIES</b>                       |                     |                      |                      |                      |
| Due to other governments                 | <u>\$ 111,487</u>   | <u>\$ 320,215</u>    | <u>\$ 338,738</u>    | <u>\$ 92,964</u>     |
| Total Liabilities                        | <u>\$ 111,487</u>   | <u>\$ 320,215</u>    | <u>\$ 338,738</u>    | <u>\$ 92,964</u>     |
| <b><u>TOTALS ALL AGENCY FUNDS</u></b>    |                     |                      |                      |                      |
| <b>ASSETS</b>                            |                     |                      |                      |                      |
| Cash                                     | \$ 596,280          | \$ 25,567,543        | \$ 26,084,279        | \$ 79,544            |
| Due from other funds                     | 29,553              | -                    | 29,553               | -                    |
| Due from other governments               | 298,712             | 1,246,854            | 298,712              | 1,246,854            |
| Total Assets                             | <u>\$ 924,545</u>   | <u>\$ 26,814,397</u> | <u>\$ 26,412,544</u> | <u>\$ 1,326,398</u>  |
| <b>LIABILITIES</b>                       |                     |                      |                      |                      |
| Due to other funds                       | \$ 29,553           | \$ -                 | \$ 29,553            | \$ -                 |
| Due to other governments                 | 894,992             | 26,814,397           | 26,382,991           | 1,326,398            |
| Total Liabilities                        | <u>\$ 924,545</u>   | <u>\$ 26,814,397</u> | <u>\$ 26,412,544</u> | <u>\$ 1,326,398</u>  |

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
DISTRIBUTIVE FUND  
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURER'S AND OTHER ENTITIES  
FOR THE YEAR ENDED JUNE 30, 2006

| DISTRIBUTIONS                             | Acct. No. | Hamilton Co. Unit 10 | Waltonville Unit 1  | Field Grade School 3 | Woodlawn Grade School 4 | Opdyke belle-Rive 5 | Grand Prairie Grade 6 | Dodds Grade School 7 | Ina Grade School 8 | McClellan Grade 12 |
|---|-----------|----------------------|---------------------|----------------------|-------------------------|---------------------|-----------------------|----------------------|--------------------|--------------------|
| State Funds                               |           |                      |                     |                      |                         |                     |                       |                      |                    |                    |
| General State Aid - Sec. 18-8             | 3001      | 4,918,727            | 1,104,132           | 980,859              | 955,551                 | 720,651             | 414,194               | 697,373              | 566,521            | 245,872            |
| General State Aid - Hold Harmless         | 3002      | -                    | -                   | -                    | 5,826                   | -                   | -                     | -                    | -                  | 19,300             |
| Transition Assistance                     | 3099      | -                    | -                   | 7,766                | 40,107                  | 10,196              | 1,462                 | -                    | 16,790             | 59,840             |
| Sp. Ed. - Private Facility Tuition        | 3100      | -                    | 8,206               | -                    | -                       | -                   | -                     | -                    | -                  | -                  |
| Sp. Ed. - Extraordinary                   | 3105      | 117,252              | 78,445              | 67,232               | 23,457                  | 45,719              | 25,937                | 35,370               | 20,869             | 2,836              |
| Sp. Ed. - Personnel                       | 3110      | 120,169              | 42,869              | 43,226               | 40,013                  | 27,678              | 14,264                | 22,200               | 14,100             | 11,250             |
| Sp. Ed. - Orphanage - Individual          | 3120      | -                    | 6,713               | 10,266               | -                       | 19,586              | -                     | -                    | -                  | 7,311              |
| Sp. Ed. - Summer School                   | 3145      | -                    | 1,484               | -                    | -                       | -                   | -                     | -                    | -                  | -                  |
| Career & Technical Ed Improvement (CTEI)  | 3220      | -                    | -                   | -                    | -                       | -                   | -                     | -                    | -                  | -                  |
| Agriculture Education                     | 3235      | -                    | -                   | -                    | -                       | -                   | -                     | -                    | -                  | -                  |
| Bilingual Ed. - Downstate - TPI           | 3305      | -                    | -                   | -                    | -                       | -                   | -                     | -                    | -                  | -                  |
| State Free Lunch & Breakfast              | 3360      | 12,514               | 1,121               | 1,575                | 2,313                   | 802                 | 1,903                 | 1,300                | 1,304              | 756                |
| School Breakfast Incentive                | 3365      | 106                  | -                   | -                    | 3,500                   | -                   | 104                   | 11                   | -                  | 67                 |
| Driver Education                          | 3370      | 12,004               | 3,765               | -                    | -                       | -                   | -                     | -                    | -                  | -                  |
| Transportation - Regular                  | 3500      | 328,951              | 63,108              | 93,285               | 65,778                  | 69,248              | 28,417                | 54,261               | 33,713             | 6,484              |
| Transportation - Special Education        | 3510      | 55,611               | 26,148              | 16,284               | 4,121                   | 13,973              | 14,511                | 6,537                | 7,808              | 4,503              |
| ROE School Bus Driver Training            | 3520      | -                    | -                   | -                    | -                       | -                   | -                     | -                    | -                  | -                  |
| National Board Certification Initiatives  | 3651      | -                    | -                   | -                    | -                       | 2,896               | -                     | -                    | -                  | -                  |
| Truants Alternative/Operational Ed.       | 3695      | -                    | -                   | -                    | -                       | -                   | -                     | -                    | -                  | -                  |
| Regional Safe Schools Program             | 3696      | -                    | -                   | -                    | -                       | -                   | -                     | -                    | -                  | -                  |
| Early Childhood - State Preschool At Risk | 3705      | 412,163              | -                   | -                    | -                       | -                   | -                     | -                    | -                  | -                  |
| K-6 Reading Improvement                   | 3715      | 46,626               | 10,796              | 13,340               | 16,679                  | 15,102              | 5,650                 | 9,702                | 8,825              | 3,430              |
| ROE/ISC Operations                        | 3730      | -                    | -                   | -                    | -                       | -                   | -                     | -                    | -                  | -                  |
| Supervisory Expense                       | 3745      | -                    | -                   | -                    | -                       | -                   | -                     | -                    | -                  | -                  |
| ADA Safety & Education Block Grant        | 3775      | 40,969               | 11,676              | 8,773                | 9,904                   | 5,952               | 3,331                 | 5,570                | 4,541              | 2,453              |
| Orphanage Tuition                         | 3950      | -                    | -                   | -                    | -                       | -                   | -                     | -                    | -                  | -                  |
| <b>Total State Funds</b>                  |           | <b>6,065,092</b>     | <b>1,358,463</b>    | <b>1,242,606</b>     | <b>1,167,249</b>        | <b>931,803</b>      | <b>509,773</b>        | <b>832,324</b>       | <b>674,471</b>     | <b>364,102</b>     |
| Federal Funds                             |           |                      |                     |                      |                         |                     |                       |                      |                    |                    |
| Title V - Innovative Programs - Formula   | 4100      | 4,858                | 1,051               | 871                  | 1,104                   | 944                 | 170                   | 582                  | 551                | 225                |
| National School Lunch Program             | 4210      | 197,802              | 30,169              | 34,322               | 44,050                  | 18,574              | 22,135                | 19,957               | 13,739             | 10,647             |
| School Breakfast Program                  | 4220      | 50,238               | -                   | -                    | 5,214                   | -                   | 9,109                 | 5,762                | 3,982              | 2,844              |
| Title I - Low Income                      | 4300      | 295,124              | 47,217              | 32,819               | 58,623                  | 104,388             | 15,701                | 33,491               | 39,295             | -                  |
| Even Start                                | 4335      | -                    | -                   | -                    | -                       | -                   | -                     | -                    | -                  | -                  |
| Title IV - Safe & Drug Free Sch - Formula | 4400      | 7,972                | 2,595               | 1,175                | 1,527                   | 1,027               | -                     | 946                  | 922                | 164                |
| Fed. - Sp. Ed. - I.D.E.A. - Room & Board  | 4625      | 1,346                | -                   | -                    | -                       | -                   | -                     | -                    | -                  | -                  |
| V.E. Perkins - Title IIC - Secondary      | 4745      | -                    | -                   | -                    | -                       | -                   | -                     | -                    | -                  | -                  |
| Title II - Teacher Quality                | 4932      | 95,743               | 16,684              | 14,038               | 16,851                  | 22,509              | 5,274                 | 11,412               | 13,448             | 4,433              |
| Mathematics & Science Partnership         | 4936      | -                    | -                   | -                    | -                       | -                   | -                     | -                    | -                  | -                  |
| Technology Enhancing Education - Formula  | 4971      | 5,352                | 883                 | -                    | -                       | 1,933               | 291                   | 603                  | 757                | -                  |
| Hurricane Education Relief Act            | 4995      | -                    | -                   | -                    | -                       | 5,500               | -                     | -                    | -                  | -                  |
| <b>Total Federal Funds</b>                |           | <b>658,435</b>       | <b>98,599</b>       | <b>83,225</b>        | <b>127,369</b>          | <b>154,875</b>      | <b>52,680</b>         | <b>72,753</b>        | <b>72,694</b>      | <b>18,313</b>      |
| <b>TOTAL DISTRIBUTIONS</b>                |           | <b>\$ 6,723,527</b>  | <b>\$ 1,457,062</b> | <b>\$ 1,325,831</b>  | <b>\$ 1,294,618</b>     | <b>\$ 1,086,678</b> | <b>\$ 562,453</b>     | <b>\$ 905,077</b>    | <b>\$ 747,165</b>  | <b>\$ 382,415</b>  |

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
DISTRIBUTIVE FUND  
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURER'S AND OTHER ENTITIES  
FOR THE YEAR ENDED JUNE 30, 2006

| DISTRIBUTIONS                             | Acct.<br>No. | Regional Office of Education No. 25 |                           |                                    |                                |                      |                               |                          | Total                |
|---|--------------|-------------------------------------|---------------------------|------------------------------------|--------------------------------|----------------------|-------------------------------|--------------------------|----------------------|
|   |              | Bethel<br>Grade<br>82               | Farrington<br>Grade<br>99 | Mt. Vernon<br>Township<br>High 201 | Webber<br>Township<br>High 204 | Woodlawn<br>High 205 | Hamm/Jeff<br>Alterna-<br>tive | Regional<br>Coop<br>Fund |                      |
| <b>State Funds</b>                        |              |                                     |                           |                                    |                                |                      |                               |                          |                      |
| General State Aid - Sec. 18-8             | 3001         | 95,548                              | 235,381                   | 4,132,640                          | 800,206                        | 729,576              | 473,074                       | -                        | 17,070,305           |
| General State Aid - Hold Harmless         | 3002         | 211,733                             | -                         | -                                  | -                              | -                    | -                             | -                        | 236,859              |
| Transition Assistance                     | 3099         | -                                   | 8,728                     | -                                  | -                              | 868                  | -                             | -                        | 145,757              |
| Sp. Ed. - Private Facility Tuition        | 3100         | -                                   | -                         | 4,774                              | -                              | -                    | -                             | -                        | 12,980               |
| Sp. Ed. - Extraordinary                   | 3105         | 4,263                               | 9,769                     | 99,080                             | 52,671                         | 12,742               | -                             | -                        | 595,642              |
| Sp. Ed. - Personnel                       | 3110         | 17,229                              | 3,498                     | 170,103                            | 25,512                         | 16,843               | -                             | -                        | 568,954              |
| Sp. Ed. - Orphanage - Individual          | 3120         | -                                   | -                         | 107,461                            | -                              | -                    | -                             | -                        | 151,337              |
| Sp. Ed. - Summer School                   | 3145         | -                                   | -                         | 2,474                              | -                              | -                    | -                             | -                        | 3,958                |
| Career & Technical Ed Improvement (CTEI)  | 3220         | -                                   | -                         | -                                  | -                              | -                    | -                             | 347,694                  | 347,694              |
| Agriculture Education                     | 3235         | -                                   | -                         | -                                  | -                              | -                    | -                             | 20,764                   | 20,764               |
| Bilingual Ed. - Downstate - TPI           | 3305         | -                                   | -                         | 848                                | -                              | -                    | -                             | -                        | 848                  |
| State Free Lunch & Breakfast              | 3360         | 2,375                               | 448                       | 5,385                              | 368                            | 563                  | 1,152                         | -                        | 33,879               |
| School Breakfast Incentive                | 3365         | 128                                 | -                         | 34                                 | 11                             | -                    | 64                            | -                        | 4,025                |
| Driver Education                          | 3370         | -                                   | -                         | 41,808                             | 8,829                          | 7,011                | -                             | -                        | 73,417               |
| Transportation - Regular                  | 3500         | 29,034                              | 32,011                    | 369,114                            | 38,253                         | 37,296               | -                             | -                        | 1,248,953            |
| Transportation - Special Education        | 3510         | 8,072                               | 134                       | 127,778                            | 6,347                          | -                    | -                             | -                        | 291,827              |
| ROE School Bus Driver Training            | 3520         | -                                   | -                         | -                                  | -                              | -                    | -                             | 360                      | 360                  |
| National Board Certification Initiatives  | 3651         | -                                   | -                         | 17,084                             | -                              | -                    | -                             | -                        | 19,980               |
| Truants Alternative/Operational Ed.       | 3695         | -                                   | -                         | 68,526                             | -                              | -                    | 128,747                       | -                        | 197,273              |
| Regional Safe Schools Program             | 3696         | -                                   | -                         | -                                  | -                              | -                    | 90,785                        | -                        | 90,785               |
| Early Childhood - State Preschool At Risk | 3705         | -                                   | -                         | -                                  | -                              | -                    | -                             | 864,330                  | 1,276,493            |
| K-6 Reading Improvement                   | 3715         | 6,396                               | 4,783                     | -                                  | -                              | -                    | -                             | -                        | 141,329              |
| ROE/ISC Operations                        | 3730         | -                                   | -                         | -                                  | -                              | -                    | -                             | 55,655                   | 55,655               |
| Supervisory Expense                       | 3745         | -                                   | -                         | -                                  | -                              | -                    | -                             | 2,000                    | 2,000                |
| ADA Safety & Education Block Grant        | 3775         | 3,980                               | 1,882                     | 42,777                             | 6,525                          | 6,417                | -                             | -                        | 154,750              |
| Orphanage Tuition                         | 3950         | -                                   | -                         | 52,154                             | -                              | -                    | -                             | -                        | 52,154               |
| <b>Total State Funds</b>                  |              | <b>378,758</b>                      | <b>296,634</b>            | <b>5,242,040</b>                   | <b>938,722</b>                 | <b>811,316</b>       | <b>693,822</b>                | <b>1,290,803</b>         | <b>22,797,978</b>    |
| <b>Federal Funds</b>                      |              |                                     |                           |                                    |                                |                      |                               |                          |                      |
| Title V - Innovative Programs - Formula   | 4100         | 216                                 | 304                       | 4,863                              | 791                            | 235                  | -                             | 357                      | 17,122               |
| National School Lunch Program             | 4210         | 29,397                              | 5,332                     | 53,233                             | 6,319                          | 12,833               | 11,060                        | -                        | 509,569              |
| School Breakfast Program                  | 4220         | 13,845                              | 2,847                     | 21,470                             | 554                            | -                    | 6,022                         | -                        | 121,887              |
| Title I - Low Income                      | 4300         | 18,547                              | 29,482                    | 334,199                            | 49,698                         | 21,600               | -                             | -                        | 1,080,184            |
| Even Start                                | 4335         | -                                   | -                         | -                                  | -                              | -                    | -                             | 117,629                  | 117,629              |
| Title IV - Safe & Drug Free Sch - Formula | 4400         | 314                                 | 604                       | 7,540                              | -                              | 377                  | -                             | 1,354                    | 26,517               |
| Fed. - Sp. Ed. - I.D.E.A. - Room & Board  | 4625         | -                                   | -                         | -                                  | -                              | -                    | -                             | -                        | 1,346                |
| V.E. Perkins - Title IIC - Secondary      | 4745         | -                                   | -                         | -                                  | -                              | -                    | -                             | 112,354                  | 112,354              |
| Title II - Teacher Quality                | 4932         | 5,905                               | 3,974                     | 78,081                             | 9,329                          | 4,506                | -                             | 1,313                    | 303,500              |
| Mathematics & Science Partnership         | 4936         | -                                   | -                         | -                                  | -                              | -                    | -                             | 242,629                  | 242,629              |
| Technology Enhancing Education - Formula  | 4971         | 407                                 | 632                       | 5,524                              | -                              | 864                  | -                             | -                        | 17,246               |
| Hurricane Education Relief Act            | 4995         | 4,000                               | -                         | -                                  | -                              | -                    | -                             | -                        | 9,500                |
| <b>Total Federal Funds</b>                |              | <b>72,631</b>                       | <b>43,175</b>             | <b>504,910</b>                     | <b>66,691</b>                  | <b>40,415</b>        | <b>17,082</b>                 | <b>475,636</b>           | <b>2,559,483</b>     |
| <b>TOTAL DISTRIBUTIONS</b>                |              | <b>\$ 451,389</b>                   | <b>\$ 339,809</b>         | <b>\$ 5,746,950</b>                | <b>\$ 1,005,413</b>            | <b>\$ 851,731</b>    | <b>\$ 710,904</b>             | <b>\$ 1,766,439</b>      | <b>\$ 25,357,461</b> |

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2006

| <u>Federal Grantor/<br/>Pass-Through Grantor/<br/>Program or Cluster Title</u> | <u>CFDA<br/>Number</u> | <u>Project #<br/>(1st eight<br/>digits) or<br/>Contract #</u> | <u>Federal<br/>Expenditures<br/>7/1/05 - 6/30/06</u> |
|--|------------------------|---|--|
| <b>U.S. Dept. of Education</b>   |                        |   |  |
| <b>passed through Illinois State Board of Education:</b>                       |                        |   |  |
| Title V Innovative Programs  | 84.298A                | 05-4100-00  | 338  |
| Title V Innovative Programs  | 84.298A                | 06-4100-00  | 133  |
| Total Title V Innovative Programs  |                        |   | 471  |
| Title I Reading First Part B SEA Funds   | 84.357                 | 05-4337-02  | 1,689  |
| Even Start   | 84.213C                | 06-4335-00  | 112,000 (M)  |
| Title IV - Safe & Drug Free Sch - Formula                                      | 84.186A                | 04-4400-00  | 1,639  |
| Title IV - Safe & Drug Free Sch - Formula                                      | 84.186A                | 05-4400-00  | 1,354  |
| Title IV - Safe & Drug Free Sch - Formula                                      | 84.186A                | 06-4400-00  | 2,277  |
| Total Title IV - Safe & Drug Free Sch - Formula                                |                        |   | 5,270  |
| Title II Teacher Quality   | 84.367A                | 05-4932-00  | 1,091  |
| Title II Teacher Quality   | 84.367A                | 06-4932-00  | 878  |
| Total Title II Teacher Quality   |                        |   | 1,969  |
| Mathematics and Science Partnership  | 84.366                 | 05-4936-00  | 234  |
| Mathematics and Science Partnership  | 84.366                 | 06-4936-00  | 76,876   |
| Mathematics and Science Partnership  | 84.366                 | 05-4936-01  | 73,319   |
| Mathematics and Science Partnership  | 84.366                 | 06-4936-01  | 69,703   |
| Total Mathematics and Science Partnership                                      |                        |   | 220,132  |
|  |                        |   | 341,531  |
| <b>U.S. Dept. of Agriculture</b>   |                        |   |  |
| <b>passed through Illinois State Board of Education:</b>                       |                        |   |  |
| National School Lunch  | 10.555                 | 05-4210-00  | 1,066  |
| National School Lunch  | 10.555                 | 06-4210-00  | 10,285   |
| Total National School Lunch  |                        |   | 11,351   |
| School Breakfast Program   | 10.553                 | 05-4220-00  | 611  |
| School Breakfast Program   | 10.553                 | 06-4220-00  | 5,561  |
| Total School Breakfast Program   |                        |   | 6,172  |
| <b>Total through Illinois State Board of Education</b>                         |                        |   | 359,054  |
| <b>U.S. Dept. of Labor/Management</b>  |                        |   |  |
| <b>Training and Consulting Corporation:</b>                                    |                        |   |  |
| Job Training Partnership Act   | 17.250                 | 1Y-PY04-YOUTH-3   | 11,524   |
| Job Training Partnership Act   | 17.250                 | 1Y-PY05-YOUTH-3   | 47,217   |
| <b>Total through Department of Labor</b>                                       |                        |   | 58,741   |

The accompanying notes are an integral part of this schedule.



HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2006

| Federal Grantor/<br>Pass-Through Grantor/<br>Program or Cluster Title   | CFDA<br>Number | Project #<br>(1st eight<br>digits) or<br>Contract # | Federal<br>Expenditures<br>7/1/05 - 6/30/06 |
|---|----------------|---|---|
| <b>U.S. Department of Education<br/>passed through Franklin/Williamson Counties Regional Office of Education #21</b>  |                |   |   |
| McKinney Education for Homeless Children  | 84.196A        | 06-4920-00  | 21,545                                      |
| <b>Total through U.S. Department of Education<br/>through Franklin/Williamson Counties Regional Office of Education #21</b>                                       |                |   | 21,545                                      |
| <b>U.S. Department of Education<br/>passed through Alexander/Johnson/Massac/Pulaski/Union Counties<br/>Regional Office of Education #2</b>                        |                |   |   |
| Title I School Improvement and Accountability   | 84.010A        | 05-4331-SS  | 4,199                                       |
| Title I School Improvement and Accountability   | 84.010A        | 06-4331-SS  | 108,550                                     |
| <b>Total through U.S. Department of Education<br/>through Alexander/Johnson/Massac/Pulaski/Union Counties<br/>Regional Office of Education #2</b>                 |                |   | 112,749                                     |
| <b>U.S. Department of Education<br/>passed through Clark/Coles/Cumberland/Douglas/Edgar/<br/>Moultrie/Shelby Counties Regional Office of Education #11</b>        |                |   |   |
| Standards Aligned Classroom   | 84.289A        | 05-4999-00  | 19,729 (M)                                  |
| Standards Aligned Classroom   | 84.289A        | 06-4999-00  | 78,823 (M)                                  |
| <b>Total through U.S. Department of Education<br/>through Clark/Coles/Cumberland/Douglas/Edgar/Moultrie/<br/>Shelby Counties Regional Office of Education #11</b> |                |   | 98,552                                      |
| <b>Total Expenditures of Federal Awards</b>   |                |   | <b>\$ 650,641</b>                           |

(M) Program was audited as a major program.

The accompanying notes are an integral part of this schedule.

HAMILTON/JEFFERSON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #25  
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of ROE #25 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Regional Office of Education #25 provided federal awards to subrecipients as follows:

| <u>Program Title</u>                | <u>Federal<br/>CFDA #</u> | <u>Amount provided<br/>to subrecipients</u> |
|-------------------------------------|---------------------------|---|
| Mathematics and Science Partnership | 84.366                    | \$ 130,599                                  |
| Standards Aligned Classroom         | 84.289A                   | \$ 70,037                                   |

NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM

Even Start is designed to break the cycle of illiteracy by improving educational opportunities for low income families. Early Childhood, Adult Literacy, Parenting Education and Interactive Literacy Activities between parents and their children are required components of this grant.

Standards Aligned Classroom involves teams of teachers using assessments as a base for aligning curriculum to state standards.

NOTE 4 - NON-CASH ASSISTANCE

None

NOTE 5 - AMOUNT OF INSURANCE

None

NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

None