

**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, 2007**

**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, 2007

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REGIONAL OFFICE OF EDUCATION #25

OFFICIALS

Regional Superintendent  
(Current, Effective July 1, 2007)

Mr. Bryan Cross

Regional Superintendent  
(During Audit Period, Retired Effective June 30, 2007)

Mr. 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	5	2
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	1	0

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)		
07-01	12a	Inadequate Internal Control Procedures
07-02	12c	Misclassification of Reimbursements
07-03	12d	Improper Expenditure Classification
07-04	12e	Interest Allocation
07-05	12g	Controls Over Financial Statement Preparation
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)		
07-04	12e	Interest Allocation
PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)		
06-01	15	Controls Over Compliance with Laws and Regulations
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 August 24, 2007. Attending were Bryan Cross, Regional Superintendent, and Tami Colpitts-Knight, CPA, Manager, Kemper CPA Group, LLP. Responses to the recommendations were provided by Bryan 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, 2007, 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, 2007, 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 May 5, 2008, 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 49 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 Guidelines to Auditing and Reporting for a Regional Office of Education, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District 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*

Marion, Illinois  
May 5, 2008



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, 2007, which collectively comprise the Regional Office of Education #25's basic financial statements and have issued our report thereon dated May 5, 2008. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the Regional Office of Education #25's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education #25's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting, 07-01, 07-02, 07-03, 07-04, and 07-05.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and, accordingly, would not necessarily disclose all significant deficiencies that are also considered material weaknesses. However, of the significant deficiencies described above, we consider items 07-01, 07-02, and 07-05 to be material weaknesses.

#### 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*.

Regional Office of Education #25's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Regional Office of Education #25's responses and, accordingly, express no opinion on them.

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*

Marion, Illinois  
May 5, 2008

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

Honorable William G. Holland  
Auditor General  
State of Illinois

Compliance

We have audited the compliance of the 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, 2007. 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 criteria as required by the *Guidelines to Auditing and Reporting for a Regional Office of Education*. Those standards and criteria require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 criteria as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*, which is described in the accompanying Schedule of Findings and Questioned Costs as item 07-04.

## 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 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Regional Office of Education #25's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

Regional Office of Education #25's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Regional Office of Education #25's response and, accordingly, express no opinion on it.

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.

*Kempner CPA Group LLP*

*Certified Public Accountants and Consultants*

Marion, Illinois  
May 5, 2008

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2007

**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
● Significant Deficiency(ies) identified that are not considered to be material weakness(es)?	Yes
● Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
● Material weakness(es) identified?	No
● Significant Deficiency(ies) 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)?	Yes
Identification of <b>major</b> programs:	
<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.366B	Mathematics and Science Partnership
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, 2007

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding No. 07-01 – Inadequate Internal Control Procedures (Repeat of finding 06-2)**

**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:**

During the audit we noted the following weaknesses in the Regional Office's internal control system for which there were no mitigating controls:

- A. The bank reconciliations do not have documentation on them indicating who prepared the reconciliation and that it was reviewed and approved by a member of management.
- B. An individual independent of the bank reconciliation and the deposit slip preparation process does not periodically verify that the log of the checks received by the Regional Office of Education #25 agrees with the deposit slip and bank deposit receipt.
- C. There is no indication that payroll checks or direct deposits have been reviewed by management to ensure that they agree to the amount of the employee's approved salary and hourly rate.
- D. We noted two instances where the Regional Office disbursed payment from a vendor statement instead of the original invoice. In one instance the Regional Office also paid sales tax on the purchase. In the other instance the Regional Office paid for a purchase from a vendor's statement and then later paid for the same purchase from the original invoices which resulted in an invoice in the amount of \$44,213 being paid twice.
- E. During the testing of 40 payroll disbursements, one instance was noted where the program director's signature was missing from an hourly employee's timesheet.
- F. Currently the receipts and disbursements of the Institute and GED funds are decentralized from the main accounting system and do not follow the Regional Office's established receipt and disbursement procedures.
- G. During the testing of 84 credit card purchases, one instance was noted where the Regional Office paid a late fee and interest.

**Effect:**

Lack of proper segregation of duties among the Regional Office's personnel, proper review of the various accounting processes, and adequate documentation to support each disbursement could result in unintentional or intentional errors or misappropriations of assets, in which the errors or fraud could be material to the financial statements and may not be detected in a timely manner by employees in the normal course of performing their assigned duties.



HAMILTON/JEFFERSON REGIONAL OFFICE OF EDUCATION #25  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 07-01 – Inadequate Internal Control Procedures (Continued)**

**Cause:**

The Regional Office of Education #25 has not established sufficient internal control procedures.

**Recommendation:**

- A. The Regional Superintendent or other member of management should review the bank reconciliation to ensure that the reconciliation is completed in a timely manner and that the reconciled balance agrees to the general ledger. The bank reconciliation should be initialed and dated by both the preparer and the reviewer.
- B. An individual independent of the bank reconciliation and the deposit slip preparation process should periodically verify that the log of the checks received by the Regional Office of Education #25 agrees with the deposit slip and bank deposit receipt.
- C. An individual independent of the payroll preparation process should verify that the check and direct deposit amounts agree to the amount of the employee's approved salary and approved hourly rate prior to being disbursed to employees.
- D. The Regional Office should prepare disbursements from original invoices only. Any subsequent statement received should be marked "Statement" to prevent any possible duplicate payment. In addition, the Regional Office should develop procedures to ensure the Regional Office does not pay sales tax on purchases.
- E. The Regional Superintendent or other member of management should review timesheets and document that review by initialing or signing each timesheet to ensure that the hours indicated are correct and the timesheet is approved for payment.
- F. Receipts and disbursements from the Institute and GED funds should follow the Regional Office's established receipts and disbursement procedures or be accounted for through the Regional Office's main accounting system.
- G. The Regional Office should develop procedures to ensure that all accounts payable are paid in a timely manner to avoid late fees or interest charges.

**Management's Response:**

The Regional Superintendent agrees with this finding.

HAMILTON/JEFFERSON REGIONAL OFFICE OF EDUCATION #25  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 07-02 – Misclassification of Reimbursements**

**Criteria/Specific Requirement:**

- A. Generally accepted accounting principles require that payments made on-behalf of another fund be recorded as a due to and due from other funds in the affected funds.
- B. Generally accepted accounting principles require refunds received from prior expenditures to be reported as a reduction of the related expense.

**Condition:**

- A. The Regional Office records internal reimbursements as local revenue.
- B. The Regional Office recorded a refund received from a duplicate payment as local revenue.

**Effect:**

The Regional Office's revenue and expenses are overstated.

**Cause:**

According to Regional Office officials, they were not aware of the proper reporting of payments made on-behalf of other funds and the subsequent internal reimbursements or for reporting refunds received.

**Recommendation:**

- A. The Regional Office should report expenditures made on-behalf of other funds as a due to and due from other funds in the affected funds and clear the due to and due from other funds when the reimbursement is recorded.
- B. The Regional Office should report the receipt of a refund for a prior expenditure as a reduction of the related expense.

**Management's Response:**

The Regional Superintendent agrees with this finding.

HAMILTON/JEFFERSON REGIONAL OFFICE OF EDUCATION #25  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 07-03 – Improper Expenditure Classification**

**Criteria/specific requirement:**

The Regional Office of Education #25 is required by the Illinois State Board of Education to classify expenditures in the appropriate functional category. In addition, the Regional Office of Education #25 is required by generally accepted accounting principles to capitalize capital asset purchases that meet or exceed their established capitalization threshold and expense the capital asset over its estimated useful life.

**Condition:**

The Regional Office of Education #25 classified \$7,423 of capital outlay expenditures as supply and material expenditures instead of classifying capital outlay expenditures in excess of their established capitalization threshold, in the correct account code, and including those items on their capital asset listing.

**Effect:**

Misclassification of capital outlay expenditures may cause inaccurate reporting on expenditure reports, as well as an incomplete listing of capital assets.

**Cause:**

According to Regional Office officials, an error was made when posting the expenditures.

**Recommendation:**

The Regional Office of Education #25 should classify capital outlay expenditures in excess of their established capitalization threshold in the correct account code and include those items on their capital asset listing.

**Management's Response:**

The Regional Superintendent agrees with this finding.

HAMILTON/JEFFERSON REGIONAL OFFICE OF EDUCATION #25  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 07-04 – Interest Allocation**

**Federal Program Name & Year:** Mathematics and Science Partnership

**Project Number:** 06-4936-00, 06-4936-01, 07-4936-01

**CFDA Number:** 84.366B

**Passed Through:** Illinois State Board of Education

**Federal Agency:** U.S. Department of Education

**Criteria/specific requirement:**

*The Regional Office of Education (ROE) Accounting Manual* states that if dollars from two or more sources of funds are combined in one bank account and/or fund, the ROE must allocate, on a reasonable basis, a portion of the interest earned on that bank account or fund to each of those sources of funds. The allocation should be done no less than monthly when bank statements are received. Once the interest is allocated to the appropriate source of funds, certain rules apply to the expenditure of that interest. The *ROE Accounting Manual* states that the rules for allocating and expending interest vary depending on the source of funds that generated the interest. Unless the grant agreement specifically addresses the interest issue and provides otherwise, the following rules would apply.

- The Grant Funds Recovery Act (30 ILCS 705/1 et seq.) states that interest earned on grant funds becomes part of the grant principal and is treated accordingly for all purposes unless the grant agreement and/or the grant regulations provides otherwise. The Act further states that any grant funds not expended (or legally obligated) by the end of the grant period must be returned to the grantor. This applies to State and federal grants.
- Generally, federal rules supersede those of the State (for federal grants only). If a federal rule allows different treatment of interest, then the federal rule would be followed.
- Federal cash management requirements state that grantees and subgrantees shall minimize the time elapsed between the receipt of funds and the expenditure of those funds. The accumulation of interest would indicate excess cash on hand.
- U.S. Department of Education (USDE) regulations appear in 34 Code of Federal Regulations (CFR). Part 80.21 of 34 CFR is titled: “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments”. It is also known as the “Common Rule” because most federal agencies have adopted it in their regulations. The “Common Rule” states that annual interest earned in excess of \$100.00 on advances of funds must be submitted promptly to the granting agency. The \$100.00 may be spent on administrative costs. Those administrative costs must be for that grant and within the grant period. Some grants may be exempt from the “Common Rule”.

HAMILTON/JEFFERSON REGIONAL OFFICE OF EDUCATION #25  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 07-04 – Interest Allocation (Concluded)**

**Criteria/specific requirement (Concluded):**

Interest earned on source of funds that are not grants but are set up by statute (examples include but may not be limited to Institute, GED, Bus Driver, Tech Hub) must be allocated to the source of funds and expended for the same purpose. However, unlike grants, this interest does not have to be expended within any given period of time unless statute, regulations or contract state otherwise. The same laws that apply to the expenditure of the original source of revenue also apply to any expenditures of interest earned on that source of funds.

**Condition:**

The Regional Office currently calculates an interest allocation at the end of each month based on each fund's cash balance; however, the Regional Office does not record the allocated interest to the appropriate funds in the general ledger.

**Questioned Costs:**

The amount of questioned costs cannot be determined without determining an interest allocation plan, but would be less than \$5,000.

**Context:**

The Regional Office received various grant funds from State and federal sources, as well as funds received for services provided by their Institute, GED, and Bus Driver Training funds.

**Effect:**

The Regional Office is not in compliance with the *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments* (34 Code of Federal Regulations Part 80.21). Interest earned on excess funds that is not monitored may result in unallowable expenditures and noncompliance with State and federal statutes and regulations.

**Cause:**

According to Regional Office officials, they were unaware of the requirement to allocate interest earned in their commingled cash account to each source of funds.

**Recommendation:**

The Regional Office should allocate interest earned monthly on each fund's positive cash balance and begin recording allocated interest to the appropriate funds. In addition, the Regional Office should remit interest income earned from federal funding in excess of \$100 to the related granting agencies.

**Management's Response:**

The Regional Superintendent agrees with this finding.

HAMILTON/JEFFERSON REGIONAL OFFICE OF EDUCATION #25  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding No. 07-05 – Controls Over Financial Statement Preparation**

**Criteria/specific requirement:**

The Regional Office of Education #25 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

**Condition:**

The Regional Office of Education #25 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements sufficient for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenues. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenues, there were no entries made by the ROE to reconcile their grant activity, such as posting grant receivables and deferred revenues. The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.

**Effect:**

Management or employees in the normal course of performing their assigned functions may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**Cause:**

According to Regional Office officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements.

HAMILTON/JEFFERSON REGIONAL OFFICE OF EDUCATION #25  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007

**SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)**

**Finding No. 07-05 – Controls Over Financial Statement Preparation (Concluded)**

**Recommendation:**

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #25 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

**Management's Response:**

The Regional Superintendent agrees with this finding.

HAMILTON/JEFFERSON REGIONAL OFFICE OF EDUCATION #25  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007

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

**INSTANCES OF NONCOMPLIANCE:**

**Finding No. 07-04 – Interest Allocation** (finding details on page 12e)

**SIGNIFICANT DEFICIENCIES:**

None



HAMILTON/JEFFERSON REGIONAL OFFICE OF EDUCATION #25  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
JUNE 30, 2007

**Corrective Action Plan**

**Finding No. 07-01 – Inadequate Internal Control Procedures (Repeat of finding 06-2)**

**Condition:**

During the audit we noted the following weaknesses in the Regional Office's internal control system for which there were no mitigating controls:

- A. The bank reconciliations do not have documentation on them indicating who prepared the reconciliation and that it was reviewed and approved by a member of management.
- B. An individual independent of the bank reconciliation and the deposit slip preparation process does not periodically verify that the log of the checks received by the Regional Office of Education #25 agrees with the deposit slip and bank deposit receipt.
- C. There is no indication that payroll checks or direct deposits have been reviewed by management to ensure that they agree to the amount of the employee's approved salary and hourly rate.
- D. We noted two instances where the Regional Office disbursed payment from a vendor statement instead of the original invoice. In one instance the Regional Office also paid sales tax on the purchase. In the other instance the Regional Office paid for a purchase from a vendor's statement and then later paid for the same purchase from the original invoice which resulted in an invoices in the amount of \$44,213 being paid twice.
- E. During the testing of 40 payroll disbursements, one instance was noted where the program director's signature was missing from an hourly employee's timesheet.
- F. Currently the receipts and disbursements of the Institute and GED funds are decentralized from the main accounting system and do not follow the Regional Office's established receipt and disbursement procedures.
- G. During the testing of 84 credit card purchases, one instance was noted where the Regional Office paid a late fee and interest.

**Plan:**

- A. The Regional Superintendent or other member of management will review the bank reconciliation to ensure that the reconciliation is completed in a timely manner and that the reconciled balance agrees to the general ledger. The bank reconciliation will be initialed and dated by both the preparer and the reviewer.
- B. An individual independent of the bank reconciliation and the deposit slip preparation process will periodically verify that the log of the checks received by the Regional Office of Education #25 agrees with the deposit slip and bank deposit receipt.

HAMILTON/JEFFERSON REGIONAL OFFICE OF EDUCATION #25  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
JUNE 30, 2007

**Corrective Action Plan (Continued)**

**Finding No. 07-01 – Inadequate Internal Control Procedures (Concluded)**

**Plan: (Concluded)**

- C. An individual independent of the payroll preparation process will verify that the check and direct deposit amounts agree to the amount of the employee's approved salary and approved hourly rate prior to being disbursed to employees.
- D. The Regional Office will prepare disbursements from original invoices only. Any subsequent statement received will be marked "Statement" to prevent any possible duplicate payment. In addition, the Regional Office will develop procedures to ensure the Regional Office does not pay sales tax on purchases.
- E. The Regional Superintendent or other member of management will review timesheets and document that review by initialing or signing each timesheet to ensure that the hours indicated are correct and the timesheet is approved for payment.
- F. Receipts and disbursements from the Institute and GED funds will follow the Regional Office's established receipts and disbursement procedures or be accounted for through the Regional Office's main accounting system.
- G. The Regional Office will develop procedures to ensure that all accounts payable are paid in a timely manner to avoid late fees or interest charges.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Mr. Bryan Cross, Regional Superintendent

**Finding No. 07-02 – Misclassification of Reimbursements**

**Condition:**

- A. The Regional Office records internal reimbursements as local revenue.
- B. The Regional Office recorded a refund received from a duplicate payment as local revenue.

**Plan:**

- A. The Regional Office will report expenditures made on-behalf of other funds as a due to and due from other funds in the affected funds and clear the due to and due from other funds when the reimbursement is recorded.
- B. The Regional Office will report the receipt of a refund for a prior expenditure as a reduction of the related expense.

HAMILTON/JEFFERSON REGIONAL OFFICE OF EDUCATION #25  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
JUNE 30, 2007

**Corrective Action Plan (Continued)**

**Finding No. 07-02 – Misclassification of Reimbursements (Concluded)**

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Mr. Bryan Cross, Regional Superintendent

**Finding No. 07-03 – Improper Expenditure Classification**

**Condition:**

The Regional Office of Education #25 classified \$7,423 of capital outlay expenditures as supply and material expenditures instead of classifying capital outlay expenditures in excess of their established capitalization threshold, in the correct account code, and including those items on their capital asset listing.

**Plan:**

The Regional Office of Education #25 will classify capital outlay expenditures in excess of their established capitalization threshold in the correct account code and include those items on their capital asset listing.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Mr. Bryan Cross, Regional Superintendent

**Finding No. 07-04 – Interest Allocation**

**Condition:**

The Regional Office currently calculates an interest allocation at the end of each month based on each fund's cash balance; however, the Regional Office does not record the allocated interest to the appropriate funds in the general ledger.

**Plan:**

The Regional Office will allocate interest earned monthly on each fund's positive cash balance and begin recording allocated interest to the appropriate funds. In addition, the Regional Office will remit interest income earned from federal funding in excess of \$100 to the related granting agencies.

HAMILTON/JEFFERSON REGIONAL OFFICE OF EDUCATION #25  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
JUNE 30, 2007

**Corrective Action Plan (Concluded)**

**Finding No. 07-04 – Interest Allocation (Concluded)**

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Mr. Bryan Cross, Regional Superintendent

**Finding No. 07-05 – Controls Over Financial Statement Preparation**

**Condition:**

The Regional Office of Education #25 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements sufficient for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenues. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenues, there were no entries made by the ROE to reconcile their grant activity, such as posting grant receivables and deferred revenues. The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.

**Plan:**

As part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #25 will implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures will be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Mr. Bryan Cross, Regional Superintendent

HAMILTON/JEFFERSON REGIONAL OFFICE OF EDUCATION #25  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2007

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
06-1	A. Public Act 95-496 repealed the requirements of 105 ILCS 5/3-14.11	Resolved
	B. Controls Over Compliance with the requirements of 105 ILCS 5/3-5	Corrected
	C. Public Act 95-496 repealed the requirements of 105 ILCS 5/3-14.5	Resolved
06-2	Internal Controls over Disbursements and Purchases	Partial Repeat 07-01

## MANAGEMENT'S DISCUSSION AND ANALYSIS

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2007

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, 2007. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements which follow.

2007 Financial Highlights

- Within the Governmental Funds, the General Fund revenues were \$922,768 and \$933,299 in fiscal year 2007 and 2006, respectively. General Fund expenditures were \$758,545 and \$1,055,107 for fiscal year 2007 and 2006, respectively. Revenue decreases can be attributed decreases in local fund revenue in the University College Classes and Special Projects funds. Decreases in General Fund expenditures are a result of smaller quantities of purchased services from the University Classes program.
- Within the Governmental Funds, the Special Revenue Funds recorded total revenues of \$2,564,479 and \$2,358,064 in fiscal year 2007 and 2006, respectively. The Special Revenue Funds recorded total expenditures of \$2,596,431 and \$2,361,531 for fiscal year 2007 and 2006, respectively. This increase in revenue is due to an increase of funding in School Services and Early Childhood Block Grant Pre Kindergarten. The increase in expenditures is related to increased salaries in programs such as Early Childhood Block Grant Pre Kindergarten and Accountability System of Support.
- The Proprietary Fund revenues were \$175,251 and \$156,493 in fiscal year 2007 and 2006, respectively. Proprietary Fund expenses were \$192,121 and \$154,603 for fiscal year 2007 and 2006, respectively. This increase in revenue and expenses is attributable to the Mt Vernon Conference program, Finger Printing fund, and upgrading supplies for the entire testing program.

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, 2007

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, 2007

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 2007 totaled \$528,726. This compared to \$327,819 at the end of fiscal year 2006.

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, 2007 and 2006 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, 2007

Government-Wide Financial Analysis (Continued)

CONDENSED STATEMENT OF NET ASSETS

GOVERNMENTAL ACTIVITIES

	<u>2007</u>	<u>2006</u>	<u>Increase / (Decrease)</u>
Current Assets	\$ 600,531	\$ 573,484	27,047
Capital Assets, being depreciated, net	<u>50,734</u>	<u>66,560</u>	(15,826)
Total Assets	<u>651,265</u>	<u>640,044</u>	11,221
Current Liabilities	<u>140,236</u>	<u>346,792</u>	(206,556)
Net Assets:			
Invested in Capital Assets	50,734	66,560	(15,826)
Unrestricted	444,474	214,543	229,931
Restricted for teacher professional development	<u>15,821</u>	<u>12,149</u>	3,672
Total Net Assets	<u>\$ 511,029</u>	<u>\$ 293,252</u>	217,777

The Regional Office of Education #25's governmental assets exceeded governmental liabilities (net assets) by \$511,029 at the close of the fiscal year. Cash and cash equivalents made up the majority of assets. Net assets related to the Institute Fund are considered restricted for teacher professional development.

BUSINESS-TYPE ACTIVITIES

	<u>2007</u>	<u>2006</u>	<u>Increase / (Decrease)</u>
Current Assets	\$ 15,995	\$ 34,283	(18,288)
Capital Assets, being depreciated, net	<u>7,746</u>	<u>6,650</u>	1,096
Total Assets	<u>23,741</u>	<u>40,933</u>	(17,192)
Current Liabilities	<u>6,044</u>	<u>6,366</u>	(322)
Net Assets:			
Invested in Capital Assets	7,746	6,650	1,096
Unrestricted	<u>9,951</u>	<u>27,917</u>	(17,966)
Total Net Assets	<u>\$ 17,697</u>	<u>\$ 34,567</u>	(16,870)

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, 2007

Government-Wide Financial Analysis (Continued)

STATEMENT OF ACTIVITIES  
GOVERNMENTAL ACTIVITIES

	2007	2006	Increase / (Decrease)
Revenues:			
Program Revenues:			
Operating grants and contributions	\$ 1,877,516	\$ 1,743,651	133,865
General Revenues:			
Local sources	1,197,524	921,056	276,468
State sources	531,713	494,587	37,126
On-behalf payments - State	298,130	261,113	37,017
Investment earnings	49,615	37,768	11,847
Total Revenues	<u>3,954,498</u>	<u>3,458,175</u>	496,323
Expenses:			
Program Expenses:			
Instructional Services			
Salaries and benefits	2,121,631	1,660,985	460,646
Purchased services	969,441	1,311,234	(341,793)
Supplies and materials	205,917	144,601	61,316
Other objects	-	54	(54)
Payments to other governments	111,512	200,636	(89,124)
Depreciation expense	30,090	29,495	595
Administrative Expense:			
On-behalf payments - State	298,130	261,113	37,017
Total Expenses	<u>3,736,721</u>	<u>3,608,118</u>	128,603
Change in Net Assets	217,777	(149,943)	367,720
Net Assets - Beginning	<u>293,252</u>	<u>443,195</u>	(149,943)
Net Assets - Ending	<u>\$ 511,029</u>	<u>\$ 293,252</u>	217,777

Increases in program revenues are mainly due to increases in state revenue for the Early Childhood Block Grant. Increases in program expenditures are largely due to increases in salaries and benefits and new staff, which are a result of several employees working full-time instead of part-time and the new funds in the Early Childhood Block Grant Pre Kindergarten program.

HAMILTON/JEFFERSON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #25  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 For the Year Ended June 30, 2007

Government-Wide Financial Analysis (Concluded)

BUSINESS-TYPE ACTIVITIES			
	2007	2006	Increase / (Decrease)
Revenues:			
Program Revenues:			
Charges for Services	\$ 175,251	\$ 156,493	18,758
Total Revenues	175,251	156,493	18,758
Expenses:			
Program Expenses:			
Instructional Services			
Salaries and Benefits	35,976	29,982	5,994
Purchased Services	147,607	119,170	28,437
Supplies and Materials	3,639	3,528	111
Other objects	-	75	(75)
Depreciation Expense	4,899	1,848	3,051
Total Expenses	192,121	154,603	37,518
Change in Net Assets	(16,870)	1,890	(18,760)
Net Assets - Beginning	34,567	32,677	1,890
Net Assets - Ending	\$ 17,697	\$ 34,567	(16,870)

This increase in revenues and expenses is consistent with the prior period. Expenditures exceeded revenues by \$16,870 in the current year mainly due to small increases in purchased services in the Finger Printing, Mt. Vernon Conference, and Testing programs.

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2007

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 \$466,421 and \$284,535 for fiscal year end June 30, 2007 and 2006, respectively.

- The General Fund is the principal operating fund. The fund balance in the General Fund increased from \$57,017 to \$270,769. The increase is due to decreased expenditures for the following programs: University College Classes, Special Projects, Office Operations, and Regional In-Service Meeting. Revenues in the General Fund stayed consistent with prior years.
- The Special Revenue fund balance decreased from the prior year in the amount of \$31,866 to an ending fund balance of \$195,652. This decrease is due to large increases in salaries and benefits paid in the current year in the Early Childhood Block Grant program.
- The Proprietary funds decreased from the prior year in the amount of \$16,870 to an ending net asset balance of \$17,697. This decrease primarily relates to increases in purchased services in the Finger Printing, Mt. Vernon Conference, and the Testing programs.

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. 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.

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2007

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;
- 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, 2007

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 482,550	\$ 15,995	\$ 498,545
Due from other funds	6,044	-	6,044
Due from other governments:			
Local	37,248	-	37,248
State	12,046	-	12,046
Federal	62,643	-	62,643
Total current assets	<u>600,531</u>	<u>15,995</u>	<u>616,526</u>
Noncurrent assets:			
Capital assets, being depreciated, net	50,734	7,746	58,480
Total noncurrent assets	<u>50,734</u>	<u>7,746</u>	<u>58,480</u>
<b>TOTAL ASSETS</b>	<u>651,265</u>	<u>23,741</u>	<u>675,006</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	124,259	-	124,259
Due to other funds	-	6,044	6,044
Deferred revenue	15,977	-	15,977
Total current liabilities	<u>140,236</u>	<u>6,044</u>	<u>146,280</u>
<b>TOTAL LIABILITIES</b>	<u>140,236</u>	<u>6,044</u>	<u>146,280</u>
<b>NET ASSETS</b>			
Invested in capital assets	50,734	7,746	58,480
Restricted for teacher professional development	15,821	-	15,821
Unrestricted	444,474	9,951	454,425
<b>TOTAL NET ASSETS</b>	<u>\$ 511,029</u>	<u>\$ 17,697</u>	<u>\$ 528,726</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, 2007

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:						
Governmental activities:						
Current:						
Instructional services:						
Salaries and benefits	\$ 2,121,631	\$ -	\$ 1,236,736	\$ (884,895)	\$ -	\$ (884,895)
Purchased services	969,441	-	368,013	(601,428)	-	(601,428)
Supplies and materials	205,917	-	146,991	(58,926)	-	(58,926)
Capital outlay	-	-	14,264	14,264	-	14,264
Payments to other governments	111,512	-	111,512	-	-	-
Depreciation	30,090	-	-	(30,090)	-	(30,090)
Administrative:						
On-behalf payments - State	298,130	-	-	(298,130)	-	(298,130)
Total governmental activities	<u>3,736,721</u>	<u>-</u>	<u>1,877,516</u>	<u>(1,859,205)</u>	<u>-</u>	<u>(1,859,205)</u>
Business-type activities:						
Registration/Testing fee	192,121	175,251	-	-	(16,870)	(16,870)
Total business-type activities	<u>192,121</u>	<u>175,251</u>	<u>-</u>	<u>-</u>	<u>(16,870)</u>	<u>(16,870)</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 3,928,842</b>	<b>\$ 175,251</b>	<b>\$ 1,877,516</b>	<b>(1,859,205)</b>	<b>(16,870)</b>	<b>(1,876,075)</b>
GENERAL REVENUES:						
Local sources				1,197,524	-	1,197,524
State sources				531,713	-	531,713
On-behalf payments - State				298,130	-	298,130
Investment earnings				49,615	-	49,615
Total general revenues				<u>2,076,982</u>	<u>-</u>	<u>2,076,982</u>
CHANGE IN NET ASSETS				217,777	(16,870)	200,907
NET ASSETS - BEGINNING				<u>293,252</u>	<u>34,567</u>	<u>327,819</u>
NET ASSETS - ENDING				<u>\$ 511,029</u>	<u>\$ 17,697</u>	<u>\$ 528,726</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, 2007

	General Fund	Education Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 252,267	\$ 131,215	\$ 17,468	\$ -	\$ 400,950
Due from other funds	-	81,292	-	(75,248)	6,044
Due from other governments:					
Local	26,834	3,982	6,432	-	37,248
State	-	12,046	0	-	12,046
Federal	-	62,643	-	-	62,643
<b>TOTAL ASSETS</b>	<u>\$ 279,101</u>	<u>\$ 291,178</u>	<u>\$ 23,900</u>	<u>\$ (75,248)</u>	<u>\$ 518,931</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 8,332	\$ 28,201	\$ -	\$ -	\$ 36,533
Due to other funds	-	72,025	3,223	(75,248)	-
Deferred revenue	-	15,977	-	-	15,977
<b>Total Liabilities</b>	<u>8,332</u>	<u>116,203</u>	<u>3,223</u>	<u>(75,248)</u>	<u>52,510</u>
<b>FUND BALANCES</b>					
Unreserved, reported in:					
General fund	270,769	-	-	-	270,769
Special revenue fund	-	174,975	20,677	-	195,652
<b>Total Fund Balances</b>	<u>270,769</u>	<u>174,975</u>	<u>20,677</u>	<u>-</u>	<u>466,421</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 279,101</u>	<u>\$ 291,178</u>	<u>\$ 23,900</u>	<u>\$ (75,248)</u>	<u>\$ 518,931</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 BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL FUNDS  
JUNE 30, 2007

TOTAL FUND BALANCES — GOVERNMENTAL FUNDS	\$	466,421
<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.		50,734
<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	\$ (2,259)	
Less Capital Assets Included in Total Above	(3,867)	(6,126)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	511,029

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, 2007

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>				
Local sources	\$ 559,017	\$ 197,040	\$ 23,831	\$ 779,888
State sources	65,621	1,839,625	23,772	1,929,018
State sources-payments made on behalf of region	298,130	-	-	298,130
Federal sources	-	480,211	-	480,211
Total revenues	<u>922,768</u>	<u>2,516,876</u>	<u>47,603</u>	<u>3,487,247</u>
<b>EXPENDITURES</b>				
Current:				
Instructional Services				
Salaries and benefits	104,485	1,760,396	20,312	1,885,193
Purchased services	331,448	484,307	24,205	839,960
Supplies and materials	21,919	180,923	3,075	205,917
Capital outlay	2,563	11,701	-	14,264
Payments to other governments	-	111,512	-	111,512
On-behalf payments	298,130	-	-	298,130
Total expenditures	<u>758,545</u>	<u>2,548,839</u>	<u>47,592</u>	<u>3,354,976</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>164,223</u>	<u>(31,963)</u>	<u>11</u>	<u>132,271</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interest	49,529	-	86	49,615
Total other financing sources (uses)	<u>49,529</u>	<u>-</u>	<u>86</u>	<u>49,615</u>
<b>NET CHANGE IN FUND BALANCES</b>				
	213,752	(31,963)	97	181,886
<b>FUND BALANCES - BEGINNING</b>				
	<u>57,017</u>	<u>206,938</u>	<u>20,580</u>	<u>284,535</u>
<b>FUND BALANCES - ENDING</b>				
	<u>\$ 270,769</u>	<u>\$ 174,975</u>	<u>\$ 20,677</u>	<u>\$ 466,421</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, 2007

NET CHANGE IN FUND BALANCES — GOVERNMENTAL FUNDS \$ 181,886

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	\$ 14,264	
Depreciation expense	<u>(30,090)</u>	(15,826)

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 \$1,105 which is included above.

51,717

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 217,777

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2007

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	Other Enterprise Funds	Total	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 15,995	\$ 15,995	\$ 81,600
Due from other funds	-	-	10,627
Total current assets	<u>15,995</u>	<u>15,995</u>	<u>92,227</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation:	<u>7,746</u>	<u>7,746</u>	<u>3,867</u>
Total noncurrent assets	<u>7,746</u>	<u>7,746</u>	<u>3,867</u>
<b>TOTAL ASSETS</b>	<u>23,741</u>	<u>23,741</u>	<u>96,094</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts Payable	-	-	87,726
Due to other funds	<u>6,044</u>	<u>6,044</u>	<u>10,627</u>
Total current liabilities	<u>6,044</u>	<u>6,044</u>	<u>98,353</u>
<b>TOTAL LIABILITIES</b>	<u>6,044</u>	<u>6,044</u>	<u>98,353</u>
<b>NET ASSETS</b>			
Invested in capital assets	7,746	7,746	3,867
Unrestricted (deficit)	<u>9,951</u>	<u>9,951</u>	<u>(6,126)</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 17,697</u>	<u>\$ 17,697</u>	<u>\$ (2,259)</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, 2007

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	Other Enterprise Funds	Total	
<b>OPERATING REVENUES</b>			
Local sources	\$ 175,251	\$ 175,251	\$ 417,636
Total operating revenues	<u>175,251</u>	<u>175,251</u>	<u>417,636</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	35,976	35,976	236,438
Purchased services	147,607	147,607	129,481
Supplies and materials	3,639	3,639	-
Depreciation	4,899	4,899	1,105
Total operating expenses	<u>192,121</u>	<u>192,121</u>	<u>367,024</u>
CHANGE IN NET ASSETS	(16,870)	(16,870)	50,612
TOTAL NET ASSETS - BEGINNING	<u>34,567</u>	<u>34,567</u>	<u>(52,871)</u>
TOTAL NET ASSETS - ENDING	<u>\$ 17,697</u>	<u>\$ 17,697</u>	<u>\$ (2,259)</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, 2007

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	Other Enterprise Funds	Totals	
Cash flows from operating activities:			
Receipts from customers	\$ 188,387	\$ 188,387	\$ 417,636
Payments to suppliers and providers of goods and services	(151,568)	(151,568)	(176,697)
Payments to employees	(35,976)	(35,976)	(191,459)
Net cash provided by (used for) operating activities	<u>843</u>	<u>843</u>	<u>49,480</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	(5,995)	(5,995)	-
Net cash provided by (used for) capital and related financing activities	<u>(5,995)</u>	<u>(5,995)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(5,152)	(5,152)	49,480
Cash and Cash Equivalents - Beginning, Restated	<u>21,147</u>	<u>21,147</u>	<u>32,120</u>
Cash and Cash Equivalents - Ending	<u>\$ 15,995</u>	<u>\$ 15,995</u>	<u>\$ 81,600</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (16,870)	\$ (16,870)	\$ 50,612
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	4,899	4,899	1,105
Change in assets and liabilities:			
(Increase) in Due from other funds	-	-	(10,627)
(Increase) Decrease in Due from other governments	13,136	13,136	(32,120)
Increase in Accounts payable	-	-	87,726
Increase (Decrease) in Due to other funds	<u>(322)</u>	<u>(322)</u>	<u>(47,216)</u>
Net cash provided by (used for) operating activities	<u>\$ 843</u>	<u>\$ 843</u>	<u>\$ 49,480</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, 2007

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 37,608
Due from other governments	<u>255,994</u>
 TOTAL ASSETS	 <u>\$ 293,602</u>
LIABILITIES	
Due to other governments	<u>\$ 293,602</u>
 TOTAL LIABILITIES	 <u>\$ 293,602</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, 2007

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 2007, the Regional Office of Education #25 implemented Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The Regional Office of Education #25 implemented this standard during the current year; however, it has no 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, 2007

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, 2007, 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, 2007

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, 2007

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, 2007

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, 2007

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.

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.

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.

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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.

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 fund accounts for a cooperative program that administers school improvement activities.

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.



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

GOVERNMENTAL FUNDS (Continued)

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 16-21. Activities include helping youth increase their basic educational skills and to help develop their career awareness and abilities.

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.

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.

Gifted Education – The activities of this program include in-service activities for gifted coordinators and other teachers. This program provides instructional materials to schools, technical assistance, and resources for in-service activities for participating schools and their representative.

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

GOVERNMENTAL FUNDS (Concluded)

ELL English – This program provides training for administrators and teachers in schools who have English language learners. In-service includes legal requirements for ELL students as well as best classroom strategies for teachers.

Program Accountability Liaison (PAL's) – This program will provide accountability for Preschool for all programs to achieve the program standards during the implementation process and maintain those standards as they mature.

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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NOTES TO THE FINANCIAL STATEMENTS  
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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:

Health Insurance – This fund is utilized to account for the payment of health insurance premiums on behalf of all programs.

Workmans' Compensation – This fund is utilized to account for the payment of workman's compensation premiums on behalf of all programs.

Unemployment – This fund is utilized to account for all State and federal unemployment payments on behalf of all programs.

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.

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIDUCIARY FUNDS (Concluded)

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.

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

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

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

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

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

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

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.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

K. CAPITAL ASSETS (Concluded)

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 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), 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), Even Start, and ELL English.

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 2 – CASH

The Regional Office of Education #25 does not have a formal investment policy. 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, 2007, the carrying amount of the Regional Office of Education #25's government-wide and Agency fund deposits were \$498,545 and \$37,608, respectively, and the bank balances were \$491,844 and \$132,251, respectively. Of the total bank balances as of June 30, 2007, \$267,599 was secured by federal depository insurance and \$241,817 was collateralized by securities pledged by the Regional Office of Education #25's financial institution on behalf of the Regional Office.

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, 2007, the Regional Office of Education #25 had investments with carrying and fair value of \$114,679 invested in the Illinois Funds Money Market Fund.

CREDIT RISK

At June 30, 2007, 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.

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

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.

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% 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 2006 was 14.39% 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, 2006, was 5 years.

For December 31, 2006, the Regional Office of Education #25's annual pension cost of \$67,255 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, 2004 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 2006 actuarial valuation were based on the 2002-2004 experience study.

HAMILTON/JEFFERSON COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 3 - DEFINED BENEFIT PENSION PLAN (Concluded)

A. TREND INFORMATION

Actuarial Valuation <u>Date</u>	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
12/31/06	67,255	100%	\$0
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

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, 2007, 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, 2007, 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.



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NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 4 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (Continued)

- **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, 2007, the State of Illinois contributions were based on 9.78 percent of creditable earnings, and the Regional Office of Education #25 recognized revenue and expenditures of \$98,855 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2006 and June 30, 2005, the State of Illinois contribution rates as percentages of creditable earnings were 7.06 percent (\$63,832) and 11.76 percent (\$94,230), respectively. The state contributions to TRS for the years ended June 30, 2007 and June 30, 2006 were based on dollar amounts specified by the statute and were not actuarially determined. The state contributions for the year ended June 30, 2005 were based on an actuarial formula.

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, 2007 were \$5,863. Contributions for the years ending June 30, 2006, and June 30, 2005, were \$5,244 and \$4,647, 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 the state contribution rate to TRS. For the year ended June 30, 2007, the employer pension contribution was 9.78 percent of salaries paid from federal and trust funds. 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 year ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2007 salaries totaling \$90,612 were paid from federal and trust funds that required employer contributions of \$8,862. For the years ended June 30, 2006 and 2005, required Regional Office of Education #25 contributions were \$5,040 and \$8,454, 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 (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

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

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, 2007, 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, 2006 and June 30 2005, the Regional Office of Education #25 paid no employer ERO contributions.

- **Salary increases over 6 percent and excess sick leave.** Public Act 94-0004 added two new employer contributions to TRS. If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the year ended June 30, 2007, the Regional Office of Education #25 paid no TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2006, the Regional Office of Education #25 paid no employer contributions due on salary increases in excess of 6 percent.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (17.60 percent of salary during the year ended June 30, 2007). For the year ended June 30, 2007, the district paid no TRS for sick leave days granted in the excess of the normal annual allotment. For the year ended June 30, 2006, the Regional Office of Education #25 paid no employer contributions granted for sick leave days.

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, 2006. The report for the year ended June 30, 2007, is expected to be available in late 2007. 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  
 REGIONAL OFFICE OF EDUCATION #25  
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 FOR THE YEAR ENDED JUNE 30, 2007

NOTE 5 - INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2007 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 Other Funds</u>	<u>Due To Other Funds</u>
Education Fund	\$ 81,292	\$ 72,025
Special Revenue	-	3,223
Internal Service Fund	10,627	10,627
Proprietary Funds	<u>-</u>	<u>6,044</u>
Totals	<u>\$ 91,919</u>	<u>\$ 91,919</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, 2007:

HAMILTON/JEFFERSON COUNTIES  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 6 - CAPITAL ASSET ACTIVITY (Continued)

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Governmental Activities:				
<u>General Fund</u>				
ROE/ISC Operation	\$ 46,409	\$ -	\$ -	\$ 46,409
Special Projects	103,920	1,854	-	105,774
University Classes	-	709	-	709
<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)	2,806	3,487	-	6,293
Title IV Safe and Drug Free School	10,749	-	-	10,749
Southern Thirty	16,328	-	-	16,328
Early Childhood Block Grant (3705-00)	16,820	3,792	-	20,612
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	120,147	2,539	-	122,686
Scientific Literacy	52,594	-	-	52,594
Technology Literacy	13,500	-	-	13,500
Even Start	279	305	-	584
Project Success	-	1,578	-	1,578
<u>Internal Service</u>				
Building fund	5,525	-	-	5,525
Governmental Activities Total Assets	441,528	14,264	-	455,792
Less Accumulated Depreciation	374,968	30,090	-	405,058
Governmental Activities				
Investment in Capital Assets, Net	\$ 66,560	\$ (15,826)	\$ -	\$ 50,734

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> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2007</u>
Business-type Activities:				
Mt. Vernon Conference	\$ 896	\$ -	\$ -	\$ 896
Testing	<u>8,608</u>	<u>5,995</u>	<u>-</u>	<u>14,603</u>
Business-type Activities				
Total Assets	9,504	5,995	-	15,499
Less Accumulated Depreciation	<u>2,854</u>	<u>4,899</u>	<u>-</u>	<u>7,753</u>
Business-type Activities				
Investment in Capital Assets	<u>\$ 6,650</u>	<u>\$ 1,096</u>	<u>\$ -</u>	<u>\$ 7,746</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, 2007 of \$30,090 and \$4,899 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	\$ 84,732
Assistant Regional Superintendent Salary	76,263
Regional Superintendent Fringe Benefit (Includes State paid insurance)	17,840
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	20,440
TRS Pension contributions	<u>98,855</u>
Total	<u>\$ 298,130</u>

HAMILTON/JEFFERSON COUNTIES  
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 NOTES TO THE FINANCIAL STATEMENTS  
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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	\$ 229,611
Local Governments	26,383
<u>General Fund</u>	
Local Governments	26,834
<u>Education Fund</u>	
Local Governments	3,982
Illinois State Board of Education	12,046
Federal Government	62,643
<u>Other Nonmajor Funds</u>	
Local Governments	6,432
Total	<u>\$ 367,931</u>

Due To Other Governments:

<u>Fiduciary Fund</u>	
Local School Districts	\$ 229,611
Local Governments	63,991
Total	<u>\$ 293,602</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 2007 totaled \$199,105.

HAMILTON/JEFFERSON COUNTIES  
 REGIONAL OFFICE OF EDUCATION #25  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2007

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 following funds account for the employee payroll expenses paid from one fund on-behalf of all programs:

1. The Health Insurance Fund is used to account for the purchase of all types of employee insurance.
2. The Workmens' Compensation Fund is used to account for the payment of all workmens' compensation premiums.
3. The Unemployment Fund is used to account for State and federal unemployment payments.

These funds were previously included with the Regional Cooperative Board as an Agency fund; however, they should be reported as internal service funds. The following is the effect of these reclassifications on the beginning Internal Service Fund's and Agency Fund's cash.

	Internal Service Fund	Agency Fund
Cash - July 1, 2006	\$ -	\$ 66,811
Effect of Reclassification	32,120	(32,120)
Cash - July 1, 2006, Restated	\$ 32,120	\$ 34,691

NOTE 13 – OTHER REQUIRED INDIVIDUAL FUND DISCLOSURE

The Internal Service Fund, Transportation Reimbursement Fund has a deficit in net assets at June 30, 2007 of \$ 10,627. The Hamilton-Jefferson County Regional Office of Education #25 will monitor expenses within this program during the course of the subsequent fiscal year.

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, 2007

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)
12/31/06	1,147,141	1,146,603	(538)	100.05%	467,373	0.00%
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%

On a market value basis, the actuarial value of assets as of December 31, 2006 is \$1,237,487. On a market basis, the funded ratio would be 107.93%.

\* Digest of changes

The actuarial assumptions used to determine the actuarial accrued liability for 2006 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.

SLEP Member contribution rate changed from 6.50% to 7.50% effective June 1, 2006.

SUPPLEMENTAL INFORMATION

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING SCHEDULE OF ACCOUNTS  
 GENERAL FUND  
 JUNE 30, 2007

	University College Classes	ROE/ISC Operation	Special Projects	Office Operations	Regional In-Service Meeting	Region VI Illinois Association of Regional Superintendents of Schools	TOTALS
<b>ASSETS</b>							
Cash and cash equivalents	\$ 163,126	\$ -	\$ 70,028	\$ 15,186	\$ 1,740	\$ 2,187	\$ 252,267
Due from other governments	-	-	9,814	17,020	-	-	26,834
<b>TOTAL ASSETS</b>	<u>\$ 163,126</u>	<u>\$ -</u>	<u>\$ 79,842</u>	<u>\$ 32,206</u>	<u>\$ 1,740</u>	<u>\$ 2,187</u>	<u>\$ 279,101</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ 8,332	\$ -	\$ -	\$ 8,332
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,332</u>	<u>-</u>	<u>-</u>	<u>8,332</u>
<b>FUND BALANCES</b>							
Unreserved	163,126	-	79,842	23,874	1,740	2,187	270,769
<b>Total Fund Balances</b>	<u>163,126</u>	<u>-</u>	<u>79,842</u>	<u>23,874</u>	<u>1,740</u>	<u>2,187</u>	<u>270,769</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 163,126</u>	<u>\$ -</u>	<u>\$ 79,842</u>	<u>\$ 32,206</u>	<u>\$ 1,740</u>	<u>\$ 2,187</u>	<u>\$ 279,101</u>

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, 2007

	University College Classes	ROE/ISC Operation	Special Projects	Office Operations	Regional In-Service Meeting	Region VI Illinois Association of Regional Superintendents of Schools	TOTALS
<b>REVENUES</b>							
Local sources	\$ 383,083	\$ -	\$ 76,995	\$ 93,501	\$ 4,638	\$ 800	\$ 559,017
State sources	-	65,621	-	-	-	-	65,621
State sources-payments made on behalf of region	-	298,130	-	-	-	-	298,130
<b>Total Revenues</b>	<b>383,083</b>	<b>363,751</b>	<b>76,995</b>	<b>93,501</b>	<b>4,638</b>	<b>800</b>	<b>922,768</b>
<b>EXPENDITURES</b>							
<b>Current:</b>							
Salaries and benefits	-	42,480	-	62,005	-	-	104,485
Purchased services	226,002	20,055	74,728	8,975	1,177	511	331,448
Supplies and materials	19	3,086	14,966	1,574	2,274	-	21,919
Capital outlay	709	-	1,854	-	-	-	2,563
On-behalf payments	-	298,130	-	-	-	-	298,130
<b>Total Expenditures</b>	<b>226,730</b>	<b>363,751</b>	<b>91,548</b>	<b>72,554</b>	<b>3,451</b>	<b>511</b>	<b>758,545</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Interest	-	-	49,529	-	-	-	49,529
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>49,529</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49,529</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>156,353</b>	<b>-</b>	<b>34,976</b>	<b>20,947</b>	<b>1,187</b>	<b>289</b>	<b>213,752</b>
<b>FUND BALANCES - BEGINNING</b>	<b>6,773</b>	<b>-</b>	<b>44,866</b>	<b>2,927</b>	<b>553</b>	<b>1,898</b>	<b>57,017</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 163,126</b>	<b>\$ -</b>	<b>\$ 79,842</b>	<b>\$ 23,874</b>	<b>\$ 1,740</b>	<b>\$ 2,187</b>	<b>\$ 270,769</b>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2006 to June 30, 2007)  
 GENERAL FUND ACCOUNTS  
 ROE/ISC OPERATIONS  
 FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State	\$ 65,621	\$ 65,621	\$ 65,621
State sources - payments made on behalf of region	-	-	298,130
Total Revenues	<u>65,621</u>	<u>65,621</u>	<u>363,751</u>
EXPENDITURES			
Current:			
Salaries and benefits	32,871	42,320	42,480
Purchased services	27,050	20,100	20,055
Supplies and materials	5,700	3,201	3,086
On-behalf payments	-	-	298,130
Total Expenditures	<u>65,621</u>	<u>65,621</u>	<u>363,751</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - BEGINNING	-	-	-
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of November 1, 2005 to October 31, 2006 and  
 November 1, 2006 to October 31, 2007)  
 GENERAL FUND ACCOUNTS  
 OFFICE OPERATIONS  
 FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts				Actual Amounts
	Original		Final		
	11/1/05 to 10/31/06	11/1/06 to 10/31/07	11/1/05 to 10/31/06	11/1/06 to 10/31/07	
REVENUES					
Local	\$ 62,485	\$ 62,485	\$ 62,485	\$ 62,485	\$ 93,501
Total Revenues	<u>62,485</u>	<u>62,485</u>	<u>62,485</u>	<u>62,485</u>	<u>93,501</u>
EXPENDITURES					
Current:					
Salaries and benefits	30,295	30,295	30,295	30,295	62,005
Purchased services	30,695	30,695	30,695	30,695	8,975
Supplies and materials	1,495	1,495	1,495	1,495	1,574
Total Expenditures	<u>62,485</u>	<u>62,485</u>	<u>62,485</u>	<u>62,485</u>	<u>72,554</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	20,947
FUND BALANCES - BEGINNING	-	-	-	-	<u>2,927</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,874</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2007

	ROE/ISC Technology	ISBE Contracts	Illinois Violence Prevention Authority	Penny Severns	Early Childhood Block Grant (3705-01)	Early Childhood Block Grant (3705-60)
<b>ASSETS</b>						
Cash and cash equivalents	\$ 5,578	\$ -	\$ 2,364	\$ 4,800	\$ -	\$ -
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	241	2,137
<b>TOTAL ASSETS</b>	<b>\$ 5,578</b>	<b>\$ -</b>	<b>\$ 2,364</b>	<b>\$ 4,800</b>	<b>\$ 241</b>	<b>\$ 2,137</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	241	2,137
Deferred revenue	-	-	2,364	4,800	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>2,364</b>	<b>4,800</b>	<b>241</b>	<b>2,137</b>
<b>FUND BALANCES</b>						
Unreserved	5,578	-	-	-	-	-
<b>Total Fund Balances</b>	<b>5,578</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,578</b>	<b>\$ -</b>	<b>\$ 2,364</b>	<b>\$ 4,800</b>	<b>\$ 241</b>	<b>\$ 2,137</b>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2007

	School Improvement	Rural Vision	Southern Thirty	Regional Safe Schools	Truants Alternative and Optional Education	Job Training Partnership Act
<b>ASSETS</b>						
Cash and cash equivalents	\$ 10,733	\$ 13,314	\$ 3,263	\$ 8,120	\$ 14,344	\$ -
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	16,085
<b>TOTAL ASSETS</b>	<b>\$ 10,733</b>	<b>\$ 13,314</b>	<b>\$ 3,263</b>	<b>\$ 8,120</b>	<b>\$ 14,344</b>	<b>\$ 16,085</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 8,120	\$ 13,435	\$ -
Due to other funds	-	-	-	-	-	16,085
Deferred revenue	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,120</b>	<b>13,435</b>	<b>16,085</b>
<b>FUND BALANCES</b>						
Unreserved	10,733	13,314	3,263	-	909	-
<b>Total Fund Balances</b>	<b>10,733</b>	<b>13,314</b>	<b>3,263</b>	<b>-</b>	<b>909</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 10,733</b>	<b>\$ 13,314</b>	<b>\$ 3,263</b>	<b>\$ 8,120</b>	<b>\$ 14,344</b>	<b>\$ 16,085</b>



HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2007

	Early Childhood Block Grant (3705-00)	Standards Aligned Classroom	McKinney Education for Homeless Children	Mathematics and Science Partnerships (4936-00 & 4936-01)	Title I School Improvement and Accountability System of Support
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 8,813	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-
Due from other governments	9,668	-	-	25,973	5,766
<b>TOTAL ASSETS</b>	<b>\$ 9,668</b>	<b>\$ 8,813</b>	<b>\$ -</b>	<b>\$ 25,973</b>	<b>\$ 5,766</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	9,668	-	-	25,973	5,766
Deferred revenue	-	8,813	-	-	-
<b>Total Liabilities</b>	<b>9,668</b>	<b>8,813</b>	<b>-</b>	<b>25,973</b>	<b>5,766</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>\$ 9,668</b>	<b>\$ 8,813</b>	<b>\$ -</b>	<b>\$ 25,973</b>	<b>\$ 5,766</b>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING SCHEDULE OF ACCOUNTS  
 EDUCATION FUND  
 JUNE 30, 2007

	State Aid	Even Start	Gifted Education	ELL English	Program Accountability Liaison Project	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 55,507	\$ -	\$ -	\$ -	\$ 4,379	\$ 131,215
Due from other funds	81,292	-	-	-	-	81,292
Due from other governments	-	14,819	3,982	-	-	78,671
<b>TOTAL ASSETS</b>	<b>\$ 136,799</b>	<b>\$ 14,819</b>	<b>\$ 3,982</b>	<b>\$ -</b>	<b>\$ 4,379</b>	<b>\$ 291,178</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 6,646	\$ -	\$ -	\$ -	\$ 28,201
Due to other funds	-	8,173	3,982	-	-	72,025
Deferred revenue	-	-	-	-	-	15,977
<b>Total Liabilities</b>	<b>-</b>	<b>14,819</b>	<b>3,982</b>	<b>-</b>	<b>-</b>	<b>116,203</b>
<b>FUND BALANCES</b>						
Unreserved	136,799	-	-	-	4,379	174,975
<b>Total Fund Balances</b>	<b>136,799</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,379</b>	<b>174,975</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 136,799</b>	<b>\$ 14,819</b>	<b>\$ 3,982</b>	<b>\$ -</b>	<b>\$ 4,379</b>	<b>\$ 291,178</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, 2007

	ROE/ISC Technology	ISBE Contracts	Illinois Violence Prevention Authority	Penny Severns	Early Childhood Block Grant (3705-01)	Early Childhood Block Grant (3705-60)
<b>REVENUES</b>						
Local sources	\$ 13,480	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	7,895	26,070	2,051	5,199	155,327
Federal sources	-	-	-	-	-	-
Total Revenues	<u>13,480</u>	<u>7,895</u>	<u>26,070</u>	<u>2,051</u>	<u>5,199</u>	<u>155,327</u>
<b>EXPENDITURES</b>						
Current:						
Salaries and benefits	10,043	-	20,459	1,269	3,407	111,083
Purchased services	278	7,895	4,766	146	1,422	25,676
Supplies and materials	-	-	845	636	370	15,081
Capital outlay	-	-	-	-	-	3,487
Payments to other governments	-	-	-	-	-	-
Total Expenditures	<u>10,321</u>	<u>7,895</u>	<u>26,070</u>	<u>2,051</u>	<u>5,199</u>	<u>155,327</u>
NET CHANGE IN FUND BALANCES	3,159	-	-	-	-	-
FUND BALANCES - BEGINNING	<u>2,419</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 5,578</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, 2007

	School Improvement	Rural Vision	Southern Thirty	Regional Safe Schools	Truants Alternative Optional Education	Job Training Partnership Act
<b>REVENUES</b>						
Local sources	\$ 15,779	\$ 1,000	\$ 72,805	\$ -	\$ 11,433	\$ -
State sources	-	-	-	91,072	130,512	-
Federal sources	-	-	-	-	17,500	67,381
Total Revenues	<u>15,779</u>	<u>1,000</u>	<u>72,805</u>	<u>91,072</u>	<u>159,445</u>	<u>67,381</u>
<b>EXPENDITURES</b>						
Current:						
Salaries and benefits	1,825	-	72,416	54,947	90,971	60,574
Purchased services	6,429	-	4,677	28,288	63,094	1,913
Supplies and materials	882	-	580	7,837	4,471	4,894
Capital outlay	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-
Total Expenditures	<u>9,136</u>	<u>-</u>	<u>77,673</u>	<u>91,072</u>	<u>158,536</u>	<u>67,381</u>
NET CHANGE IN FUND BALANCES	6,643	1,000	(4,868)	-	909	-
FUND BALANCES - BEGINNING	<u>4,090</u>	<u>12,314</u>	<u>8,131</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 10,733</u>	<u>\$ 13,314</u>	<u>\$ 3,263</u>	<u>\$ -</u>	<u>\$ 909</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, 2007

	Early Childhood Block Grant (3705-00)	Standards Aligned Classroom	McKinney Education for Homeless Children	Mathematics and Science Partnerships (4936-00 & 4936-01)	Title I School Improvement and Accountability System of Support
<b>REVENUES</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 1,930
State sources	905,133	-	-	-	1,746
Federal sources	-	77,365	29,545	141,288	67,132
Total Revenues	<u>905,133</u>	<u>77,365</u>	<u>29,545</u>	<u>141,288</u>	<u>70,808</u>
<b>EXPENDITURES</b>					
Current:					
Salaries and benefits	705,988	19,373	24,718	30,854	15,011
Purchased services	92,582	13,559	4,827	40,049	55,407
Supplies and materials	102,771	543	-	2,763	390
Capital outlay	3,792	-	-	-	-
Payments to other governments	-	43,890	-	67,622	-
Total Expenditures	<u>905,133</u>	<u>77,365</u>	<u>29,545</u>	<u>141,288</u>	<u>70,808</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	-
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<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, 2007

	State Aid	Even Start	Gifted Education	ELL English	Program Accountability Liaison Project	TOTAL
<b>REVENUES</b>						
Local sources	\$ 28,120	\$ -	\$ 11,018	\$ -	\$ 41,475	\$ 197,040
State sources	506,570	-	-	-	8,050	1,839,625
Federal sources	-	75,000	-	5,000	-	480,211
Total Revenues	<u>534,690</u>	<u>75,000</u>	<u>11,018</u>	<u>5,000</u>	<u>49,525</u>	<u>2,516,876</u>
<b>EXPENDITURES</b>						
<b>Current:</b>						
Salaries and benefits	435,615	60,324	4,419	1,000	36,100	1,760,396
Purchased services	104,791	11,271	6,431	3,567	7,239	484,307
Supplies and materials	34,930	3,100	168	433	229	180,923
Capital outlay	2,539	305	-	-	1,578	11,701
Payments to other governments	-	-	-	-	-	111,512
Total Expenditures	<u>577,875</u>	<u>75,000</u>	<u>11,018</u>	<u>5,000</u>	<u>45,146</u>	<u>2,548,839</u>
NET CHANGE IN FUND BALANCES	(43,185)	-	-	-	4,379	(31,963)
FUND BALANCES - BEGINNING	<u>179,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>206,938</u>
FUND BALANCES - ENDING	<u>\$ 136,799</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,379</u>	<u>\$ 174,975</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of December 15, 2005 to December 31, 2006 and  
 December 15, 2006 to December 31, 2007)  
 EDUCATION FUND ACCOUNTS  
 ILLINOIS VIOLENCE PREVENTION AUTHORITY  
 FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts				Actual Amounts
	Original		Final		
	12/15/05 to 12/31/06	12/15/06 to 12/31/07	12/15/05 to 12/31/06	12/15/06 to 12/31/07	
REVENUES					
State	\$ 19,500	\$ 19,500	\$ 19,500	\$ 19,500	\$ 26,070
Total Revenues	<u>19,500</u>	<u>19,500</u>	<u>19,500</u>	<u>19,500</u>	<u>26,070</u>
EXPENDITURES					
Current:					
Salaries and Benefits	16,185	16,185	16,185	16,185	20,459
Purchased Services	2,765	2,465	2,465	2,815	4,766
Supplies and Materials	550	800	800	500	845
Capital Outlay	-	50	50	-	-
Total Expenditures	<u>19,500</u>	<u>19,500</u>	<u>19,500</u>	<u>19,500</u>	<u>26,070</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, 2007)  
 EDUCATION FUND ACCOUNTS  
 PENNY SEVERNS  
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
REVENUES			
State	\$ 4,800	\$ 4,800	\$ 2,051
Total Revenues	<u>4,800</u>	<u>4,800</u>	<u>2,051</u>
EXPENDITURES			
Current:			
Salaries and Benefits	1,170	1,170	1,269
Purchased Services	2,493	2,493	146
Supplies and Materials	967	967	636
Other Objects	170	170	-
Total Expenditures	<u>4,800</u>	<u>4,800</u>	<u>2,051</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, 2006 to June 30, 2007)  
 EDUCATION FUND ACCOUNTS  
 EARLY CHILDHOOD BLOCK GRANT (3705-01)  
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		Actual
	<u>Original</u>	<u>Final</u>	Amounts
REVENUES			
State	\$ 5,932	\$ 5,932	\$ 5,199
Total Revenues	<u>5,932</u>	<u>5,932</u>	<u>5,199</u>
EXPENDITURES			
Current:			
Salaries and Benefits	4,925	4,925	3,407
Purchased Services	816	816	1,422
Supplies and Materials	191	191	370
Total Expenditures	<u>5,932</u>	<u>5,932</u>	<u>5,199</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, 2006 to June 30, 2007)  
 EDUCATION FUND ACCOUNTS  
 EARLY CHILDHOOD BLOCK GRANT (3705-60)  
 FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State	\$ 178,654	\$ 178,654	\$ 155,327
Total Revenues	<u>178,654</u>	<u>178,654</u>	<u>155,327</u>
EXPENDITURES			
Current:			
Salaries and Benefits	135,730	135,820	111,083
Purchased Services	26,024	25,934	25,676
Supplies and Materials	14,500	14,500	15,081
Capital Outlay	2,400	2,400	3,487
Total Expenditures	<u>178,654</u>	<u>178,654</u>	<u>155,327</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, 2006 to June 30, 2007)  
 EDUCATION FUND ACCOUNTS  
 REGIONAL SAFE SCHOOLS  
 FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
State	\$ 91,072	\$ 91,072	\$ 91,072
Total Revenues	<u>91,072</u>	<u>91,072</u>	<u>91,072</u>
EXPENDITURES			
Current:			
Salaries and Benefits	54,645	54,645	54,947
Purchased Services	29,698	29,698	28,288
Supplies and Materials	6,729	6,729	7,837
Total Expenditures	<u>91,072</u>	<u>91,072</u>	<u>91,072</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, 2006 to June 30, 2007)  
 EDUCATION FUND ACCOUNTS  
 TRUANTS ALTERNATIVE OPTIONAL EDUCATION  
 FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Local	\$ -	\$ -	\$ 11,433
State	121,133	129,612	130,512
Federal	-	-	17,500
Total Revenues	<u>121,133</u>	<u>129,612</u>	<u>159,445</u>
EXPENDITURES			
Current:			
Salaries and Benefits	86,263	94,320	90,971
Purchased Services	30,190	30,592	63,094
Supplies and Materials	4,680	4,700	4,471
Total Expenditures	<u>121,133</u>	<u>129,612</u>	<u>158,536</u>
NET CHANGE IN FUND BALANCES	-	-	909
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 909</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of September 1, 2006 to August 31, 2007)  
 EDUCATION FUND ACCOUNTS  
 JOB TRAINING PARTNERSHIP ACT  
 FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal	\$ 53,000	\$ 53,000	\$ 67,381
Total Revenues	<u>53,000</u>	<u>53,000</u>	<u>67,381</u>
EXPENDITURES			
Current:			
Salaries and Benefits	37,000	37,000	60,574
Purchased Services	15,068	15,068	1,913
Supplies and Materials	932	932	4,894
Total Expenditures	<u>53,000</u>	<u>53,000</u>	<u>67,381</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, 2006 to August 31, 2007)  
 EDUCATION FUND ACCOUNTS  
 EARLY CHILDHOOD BLOCK GRANT (3705-00)  
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
State	\$ 860,510	\$ 899,115	\$ 905,133
Total Revenues	<u>860,510</u>	<u>899,115</u>	<u>905,133</u>
EXPENDITURES			
Current:			
Salaries and Benefits	708,637	732,782	705,988
Purchased Services	95,511	101,466	92,582
Supplies and Materials	51,562	60,067	102,771
Capital Outlay	4,800	4,800	3,792
Total Expenditures	<u>860,510</u>	<u>899,115</u>	<u>905,133</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, 2006 to June 30, 2007)  
 EDUCATION FUND ACCOUNTS  
 MCKINNEY EDUCATION FOR HOMELESS CHILDREN  
 FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal	\$ 21,545	\$ 21,545	\$ 29,545
Total Revenues	<u>21,545</u>	<u>21,545</u>	<u>29,545</u>
EXPENDITURES			
Current:			
Salaries and Benefits	20,440	20,440	24,718
Purchased Services	1,010	1,010	4,827
Supplies and Materials	95	95	-
Total Expenditures	<u>21,545</u>	<u>21,545</u>	<u>29,545</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, 2006 to August 31, 2007)  
 EDUCATION FUND ACCOUNTS  
 MATHEMATICS AND SCIENCE PARTNERSHIPS (4936-00 & 4936-01)  
 FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal	\$ 97,206	\$ 97,206	\$ 141,288
Total Revenues	<u>97,206</u>	<u>97,206</u>	<u>141,288</u>
EXPENDITURES			
Current:			
Salaries and Benefits	20,023	20,023	30,854
Purchased Services	75,183	75,183	40,049
Supplies and Materials	2,000	2,000	2,763
Payments to Other Governments	-	-	67,622
Total Expenditures	<u>97,206</u>	<u>97,206</u>	<u>141,288</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, 2006 to June 30, 2007)  
 EDUCATION FUND ACCOUNTS  
 EVEN START  
 FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal	\$ 75,000	\$ 75,000	\$ 75,000
Total Revenues	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>
EXPENDITURES			
Current:			
Salaries and Benefits	64,614	64,614	60,324
Purchased Services	9,209	9,209	11,271
Supplies and Materials	1,177	1,177	3,100
Capital Outlay	-	-	305
Total Expenditures	<u>75,000</u>	<u>75,000</u>	<u>75,000</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  
 BUDGETARY COMPARISON SCHEDULE  
 (For the Period of July 1, 2006 to June 30, 2007)  
 EDUCATION FUND ACCOUNTS  
 ELL ENGLISH  
 FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Federal	\$ 5,000	\$ 5,000	\$ 5,000
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
EXPENDITURES			
Current:			
Salaries and Benefits	1,000	1,000	1,000
Purchased Services	3,812	3,812	3,567
Supplies and Materials	188	188	433
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>5,000</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, 2007

	Institute	General Education Development	Bus Driver Training	Supervisory	TOTALS
<b>ASSETS</b>					
Cash and cash equivalents	\$ 15,821	\$ -	\$ 1,647	\$ -	\$ 17,468
Due from other governments	-	6,432	-	-	6,432
<b>TOTAL ASSETS</b>	<b>\$ 15,821</b>	<b>\$ 6,432</b>	<b>\$ 1,647</b>	<b>\$ -</b>	<b>\$ 23,900</b>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ 3,223	\$ -	\$ -	\$ 3,223
Total Liabilities	-	3,223	-	-	3,223
<b>FUND BALANCES</b>					
Unreserved	15,821	3,209	1,647	-	20,677
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 15,821</b>	<b>\$ 6,432</b>	<b>\$ 1,647</b>	<b>\$ -</b>	<b>\$ 23,900</b>

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, 2007

	Institute	General Education Development	Bus Driver Training	Supervisory	TOTALS
<b>REVENUES</b>					
Local sources	\$ 11,985	\$ 11,218	\$ 628	\$ -	\$ 23,831
State sources	-	21,412	360	2,000	23,772
Total Revenues	<u>11,985</u>	<u>32,630</u>	<u>988</u>	<u>2,000</u>	<u>47,603</u>
<b>EXPENDITURES</b>					
Current:					
Salaries and benefits	-	20,312	-	-	20,312
Purchased services	8,399	12,700	939	2,167	24,205
Supplies and materials	-	3,075	-	-	3,075
Total Expenditures	<u>8,399</u>	<u>36,087</u>	<u>939</u>	<u>2,167</u>	<u>47,592</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Interest income	86	-	-	-	86
Total other financing sources (uses)	<u>86</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86</u>
<b>NET CHANGE IN FUND BALANCES</b>	3,672	(3,457)	49	(167)	97
<b>FUND BALANCES - BEGINNING</b>	12,149	6,666	1,598	167	20,580
<b>FUND BALANCES - ENDING</b>	<u>\$ 15,821</u>	<u>\$ 3,209</u>	<u>\$ 1,647</u>	<u>\$ -</u>	<u>\$ 20,677</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING STATEMENT OF NET ASSETS  
 NONMAJOR PROPRIETARY FUNDS  
 JUNE 30, 2007

	Enterprise Funds			Total Proprietary Funds
	Mt. Vernon Conference	Testing	Finger Printing	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 14,759	\$ -	\$ 1,236	\$ 15,995
Total current assets	<u>14,759</u>	<u>-</u>	<u>1,236</u>	<u>15,995</u>
Noncurrent assets:				
Capital assets, net of accumulated depreciation:	-	7,746	-	7,746
Total noncurrent assets	<u>-</u>	<u>7,746</u>	<u>-</u>	<u>7,746</u>
<b>TOTAL ASSETS</b>	<u>14,759</u>	<u>7,746</u>	<u>1,236</u>	<u>23,741</u>
<b>LIABILITIES</b>				
Due to other funds	-	6,044	-	6,044
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>6,044</u>	<u>-</u>	<u>6,044</u>
<b>NET ASSETS</b>				
Invested in capital assets	-	7,746	-	7,746
Unrestricted	14,759	(6,044)	1,236	9,951
<b>TOTAL NET ASSETS</b>	<u>\$ 14,759</u>	<u>\$ 1,702</u>	<u>\$ 1,236</u>	<u>\$ 17,697</u>

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, 2007

	Enterprise Funds			Total Proprietary Funds
	Mt. Vernon Conference	Testing	Finger Printing	
OPERATING REVENUES				
Local sources	\$ 94,549	\$ 54,229	\$ 26,473	\$ 175,251
Total operating revenues	<u>94,549</u>	<u>54,229</u>	<u>26,473</u>	<u>175,251</u>
OPERATING EXPENSES				
Salaries and benefits	22,075	11,882	2,019	35,976
Purchased services	73,172	49,166	25,269	147,607
Supplies and materials	3,561	-	78	3,639
Depreciation	248	4,651	-	4,899
Total operating expenses	<u>99,056</u>	<u>65,699</u>	<u>27,366</u>	<u>192,121</u>
CHANGE IN NET ASSETS	(4,507)	(11,470)	(893)	(16,870)
TOTAL NET ASSETS - BEGINNING	<u>19,266</u>	<u>13,172</u>	<u>2,129</u>	<u>34,567</u>
TOTAL NET ASSETS - ENDING	<u>\$ 14,759</u>	<u>\$ 1,702</u>	<u>\$ 1,236</u>	<u>\$ 17,697</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2007

	Enterprise Funds			Total Proprietary Funds
	Mt. Vernon Conference	Testing	Finger Printing	
Cash flows from operating activities:				
Receipts from customers	\$ 94,549	\$ 67,365	\$ 26,473	\$ 188,387
Payments to suppliers and providers of goods and services	(76,733)	(49,488)	(25,347)	(151,568)
Payments to employees	(22,075)	(11,882)	(2,019)	(35,976)
Net cash provided by (used for) operating activities	<u>(4,259)</u>	<u>5,995</u>	<u>(893)</u>	<u>843</u>
Cash flows from capital and related financing activities:				
Purchases of capital assets	-	(5,995)	-	(5,995)
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>(5,995)</u>	<u>-</u>	<u>(5,995)</u>
Net increase (decrease) in cash and cash equivalents	(4,259)	-	(893)	(5,152)
Cash and Cash Equivalents - Beginning, Restated	<u>19,018</u>	<u>-</u>	<u>2,129</u>	<u>21,147</u>
Cash and Cash Equivalents - Ending	<u>\$ 14,759</u>	<u>\$ -</u>	<u>\$ 1,236</u>	<u>\$ 15,995</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (4,507)	\$ (11,470)	\$ (893)	\$ (16,870)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	248	4,651	-	4,899
Change in assets and liabilities:				
Decrease in Due from other governments	-	13,136	-	13,136
(Decrease) in Due to other funds	<u>-</u>	<u>(322)</u>	<u>-</u>	<u>(322)</u>
Net cash provided by (used for) operating activities	<u>\$ (4,259)</u>	<u>\$ 5,995</u>	<u>\$ (893)</u>	<u>\$ 843</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 JUNE 30, 2007

	Health Insurance Fund	Workmans' Compensation Fund	Unemployment Fund	Transportation Reimbursement Fund	Building Fund	Totals
<b>ASSETS</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ 47,571	\$ 18,591	\$ 10,937	\$ -	\$ 4,501	\$ 81,600
Due from other funds	10,627	-	-	-	-	10,627
<b>Total current assets</b>	<b>58,198</b>	<b>18,591</b>	<b>10,937</b>	<b>-</b>	<b>4,501</b>	<b>92,227</b>
<b>Noncurrent assets:</b>						
Capital assets, net of accumulated depreciation:	-	-	-	-	3,867	3,867
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,867</b>	<b>3,867</b>
<b>TOTAL ASSETS</b>	<b>58,198</b>	<b>18,591</b>	<b>10,937</b>	<b>-</b>	<b>8,368</b>	<b>96,094</b>
<b>LIABILITIES</b>						
Accounts payable	58,198	18,591	10,937	-	-	87,726
Due to other funds	-	-	-	10,627	-	10,627
<b>TOTAL LIABILITIES</b>	<b>58,198</b>	<b>18,591</b>	<b>10,937</b>	<b>10,627</b>	<b>-</b>	<b>98,353</b>
<b>NET ASSETS</b>						
Invested in capital assets	-	-	-	-	3,867	3,867
Unrestricted (deficit)	-	-	-	(10,627)	4,501	(6,126)
<b>TOTAL NET ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (10,627)</b>	<b>\$ 8,368</b>	<b>\$ (2,259)</b>



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, 2007

	Health Insurance Fund	Workmans' Compensation Fund	Unemployment Fund	Transportation Reimbursement Fund	Building Fund	Totals
<b>OPERATING REVENUES</b>						
Local sources	\$ 150,367	\$ 57,671	\$ 9,427	\$ 56,995	\$ 143,176	\$ 417,636
Total operating revenues	<u>150,367</u>	<u>57,671</u>	<u>9,427</u>	<u>56,995</u>	<u>143,176</u>	<u>417,636</u>
<b>OPERATING EXPENSES</b>						
Salaries and benefits	150,367	57,671	9,427	-	18,973	236,438
Purchased services	-	-	-	32,304	97,177	129,481
Depreciation	-	-	-	-	1,105	1,105
Total operating expenses	<u>150,367</u>	<u>57,671</u>	<u>9,427</u>	<u>32,304</u>	<u>117,255</u>	<u>367,024</u>
<b>CHANGE IN NET ASSETS</b>	-	-	-	24,691	25,921	50,612
<b>TOTAL NET ASSETS - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,318)</u>	<u>(17,553)</u>	<u>(52,871)</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,627)</u>	<u>\$ 8,368</u>	<u>\$ (2,259)</u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2007

	Health Insurance Fund	Workmans' Compensation Fund	Unemployment Fund	Transportation Reimbursement Fund	Building Fund	Totals
Cash flows from operating activities:						
Receipts from customers	\$ 150,367	\$ 57,671	\$ 9,427	\$ 56,995	\$ 143,176	\$ 417,636
Payments to suppliers and providers of goods and services	-	-	-	(56,995)	(119,702)	(176,697)
Payments to employees	(113,003)	(50,720)	(8,763)	-	(18,973)	(191,459)
Net cash provided by (used for) operating activities	<u>37,364</u>	<u>6,951</u>	<u>664</u>	<u>-</u>	<u>4,501</u>	<u>49,480</u>
Net increase (decrease) in cash and cash equivalents	37,364	6,951	664	-	4,501	49,480
Cash and Cash Equivalents - Beginning, Restated	<u>10,207</u>	<u>11,640</u>	<u>10,273</u>	<u>-</u>	<u>-</u>	<u>32,120</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 47,571</u></u>	<u><u>\$ 18,591</u></u>	<u><u>\$ 10,937</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,501</u></u>	<u><u>\$ 81,600</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ -	\$ -	\$ -	\$ 24,691	\$ 25,921	\$ 50,612
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	-	-	-	-	1,105	1,105
Change in assets and liabilities:						
(Increase) in Due from other funds	(10,627)	-	-	-	-	(10,627)
(Decrease) in Due to other governments	(10,207)	(11,640)	(10,273)	-	-	(32,120)
Increase in Accounts payable	58,198	18,591	10,937	-	-	87,726
Increase (Decrease) in Due to other funds	-	-	-	(24,691)	(22,525)	(47,216)
Net cash provided by (used for) operating activities	<u><u>\$ 37,364</u></u>	<u><u>\$ 6,951</u></u>	<u><u>\$ 664</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,501</u></u>	<u><u>\$ 49,480</u></u>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 AGENCY FUNDS  
 JUNE 30, 2007

	<u>Distributive</u>	<u>Regional Vocational Board</u>	<u>Clearing</u>	<u>Regional Cooperative Board</u>	<u>Totals</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 9,150	\$ 1,209	\$ 27,249	\$ 37,608
Due from other governments	<u>229,611</u>	<u>-</u>	<u>-</u>	<u>26,383</u>	<u>255,994</u>
Total Assets	<u>\$ 229,611</u>	<u>\$ 9,150</u>	<u>\$ 1,209</u>	<u>\$ 53,632</u>	<u>\$ 293,602</u>
<b>LIABILITIES</b>					
Due to other governments	<u>\$ 229,611</u>	<u>\$ 9,150</u>	<u>\$ 1,209</u>	<u>\$ 53,632</u>	<u>\$ 293,602</u>
Total Liabilities	<u>\$ 229,611</u>	<u>\$ 9,150</u>	<u>\$ 1,209</u>	<u>\$ 53,632</u>	<u>\$ 293,602</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, 2007

	<u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2007</u>
<u>DISTRIBUTIVE</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 252	\$ 27,664,117	\$ 27,664,369	\$ -
Due from other governments	<u>1,220,701</u>	<u>229,611</u>	<u>1,220,701</u>	<u>229,611</u>
Total Assets	<u>\$ 1,220,953</u>	<u>\$ 27,893,728</u>	<u>\$ 28,885,070</u>	<u>\$ 229,611</u>
<u>LIABILITIES</u>				
Due to other governments	<u>\$ 1,220,953</u>	<u>\$ 27,893,728</u>	<u>\$ 28,885,070</u>	<u>\$ 229,611</u>
Total Liabilities	<u>\$ 1,220,953</u>	<u>\$ 27,893,728</u>	<u>\$ 28,885,070</u>	<u>\$ 229,611</u>
 <u>REGIONAL VOCATIONAL</u>				
<u>BOARD</u>				
<u>ASSETS</u>				
Cash and cash equivalents	<u>\$ 11,053</u>	<u>\$ 445,379</u>	<u>\$ 447,282</u>	<u>\$ 9,150</u>
Total Assets	<u>\$ 11,053</u>	<u>\$ 445,379</u>	<u>\$ 447,282</u>	<u>\$ 9,150</u>
<u>LIABILITIES</u>				
Due to other governments	<u>\$ 11,053</u>	<u>\$ 445,379</u>	<u>\$ 447,282</u>	<u>\$ 9,150</u>
Total Liabilities	<u>\$ 11,053</u>	<u>\$ 445,379</u>	<u>\$ 447,282</u>	<u>\$ 9,150</u>
 <u>CLEARING</u>				
<u>ASSETS</u>				
Cash and cash equivalents	<u>\$ 1,428</u>	<u>\$ 4,661</u>	<u>\$ 4,880</u>	<u>\$ 1,209</u>
Total Assets	<u>\$ 1,428</u>	<u>\$ 4,661</u>	<u>\$ 4,880</u>	<u>\$ 1,209</u>
<u>LIABILITIES</u>				
Due to other governments	<u>\$ 1,428</u>	<u>\$ 4,661</u>	<u>\$ 4,880</u>	<u>\$ 1,209</u>
Total Liabilities	<u>\$ 1,428</u>	<u>\$ 4,661</u>	<u>\$ 4,880</u>	<u>\$ 1,209</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, 2007

	<u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2007</u>
<u>REGIONAL COOPERATIVE BOARD</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 34,691	\$ 103,232	\$ 110,674	\$ 27,249
Due from other governments	26,153	26,383	26,153	26,383
Total Assets	<u>\$ 60,844</u>	<u>\$ 129,615</u>	<u>\$ 136,827</u>	<u>\$ 53,632</u>
<u>LIABILITIES</u>				
Due to other governments	\$ 60,844	\$ 129,615	\$ 136,827	\$ 53,632
Total Liabilities	<u>\$ 60,844</u>	<u>\$ 129,615</u>	<u>\$ 136,827</u>	<u>\$ 53,632</u>
<u>TOTALS ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 47,424	\$ 28,217,389	\$ 28,227,205	\$ 37,608
Due from other governments	1,246,854	255,994	1,246,854	255,994
Total Assets	<u>\$ 1,294,278</u>	<u>\$ 28,473,383</u>	<u>\$ 29,474,059</u>	<u>\$ 293,602</u>
<u>LIABILITIES</u>				
Due to other governments	\$ 1,294,278	\$ 28,473,383	\$ 29,474,059	\$ 293,602
Total Liabilities	<u>\$ 1,294,278</u>	<u>\$ 28,473,383</u>	<u>\$ 29,474,059</u>	<u>\$ 293,602</u>

HAMILTON-JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
DISTRIBUTIVE FUND  
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES  
FOR THE YEAR ENDED JUNE 30, 2007

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
<b>State Funds</b>										
General State Aid - Sec. 18-8	3001	\$ 5,070,271	\$ 1,171,879	\$ 1,060,648	\$ 994,702	\$ 700,697	\$ 462,063	\$ 720,834	\$ 574,065	\$ 238,296
General State Aid - Hold Harmless	3002									26,875
Transition Assistance	3099					14,750				3,080
Sp. Ed. - Private Facility Tuition	3100		15,355							
Sp. Ed. - Extraordinary	3105	155,295	100,630	86,051	31,834	58,441	33,261	45,410	27,163	4,036
Sp. Ed. - Personnel	3110	210,701	68,394	71,917	63,202	41,094	26,755	37,000	25,468	17,546
Sp. Ed. - Orphanage - Individual	3120			18,814		30,908			3,228	
Sp. Ed. - Summer School	3145		1,720	806						
Career & Technical Ed Improvement (CTEI)	3220									
Agriculture Education	3235									
Bilingual Ed. - Downstate - TPI	3305									
State Free Lunch & Breakfast	3360	9,432	748	1,197	1,826	777	1,585	1,168	1,077	452
School Breakfast Incentive	3365	51						68	7	40
Driver Education	3370	14,624	4,310							
Transportation - Regular	3500	579,992	101,899	162,206	84,054	80,500	62,635	81,177	93,449	2,145
Transportation - Special Education	3510	90,403	45,227	22,379	8,006	23,164	25,892	12,313	12,312	10,792
ROE School Bus Driver Training	3520									
National Board Certification Initiatives	3651					7,000				
Truants Alternative/Operational Ed.	3695									
Regional Safe Schools Program	3696									
Early Childhood - State Preschool At Risk	3705	416,285								
K-6 Reading Improvement	3715	46,316	10,713	13,030	15,717	13,812	5,329	8,589	7,935	3,535
ROE/TSC Operations	3730									
Supervisory Expense	3745									
ADA Safety & Education Block Grant	3775	45,988	13,463	10,504	11,992	6,748	3,901	6,463	4,826	2,821
Orphanage Tuition	3950									
Arts Education and Foreign Language	3962									
<b>Total State Funds</b>		<b>6,639,358</b>	<b>1,534,338</b>	<b>1,447,552</b>	<b>1,211,333</b>	<b>977,891</b>	<b>621,421</b>	<b>913,022</b>	<b>749,530</b>	<b>309,618</b>
<b>Federal Funds</b>										
Title V - Innovative Programs - Formula	4100	2,312	564	469	1,531	468	349	299	283	126
National School Lunch Program	4210	190,040	30,751	33,399	38,845	19,936	23,412	21,803	18,288	8,273
School Breakfast Program	4220	47,878	-	-	10,593	-	9,560	7,291	6,351	2,064
Child Nutrition Commodity/Salvage	4250	248	64	54	65	31	22	34	16	14
Title I - Low Income	4300	269,840	39,673	30,145	53,215	90,587	16,190	37,975	44,347	-
Even Start	4335	-	-	-	-	-	-	-	-	-
Title IV - Safe & Drug Free Sch - Formula	4400	5,715	1,218	470	1,364	2,372	845	702	743	134
Fed - Sp. Ed. - I.D.E.A. - Room & Board	4625	713	-	-	-	-	-	-	-	-
V.E. Perkins - Title IIC - Secondary	4745	-	-	-	-	-	-	-	-	-
Learn and Serve America	4910	-	-	-	-	-	-	-	-	-
Title II - Teacher Quality	4932	83,879	16,690	11,102	16,571	17,421	5,052	10,105	9,483	3,619
Mathematics & Science Partnership	4936	-	-	-	-	-	-	-	-	-
Technology Enhancing Education - Formula	4971	2,871	449	1,096	1,703	641	172	339	428	-
Hurricane Education Relief Act	4995	-	-	-	-	2,750	-	-	-	-
Other Federal Programs	4999	-	-	-	-	-	-	-	-	-
Revolving Loan Program School Tech	7500	82,450	-	-	-	-	-	-	-	-
<b>Total Federal Funds</b>		<b>685,946</b>	<b>89,409</b>	<b>76,735</b>	<b>123,867</b>	<b>134,206</b>	<b>55,602</b>	<b>78,548</b>	<b>79,939</b>	<b>14,230</b>
<b>TOTAL DISTRIBUTIONS</b>		<b>\$ 7,325,304</b>	<b>\$ 1,623,747</b>	<b>\$ 1,524,287</b>	<b>\$ 1,335,200</b>	<b>\$ 1,112,097</b>	<b>\$ 677,023</b>	<b>\$ 991,570</b>	<b>\$ 829,469</b>	<b>\$ 323,848</b>

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25  
DISTRIBUTIVE FUND  
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES  
FOR THE YEAR ENDED JUNE 30, 2007

DISTRIBUTIONS	Acct No	Bethel	Farrington	Mt Vernon	Webber	Woodlawn	Regional Office Of Education #25	Total
		Grade 82	Grade 99	Township High 201	Township High 204	High 205	Regional Coop Fund	
<b>State Funds</b>								
General State Aid - Sec. 18-8	3001	\$ 173,116	\$ 212,286	\$ 4,126,965	\$ 860,556	\$ 832,150	\$ 506,570	\$ 17,705,098
General State Aid - Hold Harmless	3002	189,345	12,802					229,022
Transition Assistance	3099			91,367				109,197
Sp. Ed - Private Faculty Tuition	3100			12,708				28,063
Sp. Ed. - Extraordinary	3105	6,385	12,407	133,080	67,427	17,500		778,920
Sp. Ed. - Personnel	3110	31,036	6,952	299,008	46,104	28,331		973,508
Sp. Ed. - Orphanage - Individual	3120	4,842		113,370				171,162
Sp. Ed. - Summer School	3145			2,025				4,551
Career & Technical Ed Improvement (CTEI)	3220						292,768	292,768
Agriculture Education	3235						22,270	22,270
Bilingual Ed - Downstate - TPI	3305			481				481
State Free Lunch & Breakfast	3360	2,199	549	4,519	242	387	1,042	27,200
School Breakfast Incentive	3365	124	92	120	10		47	559
Driver Education	3370			48,797	6,927	7,360		82,018
Transportation - Regular	3500	48,476	62,404	377,055	41,349	64,062		1,841,403
Transportation - Special Education	3510	12,802	790	270,943	10,930	5,322		551,275
ROE School Bus Driver Training	3520						360	360
National Board Certification Initiatives	3651			10,000				17,000
Truants Alternative/Operational Ed.	3695			81,470			129,612	211,082
Regional Safe Schools Program	3696						91,072	91,072
Early Childhood - State Preschool At Risk	3705						1,052,748	1,469,033
K-6 Reading Improvement	3715	6,753	4,191					135,920
ROE/ISC Operations	3730						65,621	65,621
Supervisory Expense	3745						2,000	2,000
ADA Safety & Education Block Grant	3775	4,584	1,554	47,050	7,657	7,854		175,405
Orphanage Tuition	3950			53,638				53,638
Arts Education and Foreign Language	3962							-
<b>Total State Funds</b>		<b>479,662</b>	<b>314,027</b>	<b>5,672,596</b>	<b>1,041,202</b>	<b>962,966</b>	<b>2,164,110</b>	<b>25,038,626</b>
<b>Federal Funds</b>								
Title V - Innovative Programs - Formula	4100	227	126	2,501	399	261	114	10,029
National School Lunch Program	4210	36,189	7,483	54,767	4,168	11,680	10,957	509,991
School Breakfast Program	4220	18,760	4,086	24,173	1,004	-	6,973	138,733
Child Nutrition Commodity/Salvage	4250	27	-	38	-	22	11	646
Title I - Low Income	4300	23,049	33,092	318,861	74,409	18,787	-	1,050,170
Even Start	4335	-	-	-	-	-	74,607	74,607
Title IV - Safe & Drug Free Sch - Formula	4400	482	489	6,075	2,463	615	2,277	25,964
Fed - Sp. Ed - IDEA - Room & Board	4625	-	-	-	-	-	-	713
V.E. Perkins - Title IIC - Secondary	4745	-	-	-	-	-	110,881	110,881
Learn and Serve America	4910	-	-	4,000	-	-	-	4,000
Title II - Teacher Quality	4932	5,314	7,059	77,261	10,851	4,514	656	279,577
Mathematics & Science Partnership	4936	-	-	-	-	-	115,043	115,043
Technology Enhancing Education - Formula	4971	237	345	3,156	1,780	-	-	13,217
Hurricane Education Relief Act	4995	2,000	-	-	-	-	-	4,750
Other Federal Programs	4999	-	-	-	-	-	5,000	5,000
Revolving Loan Program School Tech	7500	-	-	199,972	-	-	-	282,422
<b>Total Federal Funds</b>		<b>86,285</b>	<b>52,680</b>	<b>690,804</b>	<b>95,074</b>	<b>35,879</b>	<b>326,519</b>	<b>2,625,743</b>
<b>TOTAL DISTRIBUTIONS</b>		<b>\$ 565,947</b>	<b>\$ 366,707</b>	<b>\$ 6,363,400</b>	<b>\$ 1,136,276</b>	<b>\$ 998,845</b>	<b>\$ 2,490,629</b>	<b>\$ 27,664,369</b>

HAMILTON/JEFFERSON COUNTIES REGIONAL OFFICE OF EDUCATION #25  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2007

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Project # (1st eight digits) or Contract #</u>	<u>Federal Expenditures 7/1/06 - 6/30/07</u>
<b>U.S. Dept. of Education</b>			
<b>passed through Illinois State Board of Education:</b>			
ELL English	84.365A	07-4999-PD	5,000
Even Start	84.213C	07-4335-00	75,000
Mathematics and Science Partnership	84.366B	06-4936-00	2,984 (M)
Mathematics and Science Partnership	84.366B	07-4936-01	90,225 (M)
Mathematics and Science Partnership	84.366B	06-4936-01	48,079 (M)
Total Mathematics and Science Partnership			141,288
			221,288
<b>U.S. Dept. of Agriculture</b>			
<b>passed through Illinois State Board of Education:</b>			
National School Lunch	10.555	06-4210-00	1,006
National School Lunch	10.555	07-4210-00	9,660
Total National School Lunch			10,666
School Breakfast Program	10.553	06-4220-00	647
School Breakfast Program	10.553	07-4220-00	6,176
Total School Breakfast Program			6,823
Child Nutrition Commodity/Salvage	10.550	07-4250-00	11
<b>Total through Illinois State Board of Education</b>			238,788
<b>U.S. Dept. of Labor/Management</b>			
<b>Training and Consulting Corporation:</b>			
Job Training Partnership Act	17.250	1Y-PY05-YOUTH-3	34,304
Job Training Partnership Act	17.250	1Y-PY06-YOUTH-3	33,077
<b>Total through Department of Labor</b>			67,381

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, 2007

Federal Grantor/ Pass-Through Grantor/ <u>Program or Cluster Title</u>	CFDA <u>Number</u>	Project # (1st eight digits) or <u>Contract #</u>	Federal <u>Expenditures</u> <u>7/1/06 - 6/30/07</u>
<b>U.S. Department of Education</b>			
<b>passed through Franklin/Williamson Counties Regional Office of Education #21</b>			
McKinney Education for Homeless Children	84.196A	07-4920-00	\$ <u>29,545</u>
<b>Total through U.S. Department of Education</b> <b>through Franklin/Williamson Counties Regional Office of Education #21</b>			<u>29,545</u>
<b>U.S. Department of Education</b>			
<b>passed through Alexander/Johnson/Massac/Pulaski/Union Counties</b> <b>Regional Office of Education #2</b>			
Title I School Improvement and Accountability	84.010A	07-4331-SS	66,034
Title II Teacher Quality - Leadership Grant	84.367A	07-4935-SS	<u>1,098</u>
<b>Total through U.S. Department of Education</b> <b>through Alexander/Johnson/Massac/Pulaski/Union Counties</b> <b>Regional Office of Education #2</b>			<u>67,132</u>
<b>U.S. Department of Education</b>			
<b>passed through Clark/Coles/Cumberland/Douglas/Edgar/</b> <b>Moultrie/Shelby Counties Regional Office of Education #11</b>			
Standards Aligned Classroom	84.010A	06-4100-00	10,177
Standards Aligned Classroom	84.010A	07-4331-00	<u>67,188</u>
<b>Total through U.S. Department of Education</b> <b>through Clark/Coles/Cumberland/Douglas/Edgar/Moultrie/</b> <b>Shelby Counties Regional Office of Education #11</b>			<u>77,365</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ <u>480,211</u></u>

(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, 2007

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 CFDA #</u>	<u>Amount provided to subrecipients</u>
Mathematics and Science Partnership	84.366B	\$ 67,622
Standards Aligned Classroom	84.010A	\$ 43,890

NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM

Illinois Mathematics and Science Partnership is a professional development program designed to improve the content knowledge and pedagogical skills of fifth through twelfth grade teachers in mathematics and science. The Hamilton-Jefferson Counties Regional Office of Education #25 serves as the administrative agent for this grant on behalf of the Regional Offices and school districts in Area VI.

NOTE 4 - NON-CASH ASSISTANCE

None

NOTE 5 - AMOUNT OF INSURANCE

None

NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

None