

**STATE OF ILLINOIS  
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, 2009**

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

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**TABLE OF CONTENTS**

	<u>Page(s)</u>
<b>OFFICIALS .....</b>	1
<b>COMPLIANCE REPORT SUMMARY .....</b>	2-3
<b>FINANCIAL STATEMENT REPORT SUMMARY .....</b>	4
<b>INDEPENDENT AUDITORS' REPORT .....</b>	5-6
<b>REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....</b>	7-8
<b>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.....</b>	9-10
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....</b>	11-22
<b>SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS .....</b>	23
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS .....</b>	24A-24I
<b>BASIC FINANCIAL STATEMENTS:</b>	
Government-wide Financial Statements:	
Statement of Net Assets .....	25
Statement of Activities.....	26
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	27
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets .....	28
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	29

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**TABLE OF CONTENTS  
(Continued)**

**Page(s)**

**BASIC FINANCIAL STATEMENTS: (Continued)**

Fund Financial Statements: (Continued)

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Funds .....	30
Statement of Net Assets - Proprietary Funds .....	31
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds .....	32
Statement of Cash Flows - Proprietary Funds .....	33
Statement of Fiduciary Net Assets - Fiduciary Funds .....	34

Notes to Financial Statements.....	35-55
------------------------------------	-------

**REQUIRED SUPPLEMENTARY INFORMATION:**

Illinois Municipal Retirement Fund - Schedule of Funding Progress .....	56
---	----

**SUPPLEMENTARY INFORMATION:**

General Fund:

Combining Schedules:

Combining Schedule of Accounts - General Fund .....	57-59
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - General Fund Accounts.....	60-62

Individual Schedules:

Budgetary Comparison Schedule - General Fund Accounts ROE/ISC Operations Project #09-3730-00.....	63
---	----

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25

TABLE OF CONTENTS  
(Continued)

**Page(s)**

**SUPPLEMENTAL INFORMATION: (Continued)**

Education Fund:

Combining Schedules:

Combining Schedule of Accounts - Education Fund.....	64-68
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Education Fund Accounts .....	69-73

Individual Schedules:

Budgetary Comparison Schedule - Education Fund Accounts Early Childhood Block Grant (3705-01) Project #09-3705-01 .....	74
Budgetary Comparison Schedule - Education Fund Accounts Early Childhood Block Grant (3705-70) Project #08-3705-70.....	75
Budgetary Comparison Schedule - Education Fund Accounts Early Childhood Block Grant (3705-70) Project #09-3705-70.....	76
Budgetary Comparison Schedule - Education Fund Accounts Regional Safe Schools Project #09-3696-00.....	77
Budgetary Comparison Schedule - Education Fund Accounts Truants Alternative and Optional Education Project #09-3695-00.....	78
Budgetary Comparison Schedule - Education Fund Accounts English as a Learned Language Project #09-4999-PD .....	79

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**TABLE OF CONTENTS  
(Continued)**

**Page(s)**

**SUPPLEMENTAL INFORMATION: (Continued)**

Education Fund: (Continued)

Individual Schedules: (Continued)

Budgetary Comparison Schedule - Education Fund Accounts Early Childhood Block Grant (3705-00) Project #08-3705-00.....	80
--	----

Budgetary Comparison Schedule - Education Fund Accounts Early Childhood Block Grant (3705-00) Project #09-3705-00.....	81
--	----

Nonmajor Funds:

Combining Statements:

Combining Balance Sheet - Nonmajor Special Revenue Funds .....	82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds .....	83
Combining Statement of Net Assets - Nonmajor Proprietary Funds .....	84
Combining Statement of Revenues, Expenses, and Changes in Fund Balances - Nonmajor Proprietary Funds .....	85
Combining Statement of Cash Flows - Nonmajor Proprietary Funds.....	86

Internal Service Funds:

Combining Statements:

Combining Statement of Net Assets - Internal Service Funds.....	87
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Internal Service Funds.....	88
Combining Statement of Cash Flows - Internal Service Funds .....	89

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**TABLE OF CONTENTS  
(Concluded)**

**Page(s)**

**SUPPLEMENTAL INFORMATION: (Continued)**

Agency Funds:

Combining Statements:

Combining Statement of Fiduciary Net Assets - Agency Funds .....	90
Combining Statement of Changes in Assets and Liabilities - Agency Funds .....	91-92
Schedule of Disbursements to School District Treasurers and Other Entities - Distributive Fund.....	93-95

**FEDERAL FINANCIAL COMPLIANCE SECTION:**

Schedule of Expenditures of Federal Awards.....	96-97
Notes to Schedule of Expenditures of Federal Awards .....	98-99

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**OFFICIALS**

Regional Superintendent (current and during the audit period) .....Mr. Bryan 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

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**COMPLIANCE REPORT SUMMARY**

The compliance audit testing performed during 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	3	2
Repeated audit findings	1	1
Prior recommendations implemented or not repeated	1	4

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
-----------------	-------------	--------------------	---------------------

FINDINGS (GOVERNMENT AUDITING STANDARDS)

09-01	13	Controls Over Financial Statement Preparation	Material Weakness
09-02	15	Inadequate Review of Journal Entries	Significant Deficiency
09-03	16	Unallowed Administrative Charges and Excess Working Cash in Internal Service Fund	Material Weakness Compliance

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

09-03	16	Unallowed Administrative Charges and Excess Working Cash in Internal Service Fund	Compliance Significant Deficiency
-------	----	--	--------------------------------------

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

There were no prior findings not repeated for the year ended June 30, 2009.

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

08-02	23	Improper Revenue Classification
-------	----	---------------------------------

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**EXIT CONFERENCE**

The Hamilton/Jefferson Counties Regional Office of Education #25 opted to not have an exit conference during the financial audit for the year ended June 30, 2009. Throughout the audit, numerous meetings and telephone conferences were held between auditors and ROE officials to discuss the matters contained in this audit report. Responses to recommendations were provided by the Honorable Bryan Cross, Regional Superintendent via email on June 15, 2010.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**FINANCIAL STATEMENT REPORT**

**SUMMARY**

The audit of the accompanying basic financial statements of the Hamilton/Jefferson Counties Regional Office of Education #25 was performed by West & Company, LLC.

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

# WEST & COMPANY, LLC

## MEMBERS

E. LYNN FREESE  
RICHARD C. WEST  
KENNETH L. VOGT  
BRIAN E. DANIELL  
JANICE K. ROMACK  
DIANA R. SMITH  
D. RAIF PERRY  
JOHN H. VOGT

## CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

613 BROADWAY AVENUE  
P.O. BOX 945  
MATTOON, ILLINOIS 61938

(217) 235-4747  
www.westcpa.com

## OFFICES

EDWARDSVILLE  
EFFINGHAM  
GREENVILLE  
MATTOON  
SULLIVAN

## 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 Hamilton/Jefferson Counties Regional Office of Education #25, as of and for the year ended June 30, 2009, which collectively comprise the Hamilton/Jefferson Counties Regional Office of Education #25's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Hamilton/Jefferson Counties 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 Hamilton/Jefferson Counties Regional Office of Education #25, as of June 30, 2009, 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 July 2, 2010 on our consideration of the Hamilton/Jefferson Counties 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 24A through 24I and 56 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 Hamilton/Jefferson Counties 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 Treasurers and Other Entities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Guidelines to Auditing and Reporting for a Regional Office of Education*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Other Entities, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*West + Company, LLC*

July 2, 2010

MEMBERS

E. LYNN FREESE  
RICHARD C. WEST  
KENNETH L. VOGT  
BRIAN E. DANIELL  
JANICE K. ROMACK  
DIANA R. SMITH  
D. RAIF PERRY  
JOHN H. VOGT

CERTIFIED PUBLIC ACCOUNTANTS  
&  
CONSULTANTS

613 BROADWAY AVENUE  
P.O. BOX 945  
MATTOON, ILLINOIS 61938

(217) 235-4747  
www.westcpa.com

OFFICES

EDWARDSVILLE  
EFFINGHAM  
GREENVILLE  
MATTOON  
SULLIVAN

**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 Hamilton/Jefferson Counties Regional Office of Education #25, as of and for the year ended June 30, 2009, which collectively comprise the Hamilton/Jefferson Counties Regional Office of Education #25's basic financial statements and have issued our report thereon dated July 2, 2010. 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 Hamilton/Jefferson Counties 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 Hamilton/Jefferson Counties Regional Office of Education #25's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hamilton/Jefferson Counties Regional Office of Education #25's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in findings 09-01 and 09-03 in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in finding 09-02 in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Hamilton/Jefferson Counties 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 09-03.

We also noted certain matters which we have reported to management of the Hamilton/Jefferson Regional Office of Education #25 in a separate letter dated July 2, 2010.

Hamilton/Jefferson Counties 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 Hamilton/Jefferson Counties Regional Office of Education #25's responses and, accordingly, we 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.

*West + Company, LLC*

July 2, 2010

MEMBERS

E. LYNN FREESE  
RICHARD C. WEST  
KENNETH L. VOGT  
BRIAN E. DANIELL  
JANICE K. ROMACK  
DIANA R. SMITH  
D. RAIF PERRY  
JOHN H. VOGT

CERTIFIED PUBLIC ACCOUNTANTS  
&  
CONSULTANTS

613 BROADWAY AVENUE  
P.O. BOX 945  
MATTOON, ILLINOIS 61938

(217) 235-4747  
www.westcpa.com

OFFICES

EDWARDSVILLE  
EFFINGHAM  
GREENVILLE  
MATTOON  
SULLIVAN

**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 Hamilton/Jefferson Counties 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, 2009. The Hamilton/Jefferson Counties 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 its major federal programs is the responsibility of the Hamilton/Jefferson Counties Regional Office of Education #25's management. Our responsibility is to express an opinion on the Hamilton/Jefferson Counties 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 Hamilton/Jefferson Counties 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 on the Hamilton/Jefferson Counties Regional Office of Education #25's compliance with those requirements.

In our opinion, the Hamilton/Jefferson Counties 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, 2009. 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 09-03.

## **Internal Control Over Compliance**

The management of the Hamilton/Jefferson Counties 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 Hamilton/Jefferson Counties 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.

Our consideration of the 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 as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 09-03 to be a significant deficiency.

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. We did not consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 09-03 to be a material weakness.

Hamilton/Jefferson Counties 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 Hamilton/Jefferson Counties Regional Office of Education #25's response and, accordingly, we 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.

*West + Company, LLC*

July 2, 2010

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2009

---

Section I -- Summary of Auditors' Results

---

**Financial statements**

Type of auditors' report issued:

UNQUALIFIED

Internal control over financial reporting:

- Material weakness(es) identified?  X  yes   no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  X  yes   no
- Noncompliance material to financial statements noted?  X  yes   no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?   yes  X  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  X  yes   no

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

UNQUALIFIED

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

X  yes   no

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2009

---

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

---

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of federal program or cluster</u>
10.553, 10.555	Child Nutrition Cluster
84.010A	Title I School Improvement and Accountability System of Support
84.196A	McKinney Education for Homeless Children

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

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

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2009**

**Section II: Financial Statement Findings**

**FINDING NO. 09-01 – Controls Over Financial Statement Preparation (Repeat of Finding 07-05 and 08-01)**

**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. While the Regional Office maintains control over the processing of most accounting transactions, there are not sufficient controls over the preparation/review of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement and disclosure omissions in a timely manner.

Auditors, in their review of the Regional Office's accounting records and financial statements, noted material adjustments were required to present financial statements in accordance with generally accepted accounting principles.

**Effect:**

The financial statements provided for audit by the Regional Office contained material misstatements and lacked required note disclosures.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2009**

**Section II: Financial Statement Findings (Continued)**

**FINDING NO. 09-01 – Controls Over Financial Statement Preparation (Repeat of Finding 07-05 and 08-01) (Concluded)**

**Cause:**

Regional Office officials stated they were aware of their responsibility to properly prepare financial statements in accordance with GAAP and are taking steps to ensure that the controls over the financial reporting process continue to improve so the financial statements can be prepared on a timely basis.

**Auditors' Recommendation:**

As a 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 procedures 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 Office of Education #25 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office accepts the degree of risk associated with this condition because the added expense of seeking additional accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region.

In an attempt to correct this finding, the Regional Office contracted with a Certified Public Accountant to assist the Regional Office with its yearend closing entries and who is willing to accept responsibility for the financial statements.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2009**

**Section II: Financial Statement Findings (Continued)**

**FINDING NO. 09-02 – Inadequate Review of Journal Entries**

**Criteria/Specific Requirement:**

The Regional Office of Education #25 is responsible for establishing and maintaining an internal control system over journal entries to prevent errors or fraud. In addition, adequate controls over compliance with laws, regulations, and grant agreements require supervisory review of expenditures charged to grant programs.

**Condition:**

The Regional Superintendent does not review and approve all journal entries.

**Effect:**

Unallowable costs could be charged to grant program expenditures or errors in calculating allocations could be made and not be detected within a reasonable period of time.

**Cause:**

The Regional Superintendent did not realize the need for supervisory review of the general journal entries.

**Auditors' Recommendation:**

The Regional Superintendent should review and approve all journal entries along with supporting information documenting the allocations before the entries are posted to the accounting records.

**Management's Response:**

The Regional Superintendent agrees with this recommendation.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2009**

**Section II: Financial Statement Findings (Continued)**

**FINDING NO. 09-03 – Unallowed Administrative Charges and Excess Working Cash in Internal Service Fund**

**Federal Program Name:** State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act - ARRA – General State Aid

**Project #:** 09-4850-92 and 09-4850-93

**CFDA #:** 84.394A

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

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

**Federal Program Name:** McKinney Education for Homeless Children

**Project #:** 09-4920-00

**CFDA #:** 84.196A

**Passed Through:** Regional Office of Education #21

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

**Federal Program Name:** Title I School Improvement and Accountability – System of Support

**Project #:** 09-4331-SS

**CFDA #:** 84.010A

**Passed Through:** Regional Office of Education #2

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

**Federal Program Name:** Title II - Improving Teacher Quality State Grants - Standards Aligned Classroom

**Project #:** 09-4935-00

**CFDA #:** 84.367A

**Passed Through:** Regional Office of Education #11

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

**Federal Program Name:** Title II - Improving Teacher Quality State Grants – System-wide Transition Toward Accessible Nationally Certified Educators (STANCE)

**Project #:** 09-4935-SS

**CFDA #:** 84.367A

**Passed Through:** Regional Office of Education #32

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

HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2009

**Section II: Financial Statement Findings (Continued)**

**FINDING NO. 09-03 – Unallowed Administrative Charges and Excess Working Cash in Internal Service Fund (Continued)**

**Criteria/Specific Requirement:**

The Internal Service Fund is used to account for the administrative services of the Regional Office of Education #25 which are provided for many funds of the Regional Office. Revenue is generated through charges to other funds using interfund billings. Regulations set forth by *OMB Circular A-87 (Revised 5/4/95, as further amended 8/29/97)* require charges by an internal service activity to provide for the establishment and maintenance of a reasonable level of working capital reserve. In addition, the full recovery of costs is allowable. A working capital reserve of up to 60 days cash expenses for normal operating purposes is considered reasonable. A working capital reserve exceeding 60 days may be maintained for exceptional cases; however, it requires approval of the cognizant Federal agency.

In addition, to be allowable under federal awards, costs must meet general criteria under *Circular A-87*, including being necessary and reasonable for the performance and administration of federal awards.

**Condition:**

Over the last two years, average expenses within the administrative Internal Service Fund were \$290,096. Cash on hand in the administrative Internal Service Fund at June 30, 2009 totaled \$136,986, representing approximately 172 days of average expenses.

The Internal Service Fund showed a profit of \$90,157 for fiscal year 2009 due to billings in excess of actual costs. Several of the individual programs billed were grants that did not allow for charges in excess of actual costs.

**Questioned Costs: unknown**

**Context:** All programs with expenditures paid from the Internal Service Fund's indirect cost rate included a surcharge in addition to the cost of the actual expenditure. The surcharge varied based upon the type of expenditure being paid. The amount each grant was overcharged is not easily determinable.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2009**

**Section II: Financial Statement Findings (Concluded)**

**FINDING NO. 09-03 – Unallowed Administrative Charges and Excess Working Cash in Internal Service Fund (Concluded)**

**Effect:**

During the year ended June 30, 2009, the individual programs paid approximately \$90,157 more than the actual, allowable administrative expenses. The amount the individual grant funds were overcharged is unknown.

**Cause:**

The Regional Office of Education #25's indirect cost rate is too high. The Regional Office of Education #25's indirect cost rate was calculated to include funding for future computer upgrades for the Regional Office of Education #25's business office and playground equipment.

**Auditors' Recommendation:**

The Regional Office of Education #25 should lower the indirect cost rate and reimburse the excess funds to the individual programs. Funds for future equipment purchases should be accumulated in the general fund or in a special revenue fund designated for that purpose. The Regional Office of Education #25 should not charge grants for this expenditure, unless it is specifically allowed by the grant.

**Management's Response:**

Regional Office of Education #25 staff has reviewed the requirements of indirect cost allocations and has modified our method. In addition, the Regional Office will designate a general fund to accumulate funds for the purpose of purchasing equipment utilized by multiple programs.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2009**

**Section III: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NONCOMPLIANCE:**

**Finding No. 09-03 – Unallowed Administrative Charges and Excess Working Cash in Internal Service Fund (finding details on page 16)**

**SIGNIFICANT DEFICIENCIES:**

**Finding No. 09-03 – Unallowed Administrative Charges and Excess Working Cash in Internal Service Fund (finding details on page 16)**

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2009**

**Corrective Action Plan**

**Finding No.: 09-01 – Controls Over Financial Statement Preparation (Repeat of Finding 07-05 and 08-01)**

**Condition:**

The Regional Office of Education #25 does not have sufficient internal controls over the financial reporting process. While the Regional Office maintains control over the processing of most accounting transactions, there are not sufficient controls over the preparation/review of GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement and disclosure omissions in a timely manner.

Auditors, in their review of the Regional Office's accounting records and financial statements, noted material adjustments were required to present financial statements in accordance with generally accepted accounting principles.

**Plan:**

The Regional Office of Education #25 understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office accepts the degree of risk associated with this condition because the added expense of seeking additional accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region.

In an attempt to correct this finding, the Regional Office contracted with a Certified Public Accountant to assist the Regional Office with its yearend closing entries and who is willing to accept responsibility for the financial statements.

**Anticipated Date of Completion:**

On-going

**Name of Contact Person:**

Mr. Bryan Cross, Regional Superintendent

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2009**

**Corrective Action Plan**

**Finding No.: 09-02 – Inadequate Review of Journal Entries**

**Condition:**

The Regional Superintendent does not review and approve all journal entries.

**Plan:**

The Regional Superintendent will review and approve all journal entries along with supporting information documenting the allocations before the entries are posted to the accounting records.

**Anticipated Date of Completion:**

Immediately upon learning of condition.

**Name of Contact Person:**

Mr. Bryan Cross, Regional Superintendent

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2009**

**Corrective Action Plan**

**Finding No.: 09-03 – Unallowed Administrative Charges and Excess Working Cash in Internal Service Fund**

**Condition:**

Over the last two years, average expenses within the administrative Internal Service Fund were \$290,096. Cash on hand in the administrative Internal Service Fund at June 30, 2009 totaled \$136,986, representing approximately 172 days of average expenses.

The Internal Service Fund showed a profit of \$90,157 for fiscal year 2009 due to billings in excess of actual costs. Several of the individual programs billed were grants that did not allow for charges in excess of actual costs.

**Plan:**

Regional Office of Education #25 staff has reviewed the requirements of indirect cost allocations and has modified our method. In addition, the Regional Office will designate a general fund to accumulate funds for the purpose of purchasing equipment utilized by multiple programs.

**Anticipated Date of Completion:**

Began upon learning of condition; anticipated to be complete by June 30, 2010.

**Name of Contact Person:**

Mr. Bryan Cross, Regional Superintendent

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the year ended June 30, 2009**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
08-01	Controls Over Financial Statement Preparation	Repeated as 09-01
08-02	Improper Revenue Classification	Corrected

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2009**

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, 2009. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements which follow.

**2009 Financial Highlights**

- Within the Governmental Funds, the General Fund revenues were \$1,052,844 and \$917,465 in fiscal year 2009 and 2008, respectively. General Fund expenditures were \$1,210,442 and \$973,776 for fiscal year 2009 and 2008, respectively. Revenues and expenditures increased approximately 15% and 24%, respectively, over the prior year. FY09's expenditures did not increase proportionately with revenues primarily due to the Regional Office having to draw on a line of credit to cover their cash flow needs resulting from the extreme slow payment of the Illinois State Board of Education and other grantors. The overall increase in the General Fund's revenues and expenditures is the result of the reclassification of an agency fund to a blended component unit, which is accounted for within the General Fund. See Note 14 for details.
- Within the Governmental Funds, the Special Revenue Funds recorded total revenues of \$2,476,296 and \$2,588,046 in fiscal year 2009 and 2008, respectively. The Special Revenue Funds recorded total expenditures of \$2,540,806 and \$2,532,275 for fiscal year 2009 and 2008, respectively. Revenues and expenditures for the Special Revenue Funds remained relatively consistent with the prior year. The decrease in revenues is primarily due to the overall reduction in grant funding available.
- The Proprietary Fund revenues were \$155,445 and \$172,490 in fiscal year 2009 and 2008, respectively. Proprietary Fund expenses were \$165,482 and \$183,901 for fiscal year 2009 and 2008, respectively. Revenues and expenditures both decreased approximately 10% over the prior year. The decrease is due to the decrease in the size and number of workshops sponsored by the Regional Office during the fiscal year.
- The Internal Service Fund revenues were \$319,787 and \$421,491 in fiscal year 2009 and 2008, respectively. Internal Service Fund expenditures were \$229,603 and \$350,562 in fiscal year 2009 and 2008, respectively. These balances are combined with the governmental funds in the government wide financial statements.

**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.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2009**

**Using This Report (Concluded)**

- 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.

**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 Regional Office's net assets and how they have changed. Net assets - the difference between the assets and liabilities - are one way to measure the Regional 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.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2009**

**Reporting the Office as a Whole (Concluded)**

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 Regional Office has three kinds of funds:

- 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, 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 Regional Office of Education #25 net assets at the end of fiscal year 2009 totaled \$716,123. This compared to \$610,184 at the end of fiscal year 2008.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2009**

**Government-Wide Financial Analysis (Continued)**

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, 2009 and 2008 for the governmental and business-type activities.

**CONDENSED STATEMENT OF NET ASSETS  
GOVERNMENTAL ACTIVITIES**

	2009	2008	Increase / (Decrease)
Current Assets	\$ 1,008,803	\$ 792,437	216,366
Capital Assets, being depreciated, net	826,388	29,381	797,007
Total Assets	1,835,191	821,818	1,013,373
Current Liabilities	1,114,127	217,920	896,207
Long-Term Liabilities, net of current portion	1,190	-	1,190
Total liabilities	1,115,317	217,920	897,397
 Net Assets:			
Invested in Capital Assets, net of related debt	216,973	29,381	187,592
Unrestricted	495,285	566,734	(71,449)
Restricted for Teacher Professional Development	7,616	7,783	(167)
Total Net Assets	\$ 719,874	\$ 603,898	115,976

The Regional Office of Education #25's governmental assets exceeded governmental liabilities (net assets) by \$719,874 at the close of the fiscal year. Cash and cash equivalents made up a significant portion of the Regional Office's assets. Net assets related to the Institute Fund are considered restricted for teacher professional development. As discussed in Note 14, the Regional Office reclassified an agency fund to a blended component unit which is accounted for in the governmental funds. This resulted in a significant increase in the governmental fund's capital assets and liabilities associated with the assets. In addition, as discussed earlier, the Regional Office took a draw on a line of credit with a financial institution during the year to meet their cash flow needs. The balance to be repaid on this draw at June 30, 2009 was \$200,000.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2009**

**Government-Wide Financial Analysis (Continued)**

**CONDENSED STATEMENT OF NET ASSETS  
BUSINESS-TYPE ACTIVITIES**

	2009	2008	Increase / (Decrease)
Current Assets	\$ 6,157	\$ 2,802	3,355
Capital Assets, being depreciated, net	165	3,484	(3,319)
Total Assets	6,322	6,286	36
Current Liabilities	10,073	-	10,073
Net Assets:			
Invested in Capital Assets	165	3,484	(3,319)
Unrestricted	(3,916)	2,802	(6,718)
Total Net Assets	\$ (3,751)	\$ 6,286	(10,037)

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.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2009**

**Government-Wide Financial Analysis (Continued)**

CONDENSED STATEMENT OF ACTIVITIES  
GOVERNMENTAL ACTIVITIES

	2009	2008	Increase / (Decrease)
Revenues:			
Program Revenues:			
Operating grants and contributions	\$ 1,820,598	\$ 1,856,367	(35,769)
General Revenues:			
Local sources	841,215	1,180,817	(339,602)
State sources	446,218	538,695	(92,477)
Federal sources	124,072	-	124,072
On-behalf payments - State	389,124	351,123	38,001
Investment earnings	269	42,728	(42,459)
Total Revenues	3,621,496	3,969,730	(348,234)
Expenses:			
Program Expenses:			
Instructional Services			
Salaries and benefits	1,856,327	2,169,564	(313,237)
Purchased services	1,192,931	1,132,945	59,986
Supplies and materials	188,816	138,445	50,371
Other objects	4,635	25	4,610
Payments to other governments	32,171	61,661	(29,490)
Depreciation expense	52,045	23,098	28,947
Capital Outlay	1,332	-	1,332
Interest Expense	18,954	-	18,954
Administrative Expense:			
On-behalf payments - State	389,124	351,123	38,001
Total Expenses	3,736,335	3,876,861	(140,526)
Change in Net Assets	(114,839)	92,869	(207,708)
Net Assets - Beginning, Restated	834,713	511,029	323,684
Net Assets - Ending	\$ 719,874	\$ 603,898	115,976

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2009**

**Government-Wide Financial Analysis (Concluded)**

Decreases in local revenues and investment revenues account for the majority of decrease in total revenues. A portion of the Regional Offices investments were utilized during the year to meet cash flow deficits created by the slow payment of grant funding, coupled with the fact that returns on cash investments were very low for fiscal year. In addition, there were delays from local third parties in making payments to the Regional Office for established cost sharing agreements. Most of these payments were received in FY10. A portion of the increase in expenditures is related to the interest cost related to the Regional Office's draw on a line of credit during the year, as well as the existing loans related to buildings now accounted for within the blended component unit that was reclassified during the year. See Note 14 for details.

**CONDENSED STATEMENT OF ACTIVITIES  
BUSINESS-TYPE ACTIVITIES**

	2009	2008	Increase / (Decrease)
Revenues:			
Program Revenues:			
Charges for Services	\$ 155,445	\$ 172,490	(17,045)
Total Revenues	155,445	172,490	(17,045)
Expenses:			
Program Expenses:			
Instructional Services			
Salaries and benefits	22,152	31,445	(9,293)
Purchased services	137,415	145,477	(8,062)
Supplies and materials	2,596	2,717	(121)
Depreciation expense	3,319	4,262	(943)
Total Expenses	165,482	183,901	(18,419)
Change in Net Assets	(10,037)	(11,411)	1,374
Net Assets - Beginning	6,286	17,697	(11,411)
Net Assets - Ending	\$ (3,751)	\$ 6,286	(10,037)

Expenditures exceeded revenues by \$10,037 in the current year which is consistent with the decrease in prior year and has resulted in a deficit in the business-type activities of \$3,751.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2009**

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 \$354,796 and \$508,609 for fiscal year end June 30, 2009 and 2008, respectively.

- The General fund balance decreased from the prior year in the amount of \$157,598 to an ending fund balance of \$167,475. The decrease is due to the reclassification of an agency fund to a blended component unit. See Note 14 for details.
- The Special Revenue fund balance decreased from the prior year in the amount of \$64,241 to an ending fund balance of \$187,321. A significant portion of this decrease is due to the Regional Office expending State Aid funding that had accumulated in prior years to cover current year costs due to the extreme slow payment from the Illinois State Board of Education and other grantors.
- The Proprietary funds decreased from the prior year in the amount of \$10,037 to an ending net asset deficit of \$(3,751). The decrease in this fund is the result of the Regional Office's costs for workshops exceeding the reimbursement requested from the participating school districts. This fund is designed to operate at breakeven and now that the Regional Office has depleted the excess cash accumulated; the fee structure for the Regional Office's fiscal year 2010 workshops will be increased to attempt to cover costs.

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 buildings, automobiles, 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 material capital 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 5 to the financial statements.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2009**

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 and debt;
- Grants that remain at constant levels or are reduced drastically;
- Extreme slow payment practices by the State Board of Education and granting agencies which force the Regional Office to cover a significant portion of costs prior to receiving the grant payments, and
- County Board support dollars that remain at constant levels.

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, 2009**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 609,526	\$ 2,793	\$ 612,319
Due from other funds	8,669	(8,669)	-
Due from other governments:			
Local	87,458	12,033	99,491
State	239,667	-	239,667
Federal	63,483	-	63,483
Total current assets	<u>1,008,803</u>	<u>6,157</u>	<u>1,014,960</u>
<b>NONCURRENT ASSETS</b>			
Capital assets, being depreciated, net	<u>826,388</u>	<u>165</u>	<u>826,553</u>
<b>TOTAL ASSETS</b>	<u>1,835,191</u>	<u>6,322</u>	<u>1,841,513</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	239,019	10,073	249,092
Operating line of credit	200,000	-	200,000
Due to other governments:			
Local	51,192	-	51,192
Deferred revenue	15,691	-	15,691
Current portion of long-term debt	608,225	-	608,225
Total current liabilities	<u>1,114,127</u>	<u>10,073</u>	<u>1,124,200</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term note payables, net of current portion	<u>1,190</u>	<u>-</u>	<u>1,190</u>
Total long-term liabilities	<u>1,190</u>	<u>-</u>	<u>1,190</u>
<b>TOTAL LIABILITIES</b>	<u>1,115,317</u>	<u>10,073</u>	<u>1,125,390</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	216,973	165	217,138
Restricted for teacher professional development	7,616	-	7,616
Unrestricted (Deficit)	495,285	(3,916)	491,369
<b>TOTAL NET ASSETS</b>	<u>\$ 719,874</u>	<u>\$ (3,751)</u>	<u>\$ 716,123</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, 2009**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
<b>PRIMARY GOVERNMENT</b>						
Governmental activities:						
Instructional services:						
Salaries and benefits	\$ 1,843,435	\$ -	\$ 1,209,215	\$ (634,220)	\$ -	\$ (634,220)
Purchased services	1,113,736	-	462,996	(650,740)	-	(650,740)
Supplies and materials	188,816	-	104,600	(84,216)	-	(84,216)
Other objects	4,635	-	-	(4,635)	-	(4,635)
Depreciation	52,045	-	-	(52,045)	-	(52,045)
Capital outlay	1,332	-	11,616	10,284	-	10,284
Payments to other governments	32,171	-	32,171	-	-	-
Administrative:						
On-behalf payments - State	389,124	-	-	(389,124)	-	(389,124)
<b>Total governmental activities</b>	<b>3,625,294</b>	<b>-</b>	<b>1,820,598</b>	<b>(1,804,696)</b>	<b>-</b>	<b>(1,804,696)</b>
Business-type activities:						
Registration/Testing fee	165,482	155,445	-	-	(10,037)	(10,037)
<b>Total business-type activities</b>	<b>165,482</b>	<b>155,445</b>	<b>-</b>	<b>-</b>	<b>(10,037)</b>	<b>(10,037)</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 3,790,776</b>	<b>\$ 155,445</b>	<b>\$ 1,820,598</b>	<b>(1,804,696)</b>	<b>(10,037)</b>	<b>(1,814,733)</b>
<b>GENERAL REVENUES:</b>						
Local sources				749,128	-	749,128
State sources				446,218	-	446,218
Federal sources				124,072	-	124,072
On-behalf payments - State				389,124	-	389,124
Interest expense				(18,954)	-	(18,954)
Investment earnings				269	-	269
<b>Total general revenues</b>				<b>1,689,857</b>	<b>-</b>	<b>1,689,857</b>
<b>CHANGE IN NET ASSETS</b>				<b>(114,839)</b>	<b>(10,037)</b>	<b>(124,876)</b>
<b>NET ASSETS - BEGINNING, RESTATED</b>				<b>834,713</b>	<b>6,286</b>	<b>840,999</b>
<b>NET ASSETS (DEFICIT) - ENDING</b>				<b>\$ 719,874</b>	<b>\$ (3,751)</b>	<b>\$ 716,123</b>

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, 2009

	General Fund	Education Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 305,917	\$ 156,749	\$ 9,874	\$ -	\$ 472,540
Due from other funds	75,309	29,541	-	(104,850)	-
Due from other governments:					
Local	30,084	44,843	12,531	-	87,458
State	-	239,667	-	-	239,667
Federal	-	63,483	-	-	63,483
<b>TOTAL ASSETS</b>	<b>\$ 411,310</b>	<b>\$ 534,283</b>	<b>\$ 22,405</b>	<b>\$ (104,850)</b>	<b>\$ 863,148</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 38,166	\$ 199,594	\$ -	\$ -	\$ 237,760
Operating line of credit	200,000	-	-	-	200,000
Due to other funds	5,669	99,312	3,578	(104,850)	3,709
Due to other governments:					
Local	-	51,192	-	-	51,192
Deferred revenue	-	15,691	-	-	15,691
<b>Total Liabilities</b>	<b>243,835</b>	<b>365,789</b>	<b>3,578</b>	<b>(104,850)</b>	<b>508,352</b>
<b>FUND BALANCES</b>					
Unreserved, reported in:					
General fund	167,475	-	-	-	167,475
Special revenue funds	-	168,494	18,827	-	187,321
<b>Total Fund Balances</b>	<b>167,475</b>	<b>168,494</b>	<b>18,827</b>	<b>-</b>	<b>354,796</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 411,310</b>	<b>\$ 534,283</b>	<b>\$ 22,405</b>	<b>\$ (104,850)</b>	<b>\$ 863,148</b>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
For the year ended June 30, 2009**

TOTAL FUND BALANCES — GOVERNMENTAL FUNDS	\$ 354,796
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Loan proceeds are recognized in the governmental fund financial statements as revenue during the initial year of the obligation, however, are recorded as a debt in the government-wide financial statements.	(609,415)
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	826,388
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.	
Net Assets - Internal Service Funds	\$ 158,827
Less Capital Assets Included in Total Above	<u>(10,722)</u>
	<u>148,105</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 719,874</u>

**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, 2009**

	General Fund	Education Fund	Other Nonmajor Funds	Eliminations	Total Governmental Funds
<b>REVENUES</b>					
Local sources	\$ 591,855	\$ 144,929	\$ 12,344	\$ -	\$ 749,128
State sources	71,865	1,865,556	30,319	-	1,967,740
State sources-payments made on behalf of region	389,124	-	-	-	389,124
Federal sources	-	423,148	-	-	423,148
Total revenues	<u>1,052,844</u>	<u>2,433,633</u>	<u>42,663</u>	<u>-</u>	<u>3,529,140</u>
<b>EXPENDITURES</b>					
<b>Instructional Services</b>					
Salaries and benefits	125,404	1,715,416	15,507	-	1,856,327
Purchased services	556,444	620,967	15,520	-	1,192,931
Supplies and materials	52,427	130,859	5,530	-	188,816
Payments to other governments	-	32,171	-	-	32,171
Other objects	4,635	-	-	-	4,635
On-behalf payments	389,124	-	-	-	389,124
Capital outlay	8,112	4,836	-	-	12,948
<b>Debt service</b>					
Principal	55,342	-	-	-	55,342
Interest	18,954	-	-	-	18,954
Total expenditures	<u>1,210,442</u>	<u>2,504,249</u>	<u>36,557</u>	<u>-</u>	<u>3,751,248</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(157,598)</u>	<u>(70,616)</u>	<u>6,106</u>	<u>-</u>	<u>(222,108)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	57	-	(57)	-
Transfers out	-	(57)	-	57	-
Interest	-	-	269	-	269
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>269</u>	<u>-</u>	<u>269</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(157,598)</u>	<u>(70,616)</u>	<u>6,375</u>	<u>-</u>	<u>(221,839)</u>
<b>FUND BALANCES - BEGINNING, RESTATED</b>	<u>325,073</u>	<u>239,110</u>	<u>12,452</u>	<u>-</u>	<u>576,635</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 167,475</u>	<u>\$ 168,494</u>	<u>\$ 18,827</u>	<u>\$ -</u>	<u>\$ 354,796</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, 2009**

NET CHANGE IN FUND BALANCES — GOVERNMENTAL FUNDS \$ (221,839)

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

Repayment of debt principal is an expenditure in the governmental funds, however, the repayment reduces long-term liabilities in the government-wide financial statements. 55,342

Governmental funds report capital outlays as expenditures. However, in the government-wide financial statements the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 11,616	
Depreciation expense	<u>(52,045)</u>	(40,429)

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 \$1,930 and capital additions which is included above. 92,087

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (114,839)

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2009**

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	Other Enterprise Funds	Total	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,793	\$ 2,793	\$ 136,986
Due from other funds	3,174	3,174	22,784
Due from other governments	12,033	12,033	-
Total current assets	<u>18,000</u>	<u>18,000</u>	<u>159,770</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation:	<u>165</u>	<u>165</u>	<u>10,722</u>
Total noncurrent assets	<u>165</u>	<u>165</u>	<u>10,722</u>
<b>TOTAL ASSETS</b>	<u>18,165</u>	<u>18,165</u>	<u>170,492</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	10,073	10,073	1,259
Due to other funds	11,843	11,843	10,406
Total current liabilities	<u>21,916</u>	<u>21,916</u>	<u>11,665</u>
<b>TOTAL LIABILITIES</b>	<u>21,916</u>	<u>21,916</u>	<u>11,665</u>
<b>NET ASSETS</b>			
Invested in capital assets	165	165	10,722
Unrestricted	(3,916)	(3,916)	148,105
<b>TOTAL NET ASSETS (DEFICIT)</b>	<u>\$ (3,751)</u>	<u>\$ (3,751)</u>	<u>\$ 158,827</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, 2009**

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	Other Enterprise Funds	Total	
<b>OPERATING REVENUES</b>			
Local sources	\$ 155,445	\$ 155,445	\$ 319,787
Total operating revenues	<u>155,445</u>	<u>155,445</u>	<u>319,787</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	22,152	22,152	31,337
Purchased services	137,415	137,415	196,363
Supplies and materials	2,596	2,596	-
Depreciation	3,319	3,319	1,930
Total operating expenses	<u>165,482</u>	<u>165,482</u>	<u>229,630</u>
<b>CHANGE IN NET ASSETS</b>	(10,037)	(10,037)	90,157
<b>TOTAL NET ASSETS - BEGINNING</b>	<u>6,286</u>	<u>6,286</u>	<u>68,670</u>
<b>TOTAL NET ASSETS (DEFICIT) - ENDING</b>	<u>\$ (3,751)</u>	<u>\$ (3,751)</u>	<u>\$ 158,827</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, 2009**

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	Other Enterprise Funds	Totals	
Cash flows from operating activities:			
Receipts from customers	\$ 142,311	\$ 142,311	\$ 307,879
Payments to suppliers and providers of goods and services	(120,168)	(120,168)	(265,696)
Payments to employees	(22,152)	(22,152)	(31,337)
Net cash provided by (used for) operating activities	<u>(9)</u>	<u>(9)</u>	<u>10,846</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	-	-	(9,890)
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(9,890)</u>
Net increase (decrease) in cash and cash equivalents	(9)	(9)	956
Cash and Cash Equivalents - Beginning	<u>2,802</u>	<u>2,802</u>	<u>136,030</u>
Cash and Cash Equivalents - Ending	<u>\$ 2,793</u>	<u>\$ 2,793</u>	<u>\$ 136,986</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (10,037)	\$ (10,037)	\$ 90,157
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	3,319	3,319	1,930
Change in assets and liabilities:			
(Increase) in Due from other funds	(1,101)	(1,101)	(11,908)
(Increase) Decrease in Due from other governments	(12,033)	(12,033)	-
Increase(Decrease) in Accounts payable	10,073	10,073	(68,863)
Increase (Decrease) in Due to other funds	9,770	9,770	(470)
Net cash provided by (used for) operating activities	<u>\$ (9)</u>	<u>\$ (9)</u>	<u>\$ 10,846</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, 2009**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 300,607
Due from other governments	<u>2,233,264</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,533,871</u></u>
<b>LIABILITIES</b>	
Due to other governments	<u>\$ 2,533,871</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 2,533,871</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**NOTES TO FINANCIAL STATEMENTS**

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 2009, the Regional Office of Education #25 implemented Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*; GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*; GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. The Regional Office of Education #25 implemented these standards during the current year; however, they do not have a significant impact on the financial statements.

**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 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.

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, 2009, 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).

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**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.

**BLENDED COMPONENT UNIT**

The Hamilton-Jefferson Educational Services Cooperative (Coop Board) is a regional delivery system comprised of all the schools in Hamilton and Jefferson Counties, as well as, the Regional Superintendent of Schools. The purpose of this cooperative is to provide programs and services of quality to students and for which school districts or the Regional Superintendent is empowered to perform. The Regional Superintendent of Schools of Hamilton-Jefferson Counties serves as administrative agent.

The Coop Board is governed by a board of 8 voting members who are district superintendents in the Region and the Regional Superintendent, which is a non-voting member. The Coop Board owns buildings and vehicles that are leased to the Regional Office.

**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 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.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 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.

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.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**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 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.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Concluded)**

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.

Under the terms of grant agreements, Hamilton and Jefferson Counties Regional Office of Education #25 funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding resources available to finance the program. It is Hamilton and Jefferson Counties Regional Office of Education #25's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

**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.

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.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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.

**Parapro** -- This fund accounts for money paid to the Regional Office by teacher aides for administering and scoring paraprofessional exams.

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

**Computer Consortium** -- This fund accounts for money the Regional Office and school districts pool together to purchase software and hardware in bulk.

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

**Hamilton-Jefferson Educational Services Cooperative** - Fund that accounts for the Regional Office of Education's operating accounts.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**NOTES TO FINANCIAL STATEMENTS**

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.

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 (3705-70) – 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.

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.

English as a Learned Language – This program provides funding for students learning the English language.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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.

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.

ARRA State Aid and School Improvement – This program accounts for aid based on the students that attend the Alternative School and Safe School programs which was from a federal source.

System-wide Transition Toward Accessible Nationally Certified Educators (STANCE) – This program provides support and training to National Board-certified teachers and candidates. In addition, the program provides awareness sessions to assist in the recruitment of candidates. It also provides training for coaching and provides a coordinator to facilitate mentoring of new teachers by NBP 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.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Concluded)

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.

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.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**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.

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 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.

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.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

**K. CAPITAL ASSETS**

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

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

**L. COMPENSATED ABSENCES**

Non-certified and certified employees who work 12 calendar months earn up to 20 vacation days for a full year of service. The accumulated total of vacation days may never exceed 30 days. In the event that a program terminates, no vacation days will be honored past the ending date of the program. Certified employees who work less than 12 calendar months per year do not earn vacation days. Employees receive up to 12 sick days annually and the unused portion is accumulated up to 340 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, Early Childhood Block Grant (3705-01), Early Childhood Block Grant (3705-70), Regional Safe Schools, Truant Alternative and Optional Education, English as a Learned Language, and Early Childhood Block Grant (3705-00).

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**NOTES TO FINANCIAL STATEMENTS**

**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, 2009, the carrying amount of the Regional Office of Education #25's government-wide and Agency fund deposits were \$612,319 and \$300,607 respectively, and the bank balances were \$544,891 and \$432,397, respectively. Of the total bank balances as of June 30, 2009, \$302,913 was secured by federal depository insurance and \$100,976 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, 2009, the Regional Office of Education #25 had investments with carrying and fair value of \$573,399 invested in the Illinois Funds Money Market Fund.

**CREDIT RISK**

At June 30, 2009, 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 FINANCIAL STATEMENTS**

**NOTE 3 - DEFINED BENEFIT PENSION PLAN**

**Plan Description.** The Regional Office of Education #25's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Regional Office of Education #25's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on line at [www.imrf.org](http://www.imrf.org).

**Funding Policy.** As set by statute, the Regional Office of Education #25's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2008 was 7.73 percent of annual covered payroll. The Regional Office of Education #25 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Annual Pension Cost.** For 2008, the Regional Office of Education #25's annual pension cost of \$33,791 for the Regular plan was equal to the Regional Office of Education #25's required and actual contributions.

**THREE YEAR TREND INFORMATION**

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contribution</u>	<u>Net Pension Obligation</u>
12/31/08	33,791	100%	\$0
12/31/07	50,089	100%	0
12/31/06	67,255	100%	0

The required contribution for 2008 was determined as part of the December 31, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2006, included a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), b) projected salary increases of 4.00% a year, attributable to inflation, c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and d) post retirement benefit increases of 3% annually. The actuarial value of your employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Regional Office of Education #25's Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2006, was 5 years.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - DEFINED BENEFIT PENSION PLAN (Concluded)

**Funded Status and Funding Progress.** As of December 31, 2008, the most recent actuarial valuation date, the Regular plan was 80.57 percent funded. The actuarial accrued liability for benefits was \$1,283,057 and the actuarial value of assets was \$1,033,708, resulting in an underfunded actuarial accrued liability (UAAL) of \$249,349. The covered payroll (annual payroll of active employees covered by the plan) was \$437,136 and the ratio of the UAAL to the covered payroll was 57 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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, 2009, 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. The active member contribution rate was also 9.4 percent for the years ended June 30, 2008 and 2007. In addition, virtually all members pay a contribution to the Teacher's 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 0.63 percent during the year ended June 30, 2009, and the member THIS Fund health insurance contribution was 0.84 percent.

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

- **On behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #25. For the year ended June 30, 2009, the State of Illinois contributions were based on 17.08 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #25 recognized revenue and expenditures of \$168,571 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2008 and June 30, 2007, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 13.11 percent (\$129,958) and 9.78 percent (\$98,855), respectively. The state contributions to TRS for the years ended June 30, 2009 and June 30, 2008 were based on an actuarial formula. The state contributions for the year ended June 30, 2007 was based on a dollar amounts specified by the statute and were not actuarially determined.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**NOTES TO FINANCIAL STATEMENTS**

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

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

- **2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. Contributions for the year ending June 30, 2009 were \$5,974. Contributions for the years ending June 30, 2008, and June 30, 2007, were \$5,749 and \$5,863, respectively.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special 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 for the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. For the year ended June 30, 2009, the employer pension contribution was 17.08 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2008 and 2007, the employer contribution was 13.11 and 9.78 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2009 salaries totaling \$43,157 were paid from federal and special trust funds that required employer contributions of \$7,371. For the years ended June 30, 2008 and 2007, required Regional Office of Education #25 contributions were \$17,283 and \$8,862, 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.

Under Public Act 94-0004, a "Pipeline ERO" program was provided for members to retire under the same terms as the ERO program that expired June 30, 2005 provided they met certain conditions and retired on or before July 1, 2007. If members did 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 qualified for the Pipeline ERO).

Under the Pipeline ERO, the maximum employer contribution was 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, 2009, the Regional Office of Education #25 paid no employer contributions under the ERO program. For the years ended June 30 2008 and June 30, 2007 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 additional 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.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**NOTES TO FINANCIAL STATEMENTS**

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

For the year ended June 30, 2009, the Regional Office of Education #25 paid no employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2008 and June 30, 2007, the Regional Office of Education #25 paid no employer contributions 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 (18.67 percent of salary during the year ended June 30, 2009). For the year ended June 30, 2009, the Regional Office of Education #25 paid no TRS for sick leave days granted in the excess of the normal annual allotment. For the year ended June 30, 2008 and June 30, 2007, 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, 2008. The report for the year ended June 30, 2009, is expected to be available in late 2009. 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.

**NOTE 5 - 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, 2009:

	Balance July 1, 2008 <u>Restated</u>	Additions	Deletions	Balance June 30, 2009
Governmental Activities:				
General Fund	\$ 1,345,359	\$ 8,112	\$ -	\$ 1,353,471
Education Fund	299,120	3,504	-	302,624
Internal Service	5,525	9,890	-	15,415
Governmental Activities Total Assets	<u>1,650,004</u>	<u>21,506</u>	-	<u>1,671,510</u>
Less Accumulated Depreciation	<u>793,077</u>	<u>52,045</u>	-	<u>845,122</u>
Governmental Activities				
Investment in Capital Assets, Net	<u>\$ 856,927</u>	<u>\$ (30,539)</u>	<u>\$ -</u>	<u>\$ 826,388</u>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - CAPITAL ASSET ACTIVITY (Concluded)

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
Business-type Activities Capital Assets	\$ 15,499	\$ -	\$ -	\$ 15,499
Less Accumulated Depreciation	<u>12,015</u>	<u>3,319</u>	<u>-</u>	<u>15,334</u>
Business-type Activities Investment in Capital Assets	<u>\$ 3,484</u>	<u>\$ (3,319)</u>	<u>\$ -</u>	<u>\$ 165</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, 2009 of \$52,045 and \$3,319 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 6 - INTERFUND ACTIVITY

DUE TO/FROM OTHER FUNDS

Interfund due to/from other fund balances at June 30, 2009 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</u> <u>Other Funds</u>	<u>Due To</u> <u>Other Funds</u>
Education Fund	\$ 29,541	\$ 99,312
General Fund	75,309	5,669
Proprietary Fund	3,174	11,843
Internal Service Fund	22,784	10,406
Special Revenue Fund	<u>-</u>	<u>3,578</u>
Totals	<u>\$ 130,808</u>	<u>\$ 130,808</u>

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.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 – 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>General Fund</u>	
Local Governments	\$ 20,589
Illinois State Board of Education	9,495
<u>Education Fund</u>	
Local Governments	35,444
Illinois State Board of Education	224,663
Other state Agencies	12,977
Federal Government	74,909
<u>Other Nonmajor Funds</u>	
Local Governments	12,531
<u>Agency Funds</u>	
Illinois State Board of Education	2,233,264
<u>Proprietary Funds</u>	
Local Governments	12,033
Total	<u>\$ 2,635,905</u>

Due To Other Governments:

<u>Agency Funds</u>	
Local Governments	\$ 2,533,871
<u>Education Fund</u>	
Local Government	51,192
Total	<u>\$ 2,585,063</u>

**NOTE 9 – ON BEHALF PAYMENTS**

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

Regional Superintendent Salary	\$ 96,428
Assistant Regional Superintendent Salary	86,791
Regional Superintendent Fringe Benefit (Includes State paid insurance)	18,544
Assistant Regional Superintendent Fringe Benefit (Includes State paid insurance)	18,790
TRS Pension contributions	168,571
Total	<u>\$ 389,124</u>

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

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

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**NOTES TO FINANCIAL STATEMENTS**

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 2009 totaled \$170,961.

NOTE 11 – LONG-TERM DEBT

The Hamilton-Jefferson Educational Services Cooperative had the following loans at June 30, 2009:

Loan from Jefferson County Schools Federal Credit Union dated July 3, 2006 in the amount of \$12,060.25 to finance a vehicle. The loan is payable in monthly installments of \$283.30 including interest at 6.00% with a maturity date of July 3, 2010. The loan is secured by the related vehicle. \$ 3,411

Loan from Jefferson County Schools Federal Credit Union dated July 3, 2006 in the amount of \$13,838.95 to finance a vehicle. The loan is payable in monthly installments of \$325.19 including interest at 6.00% with a maturity date of July 3, 2010. The loan is secured by the related vehicle. 3,885

Loan from Jefferson County Schools Federal Credit Union dated July 3, 2006 in the amount of \$12,060.25 to finance a vehicle. The loan is payable in monthly installments of \$282.30 including interest at 6.00% with a maturity date of July 3, 2010. The loan is secured by the related vehicle. 3,358

Loan from Jefferson County Schools Federal Credit Union dated July 3, 2006 in the amount of \$13,843.95 to finance a vehicle. The loan is payable in monthly installments of \$325.19 including interest at 6.00% with a maturity date of July 3, 2010. The loan is secured by the related vehicle. 3,838

Loan from Integra Bank N.A dated June 1, 2000 in the amount of \$912,207.07 to finance the construction of an administrative building and the Alternative School building. The loan is payable in monthly installments of \$6,191.40 through September 1, 2009 and a balloon payment of \$587,240.28 on October 1, 2009. The loan includes interest of 5.10% with a maturity date of October 1, 2009. The loan is secured by the related real estate. 594,923

Total Long-Term Debt 609,415

Less: Current Portion (608,225)

Total Long-Term Debt, Less Current Portion \$ 1,190

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**NOTES TO FINANCIAL STATEMENTS**

NOTE 11 – LONG-TERM DEBT (Concluded)

Maturities of the loans are as follows:

<u>June 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2010	\$ 10,567	\$ 608,225	\$ 618,792
2011	26	1,190	1,216
	<u>\$ 10,593</u>	<u>\$ 609,415</u>	<u>\$ 620,008</u>

NOTE 12 - OPERATING LINE OF CREDIT

The Regional Office obtained an operating line of credit on May 15, 2009, secured by substantially all of the Regional Office's assets. The line is limited to \$279,000 of which \$200,000 had been advanced at June 30, 2009. This line of credit has required monthly interest payments at an interest rate of 3.750% and will mature on December 31, 2009.

NOTE 13 – OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

In the Internal Service Fund the Transportation Reimbursement Fund has a deficit balance in net assets at June 30, 2009 of \$10,406. The Hamilton/Jefferson Counties Regional Office of Education #25 will monitor expenses within this program during the course of the subsequent fiscal year.

In addition, in the Enterprise Fund the Mt. Vernon Conference and Testing Funds have deficit balances in net assets at June 30, 2009 of \$7,269 and \$2,449, respectively. The Hamilton/Jefferson Counties Regional Office of Education #25 will monitor expenses within this program during the course of the subsequent fiscal year.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 14 – PRIOR PERIOD ADJUSTMENT**

In prior years the Hamilton-Jefferson Educational Services Cooperative (Coop Board) was reported as an agency fund, however, activities in this fund have changed over the years and the fund is being reclassified as a blended component unit, which will be reported in the General Fund. Below is the effect on the fund balance and net assets of the governmental funds:

	<u>General Fund</u>	<u>Governmental Funds</u>
Beginning fund balance, July 1, 2008	\$ 257,047	\$ 508,609
Effect of reclassification of Coop Board	68,026	68,026
Beginning fund balance, July 1, 2008, Restated	\$ 325,073	\$ 576,635
		<u>Governmental Activities</u>
Beginning net assets, July 1, 2008		\$ 603,898
Effect of reclassification of Coop Board		
Capital assets, net of related debt		162,789
Fund balance of Coop Board		68,026
Beginning net assets, July 1, 2008, Restated		\$ 834,713

Below is the effect of this reclassification on the beginning capital assets:

	<u>General Fund</u>	<u>Governmental Activities</u>
Beginning Balance, July 1, 2008	\$ 152,973	\$ 29,381
Effect of reclassification of Coop Board	1,192,386	827,546
Beginning Balance, July 1, 2008, Restated	\$ 1,345,359	\$ 856,927

**NOTE 15 – SUBSEQUENT EVENT**

Management has evaluated subsequent events through July 2, 2010, the date which the financial statements were available to be issued.

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

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/08	\$ 1,033,708	\$ 1,283,057	\$ 249,349	80.57%	\$ 437,136	57.04%
12/31/07	1,184,709	1,185,644	935	99.92%	447,625	0.21%
12/31/06	1,147,141	1,146,603	(538)	100.05%	467,373	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2008 is \$739,919. On a market basis, the funded ratio would be 57.67%.

**Digest of Changes:**

The actuarial assumptions used to determine the actuarial accrued liability for 2008 are based on the 2005-2007 Experience Study.

**SUPPLEMENTARY INFORMATION**

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
June 30, 2009**

	University College Classes	ROE/ISC Operation	Special Projects
<b>ASSETS</b>			
Cash and cash equivalents	\$ 27,486	\$ -	\$ 5,114
Due from other funds	30,130	-	23,401
Due from other governments	4,602	9,495	7,771
<b>TOTAL ASSETS</b>	<b>\$ 62,218</b>	<b>\$ 9,495</b>	<b>\$ 36,286</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 27,377	\$ 3,826	\$ 2,568
Operating line of credit	-	-	-
Due to other funds	-	5,669	-
<b>Total Liabilities</b>	<b>27,377</b>	<b>9,495</b>	<b>2,568</b>
<b>FUND BALANCES</b>			
Unreserved	34,841	-	33,718
<b>Total Fund Balances</b>	<b>34,841</b>	<b>-</b>	<b>33,718</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 62,218</b>	<b>\$ 9,495</b>	<b>\$ 36,286</b>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
GENERAL FUND  
June 30, 2009**

	<u>Office Operations</u>	<u>Parapro</u>	<u>Regional In-Service Meeting</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 200,000	\$ 302	\$ 758
Due from other funds	21,778	-	-
Due from other governments	8,010	-	-
<b>TOTAL ASSETS</b>	<u><u>\$ 229,788</u></u>	<u><u>\$ 302</u></u>	<u><u>\$ 758</u></u>
<b>LIABILITIES</b>			
Accounts payable	\$ 225	\$ -	\$ -
Operating line of credit	200,000	-	-
Due to other funds	-	-	-
<b>Total Liabilities</b>	<u><u>200,225</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>FUND BALANCES</b>			
Unreserved	29,563	302	758
<b>Total Fund Balances</b>	<u><u>29,563</u></u>	<u><u>302</u></u>	<u><u>758</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 229,788</u></u>	<u><u>\$ 302</u></u>	<u><u>\$ 758</u></u>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)  
GENERAL FUND  
June 30, 2009**

	<u>Computer Consortium</u>	<u>Region VI Illinois Association of Regional Superintendents of Schools</u>	<u>Hamilton- Jefferson Educational Services Cooperative</u>	<u>TOTALS</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 2,850	\$ 69,407	\$ 305,917
Due from other funds	-	-	-	75,309
Due from other governments	-	-	206	30,084
<b>TOTAL ASSETS</b>	<u><u>\$ -</u></u>	<u><u>\$ 2,850</u></u>	<u><u>\$ 69,613</u></u>	<u><u>\$ 411,310</u></u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 4,170	\$ 38,166
Operating line of credit	-	-	-	200,000
Due to other funds	-	-	-	5,669
Total Liabilities	<u>-</u>	<u>-</u>	<u>4,170</u>	<u>243,835</u>
<b>FUND BALANCES</b>				
Unreserved	-	2,850	65,443	167,475
Total Fund Balances	<u>-</u>	<u>2,850</u>	<u>65,443</u>	<u>167,475</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ -</u></u>	<u><u>\$ 2,850</u></u>	<u><u>\$ 69,613</u></u>	<u><u>\$ 411,310</u></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, 2009**

	University College Classes	ROE/ISC Operation	Special Projects
<b>REVENUES</b>			
Local sources	\$ 251,272	\$ -	\$ 57,344
State sources	-	71,865	-
State sources-payments made on behalf of region	-	389,124	-
<b>Total Revenues</b>	<b>251,272</b>	<b>460,989</b>	<b>57,344</b>
<b>EXPENDITURES</b>			
Salaries and benefits	-	48,086	-
Purchased services	390,037	18,869	73,420
Supplies and materials	30	4,910	-
Capital outlay	-	-	-
Other objects	-	-	4,535
On-behalf payments	-	389,124	-
Debt service			
Principal	-	-	-
Interest	-	-	-
<b>Total Expenditures</b>	<b>390,067</b>	<b>460,989</b>	<b>77,955</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(138,795)</b>	<b>-</b>	<b>(20,611)</b>
<b>FUND BALANCES - BEGINNING, RESTATED</b>	<b>173,636</b>	<b>-</b>	<b>54,329</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 34,841</b>	<b>\$ -</b>	<b>\$ 33,718</b>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
GENERAL FUND ACCOUNTS  
For the year ended June 30, 2009**

	Office Operations	Parapro	Regional In-Service Meeting
<b>REVENUES</b>			
Local sources	\$ 92,512	\$ 1,250	\$ 3,448
State sources	-	-	-
State sources-payments made on behalf of region	-	-	-
<b>Total Revenues</b>	<b>92,512</b>	<b>1,250</b>	<b>3,448</b>
<b>EXPENDITURES</b>			
Salaries and benefits	63,143	-	-
Purchased services	24,129	848	1,033
Supplies and materials	1,174	-	3,093
Capital outlay	-	-	-
Other objects	-	100	-
On-behalf payments	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
<b>Total Expenditures</b>	<b>88,446</b>	<b>948</b>	<b>4,126</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>4,066</b>	<b>302</b>	<b>(678)</b>
<b>FUND BALANCES - BEGINNING, RESTATED</b>	<b>25,497</b>	<b>-</b>	<b>1,436</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 29,563</b>	<b>\$ 302</b>	<b>\$ 758</b>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Concluded)  
GENERAL FUND ACCOUNTS  
For the year ended June 30, 2009**

	Computer Consortium	Region VI Illinois Association of Regional Superintendents of Schools	Hamilton- Jefferson Educational Services Cooperative	TOTALS
<b>REVENUES</b>				
Local sources	\$ 10,072	\$ 1,920	\$ 174,037	\$ 591,855
State sources	-	-	-	71,865
State sources-payments made on behalf of region	-	-	-	389,124
Total Revenues	<u>10,072</u>	<u>1,920</u>	<u>174,037</u>	<u>1,052,844</u>
<b>EXPENDITURES</b>				
Salaries and benefits	-	-	14,175	125,404
Purchased services	-	1,219	46,889	556,444
Supplies and materials	1,960	-	41,260	52,427
Capital outlay	8,112	-	-	8,112
Other objects	-	-	-	4,635
On-behalf payments	-	-	-	389,124
Debt service				
Principal	-	-	55,342	55,342
Interest	-	-	18,954	18,954
Total Expenditures	<u>10,072</u>	<u>1,219</u>	<u>176,620</u>	<u>1,210,442</u>
NET CHANGE IN FUND BALANCES	-	701	(2,583)	(157,598)
FUND BALANCES - BEGINNING, RESTATED	-	2,149	68,026	325,073
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 2,850</u>	<u>\$ 65,443</u>	<u>\$ 167,475</u>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND ACCOUNTS  
ROE/ISC OPERATIONS - Project #09-3730-00  
For the year ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	68,039	68,039	71,865	3,826
State sources - payments made on behalf of region	-	-	389,124	389,124
<b>Total revenues</b>	<u>68,039</u>	<u>68,039</u>	<u>460,989</u>	<u>392,950</u>
<b>Expenditures:</b>				
Salaries and benefits	44,570	44,570	48,086	(3,516)
Purchased services	19,300	19,300	18,869	431
Supplies and materials	4,169	4,169	4,910	(741)
On-behalf payments	-	-	389,124	(389,124)
<b>Total expenditures</b>	<u>68,039</u>	<u>68,039</u>	<u>460,989</u>	<u>(392,950)</u>
 <b>Excess of revenues over expenditures</b>	 <u>\$ -</u>	 <u>\$ -</u>	 -	 <u>\$ -</u>
 Fund balance, beginning of year			 <u>-</u>	
 Fund balance, end of year			 <u>\$ -</u>	

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND**

**June 30, 2009**

	ROE/ISC Technology	Illinois Violence Prevention Authority	Penny Severns	Early Childhood Block Grant (3705-01)
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 11,395	\$ -	\$ 460
Due from other funds	-	-	-	-
Due from other governments	12,500	-	477	291
<b>TOTAL ASSETS</b>	<b>\$ 12,500</b>	<b>\$ 11,395</b>	<b>\$ 477</b>	<b>\$ 751</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 751
Due to other funds	6,925	-	477	-
Due to other governments	-	-	-	-
Deferred revenue	-	11,395	-	-
<b>Total Liabilities</b>	<b>6,925</b>	<b>11,395</b>	<b>477</b>	<b>751</b>
<b>FUND BALANCES</b>				
Unreserved	5,575	-	-	-
<b>Total Fund Balances</b>	<b>5,575</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 12,500</b>	<b>\$ 11,395</b>	<b>\$ 477</b>	<b>\$ 751</b>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2009**

	Early Childhood Block Grant (3705-70)	School Improvement	Rural Vision	Southern Thirty
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 1,805	\$ 13,945	\$ 28,810
Due from other funds	-	6,925	-	-
Due from other governments	25,709	-	-	21,643
<b>TOTAL ASSETS</b>	<b>\$ 25,709</b>	<b>\$ 8,730</b>	<b>\$ 13,945</b>	<b>\$ 50,453</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 14,948	\$ -	\$ -	\$ 11,122
Due to other funds	10,761	-	-	-
Due to other governments	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total Liabilities</b>	<b>25,709</b>	<b>-</b>	<b>-</b>	<b>11,122</b>
<b>FUND BALANCES</b>				
Unreserved	-	8,730	13,945	39,331
<b>Total Fund Balances</b>	<b>-</b>	<b>8,730</b>	<b>13,945</b>	<b>39,331</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 25,709</b>	<b>\$ 8,730</b>	<b>\$ 13,945</b>	<b>\$ 50,453</b>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2009**

	Regional Safe Schools	Truants Alternative Optional Education	English as a Learned Language	Early Childhood Block Grant (3705-00)
<b>ASSETS</b>				
Cash and cash equivalents	\$ 57	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-
Due from other governments	30,089	37,574	-	131,000
<b>TOTAL ASSETS</b>	<b>\$ 30,146</b>	<b>\$ 37,574</b>	<b>\$ -</b>	<b>\$ 131,000</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 8,007	\$ 17,572	\$ -	\$ 94,298
Due to other funds	22,139	8,887	-	36,702
Due to other governments	-	-	-	-
Deferred revenue	-	4,296	-	-
<b>Total Liabilities</b>	<b>30,146</b>	<b>30,755</b>	<b>-</b>	<b>131,000</b>
<b>FUND BALANCES</b>				
Unreserved	-	6,819	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>6,819</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 30,146</b>	<b>\$ 37,574</b>	<b>\$ -</b>	<b>\$ 131,000</b>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2009**

	Standards Aligned Classroom	McKinney Education for Homeless Children	Title I School Improvement and Accountability System of Support	State Aid
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 68,309
Due from other funds	-	-	-	22,616
Due from other governments	726	-	63,483	13,801
<b>TOTAL ASSETS</b>	<b>\$ 726</b>	<b>\$ -</b>	<b>\$ 63,483</b>	<b>\$ 104,726</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 10,296	\$ 12,110
Due to other funds	726	-	1,995	-
Due to other governments	-	-	51,192	-
Deferred revenue	-	-	-	-
<b>Total Liabilities</b>	<b>726</b>	<b>-</b>	<b>63,483</b>	<b>12,110</b>
<b>FUND BALANCES</b>				
Unreserved	-	-	-	92,616
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>92,616</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 726</b>	<b>\$ -</b>	<b>\$ 63,483</b>	<b>\$ 104,726</b>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)  
EDUCATION FUND  
June 30, 2009**

	ARRA State Aid and School Improvement	STANCE	Program Accountability Liaison Project	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 31,968	\$ -	\$ -	\$ 156,749
Due from other funds	-	-	-	29,541
Due from other governments	-	10,700	-	347,993
<b>TOTAL ASSETS</b>	<b>\$ 31,968</b>	<b>\$ 10,700</b>	<b>\$ -</b>	<b>\$ 534,283</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 30,490	\$ -	\$ -	\$ 199,594
Due to other funds	-	10,700	-	99,312
Due to other governments	-	-	-	51,192
Deferred revenue	-	-	-	15,691
<b>Total Liabilities</b>	<b>30,490</b>	<b>10,700</b>	<b>-</b>	<b>365,789</b>
<b>FUND BALANCES</b>				
Unreserved	1,478	-	-	168,494
<b>Total Fund Balances</b>	<b>1,478</b>	<b>-</b>	<b>-</b>	<b>168,494</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 31,968</b>	<b>\$ 10,700</b>	<b>\$ -</b>	<b>\$ 534,283</b>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2009**

	ROE/ISC Technology	Illinois Violence Prevention Authority	Penny Severns	Early Childhood Block Grant (3705-01)
<b>REVENUES</b>				
Local sources	\$ -	\$ 383	\$ -	\$ -
State sources	12,500	17,976	4,696	6,111
Federal sources	-	-	-	-
Total Revenues	<u>12,500</u>	<u>18,359</u>	<u>4,696</u>	<u>6,111</u>
<b>EXPENDITURES</b>				
Salaries and benefits	12,123	11,416	2,483	5,166
Purchased services	377	1,343	1,373	813
Supplies and materials	-	3,903	840	132
Capital outlay	-	1,697	-	-
Payments to other governments	-	-	-	-
Total Expenditures	<u>12,500</u>	<u>18,359</u>	<u>4,696</u>	<u>6,111</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>				
	-	-	-	-
<b>FUND BALANCES - BEGINNING</b>				
	<u>5,575</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>				
	<u>\$ 5,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2009**

	Early Childhood Block Grant (3705-70)	School Improvement	Rural Vision	Southern Thirty
<b>REVENUES</b>				
Local sources	\$ -	\$ 17,259	\$ -	\$ 80,206
State sources	195,795	-	-	-
Federal sources	-	-	-	-
Total Revenues	<u>195,795</u>	<u>17,259</u>	<u>-</u>	<u>80,206</u>
<b>EXPENDITURES</b>				
Salaries and benefits	146,686	2,648	-	64,154
Purchased services	28,585	8,284	-	4,190
Supplies and materials	19,192	17,033	-	521
Capital outlay	1,332	1,807	-	-
Payments to other governments	-	-	-	-
Total Expenditures	<u>195,795</u>	<u>29,772</u>	<u>-</u>	<u>68,865</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>-</u>	<u>(12,513)</u>	<u>-</u>	<u>11,341</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>				
	<u>-</u>	<u>(12,513)</u>	<u>-</u>	<u>11,341</u>
<b>FUND BALANCES - BEGINNING</b>				
	<u>-</u>	<u>21,243</u>	<u>13,945</u>	<u>27,990</u>
<b>FUND BALANCES - ENDING</b>				
	<u>\$ -</u>	<u>\$ 8,730</u>	<u>\$ 13,945</u>	<u>\$ 39,331</u>

**HAMILTON/HERRERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2009**

	Regional Safe Schools	Truants Alternative Optional Education	English as a Learned Language	Early Childhood Block Grant (3705-00)
<b>REVENUES</b>				
Local sources	\$ 54	\$ 1,874	\$ -	\$ -
State sources	89,593	148,062	-	971,136
Federal sources	-	38,688	6,000	-
Total Revenues	<u>89,647</u>	<u>188,624</u>	<u>6,000</u>	<u>971,136</u>
<b>EXPENDITURES</b>				
Salaries and benefits	52,745	108,038	3,612	762,182
Purchased services	28,191	68,756	1,982	154,938
Supplies and materials	8,768	6,920	406	54,016
Capital outlay	-	-	-	-
Payments to other governments	-	-	-	-
Total Expenditures	<u>89,704</u>	<u>183,714</u>	<u>6,000</u>	<u>971,136</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>(57)</u>	<u>4,910</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	57	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	<u>57</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>				
	-	4,910	-	-
<b>FUND BALANCES - BEGINNING</b>				
	<u>-</u>	<u>1,909</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>				
	<u>\$ -</u>	<u>\$ 6,819</u>	<u>\$ -</u>	<u>\$ -</u>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS (Continued)  
For the year ended June 30, 2009**

	Standards Aligned Classroom	McKinney Education for Homeless Children	Title I School Improvement and Accountability System of Support	State Aid
<b>REVENUES</b>				
Local sources	\$ -	\$ -	\$ -	\$ 45,153
State sources	-	-	-	419,687
Federal sources	45,726	14,772	166,138	-
Total Revenues	<u>45,726</u>	<u>14,772</u>	<u>166,138</u>	<u>464,840</u>
<b>EXPENDITURES</b>				
Salaries and benefits	8,270	11,519	28,992	360,808
Purchased services	3,725	1,044	136,061	162,064
Supplies and materials	1,560	2,209	1,085	13,615
Capital outlay	-	-	-	-
Payments to other governments	32,171	-	-	-
Total Expenditures	<u>45,726</u>	<u>14,772</u>	<u>166,138</u>	<u>536,487</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(71,647)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	-	-	-
Transfer out	-	-	-	(57)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57)</u>
<b>NET CHANGE IN FUND BALANCES</b>				
	-	-	-	(71,704)
<b>FUND BALANCES - BEGINNING</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,320</u>
<b>FUND BALANCES - ENDING</b>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,616</u>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS (Concluded)  
For the year ended June 30, 2009**

	ARRA State Aid and School Improvement	STANCE	Program Accountability Liaison Project	TOTAL
<b>REVENUES</b>				
Local sources	\$ -	\$ -	\$ -	\$ 144,929
State sources	-	-	-	1,865,556
Federal sources	124,072	27,752	-	423,148
Total Revenues	<u>124,072</u>	<u>27,752</u>	<u>-</u>	<u>2,433,633</u>
<b>EXPENDITURES</b>				
Salaries and benefits	120,478	10,154	3,942	1,715,416
Purchased services	2,116	16,939	186	620,967
Supplies and materials	-	659	-	130,859
Capital outlay	-	-	-	4,836
Payments to other governments	-	-	-	32,171
Total Expenditures	<u>122,594</u>	<u>27,752</u>	<u>4,128</u>	<u>2,504,249</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>1,478</u>	<u>-</u>	<u>(4,128)</u>	<u>(70,616)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	-	-	57
Transfer out	-	-	-	(57)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,478	-	(4,128)	(70,616)
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>4,128</u>	<u>239,110</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,478</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,494</u>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
EARLY CHILDHOOD BLOCK GRANT (3705-01) - PROJECT #09-3705-01  
For the year ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 5,991	\$ 6,111	\$ 6,111	\$ -
Expenditures:				
Salaries and benefits	4,925	4,925	5,166	(241)
Purchased services	778	838	813	25
Supplies and materials	288	348	132	216
Total expenditures	<u>5,991</u>	<u>6,111</u>	<u>6,111</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
EARLY CHILDHOOD BLOCK GRANT (3705-70) - PROJECT #08-3705-70  
For the year ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 177,985	\$ 178,654	\$ 20,086	\$ (158,568)
Expenditures:				
Salaries and benefits	135,079	133,807	11,864	121,943
Purchased services	27,206	28,578	3,963	24,615
Supplies and materials	13,300	14,669	4,259	10,410
Capital outlay	2,400	1,600	-	1,600
Total expenditures	<u>177,985</u>	<u>178,654</u>	<u>20,086</u>	<u>158,568</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ -</u>	

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
EARLY CHILDHOOD BLOCK GRANT (3705-70) - PROJECT #09-3705-70  
For the year ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources	<u>\$ 178,654</u>	<u>\$ 182,227</u>	<u>\$ 175,709</u>	<u>\$ (6,518)</u>
Expenditures:				
Salaries and benefits	134,579	137,379	134,822	2,557
Purchased services	31,148	31,921	24,622	7,299
Supplies and materials	12,127	12,127	14,933	(2,806)
Capital outlay	<u>800</u>	<u>800</u>	<u>1,332</u>	<u>(532)</u>
Total expenditures	<u>178,654</u>	<u>182,227</u>	<u>175,709</u>	<u>6,518</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
REGIONAL SAFE SCHOOLS - PROJECT #09-3696-00  
For the year ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Local Sources	\$ -	\$ -	\$ 54	\$ 54
State sources	90,089	90,089	89,593	(496)
Total revenues	<u>90,089</u>	<u>90,089</u>	<u>89,647</u>	<u>(442)</u>
<b>Expenditures:</b>				
Salaries and benefits	53,793	53,793	52,745	1,048
Purchased services	29,588	29,588	28,191	1,397
Supplies and materials	6,708	6,708	8,768	(2,060)
Total expenditures	<u>90,089</u>	<u>90,089</u>	<u>89,704</u>	<u>385</u>
Excess of revenues over expenditures	-	-	(57)	(57)
<b>Other financing sources:</b>				
Transfers in	-	-	57	57
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ -</u>	

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS**

**TRUANTS ALTERNATIVE/OPTIONAL EDUCATION - PROJECT #09-3695-00  
For the year ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Local Sources	\$ -	\$ -	\$ 1,874	\$ 1,874
State sources	144,747	144,747	148,062	3,315
Federal Sources	-	-	38,688	38,688
<b>Total revenues</b>	<u>144,747</u>	<u>144,747</u>	<u>188,624</u>	<u>43,877</u>
<b>Expenditures:</b>				
Salaries and benefits	107,859	107,859	108,038	(179)
Purchased services	31,533	31,533	68,756	(37,223)
Supplies and materials	5,355	5,355	6,920	(1,565)
<b>Total expenditures</b>	<u>144,747</u>	<u>144,747</u>	<u>183,714</u>	<u>(38,967)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	4,910	<u>\$ 4,910</u>
Fund balance, beginning of year			<u>1,909</u>	
Fund balance, end of year			<u>\$ 6,819</u>	

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
ENGLISH AS A LEARNED LANGUAGE - PROJECT #09-4999-PD  
For the year ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Federal sources	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ -</u>
<b>Expenditures:</b>				
Salaries and benefits	2,675	3,610	3,612	(2)
Purchased services	3,057	1,990	1,982	8
Supplies and materials	268	400	406	(6)
Total expenditures	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
EARLY CHILDHOOD BLOCK GRANT (3705-00) - PROJECT #08-3705-00  
For the year ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
State sources	<u>\$ 304,849</u>	<u>\$ 926,088</u>	<u>\$ 64,205</u>	<u>\$ (861,883)</u>
<b>Expenditures:</b>				
Salaries and benefits	255,671	738,999	46,435	692,564
Purchased services	24,718	121,227	11,727	109,500
Supplies and materials	24,460	64,962	6,043	58,919
Capital outlay	-	900	-	900
Total expenditures	<u>304,849</u>	<u>926,088</u>	<u>64,205</u>	<u>861,883</u>
 Excess of revenues over expenditures	 <u>\$ -</u>	 <u>\$ -</u>	 -	 <u>\$ -</u>
 Fund balance, beginning of year			 <u>-</u>	
 Fund balance, end of year			 <u>\$ -</u>	

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
EARLY CHILDHOOD BLOCK GRANT (3705-00) - PROJECT #09-3705-00  
For the year ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
State sources	<u>\$ 926,088</u>	<u>\$ 944,610</u>	<u>\$ 906,931</u>	<u>\$ (37,679)</u>
<b>Expenditures:</b>				
Salaries and benefits	724,373	737,695	715,747	21,948
Purchased services	156,342	158,202	143,211	14,991
Supplies and materials	45,373	48,713	47,973	740
Total expenditures	<u>926,088</u>	<u>944,610</u>	<u>906,931</u>	<u>37,679</u>
 Excess of revenues over expenditures	 <u>\$ -</u>	 <u>\$ -</u>	 -	 <u>\$ -</u>
 Fund balance, beginning of year			 <u>-</u>	
 Fund balance, end of year			 <u>\$ -</u>	

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS**

**June 30, 2009**

	<u>Institute</u>	<u>General Education Development</u>	<u>Bus Driver Training</u>	<u>Supervisory</u>	<u>TOTALS</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 7,616	\$ -	\$ 1,941	\$ 317	\$ 9,874
Due from other governments	-	12,531	-	-	12,531
<b>TOTAL ASSETS</b>	<u>\$ 7,616</u>	<u>\$ 12,531</u>	<u>\$ 1,941</u>	<u>\$ 317</u>	<u>\$ 22,405</u>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ 3,578	\$ -	\$ -	\$ 3,578
Deferred revenue	-	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>3,578</u>	<u>-</u>	<u>-</u>	<u>3,578</u>
<b>FUND BALANCES</b>					
Unreserved	7,616	8,953	1,941	317	18,827
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 7,616</u>	<u>\$ 12,531</u>	<u>\$ 1,941</u>	<u>\$ 317</u>	<u>\$ 22,405</u>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the year ended June 30, 2009**

	Institute	General Education Development	Bus Driver Training	Supervisory	TOTALS
<b>REVENUES</b>					
Local sources	\$ 3,520	\$ 8,048	\$ 776	\$ -	\$ 12,344
State sources	-	27,464	688	2,167	30,319
Total Revenues	<u>3,520</u>	<u>35,512</u>	<u>1,464</u>	<u>2,167</u>	<u>42,663</u>
<b>EXPENDITURES</b>					
Salaries and benefits	-	15,507	-	-	15,507
Purchased services	3,956	8,475	1,239	1,850	15,520
Supplies and materials	-	5,281	249	-	5,530
Total Expenditures	<u>3,956</u>	<u>29,263</u>	<u>1,488</u>	<u>1,850</u>	<u>36,557</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	<u>(436)</u>	<u>6,249</u>	<u>(24)</u>	<u>317</u>	<u>6,106</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Interest income	269	-	-	-	269
Transfer in	-	-	-	-	-
Total other financing sources (uses)	<u>269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>269</u>
<b>NET CHANGE IN FUND BALANCES</b>					
	(167)	6,249	(24)	317	6,375
<b>FUND BALANCES - BEGINNING</b>					
	7,783	2,704	1,965	-	12,452
<b>FUND BALANCES - ENDING</b>					
	<u>\$ 7,616</u>	<u>\$ 8,953</u>	<u>\$ 1,941</u>	<u>\$ 317</u>	<u>\$ 18,827</u>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

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

June 30, 2009

	Enterprise Funds			Total Proprietary Funds
	Mt. Vernon Conference	Testing	Finger Printing	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 2,793	\$ 2,793
Due from other funds	-	-	3,174	3,174
Due from other governments	1,400	10,633	-	12,033
<b>Total current assets</b>	<b>1,400</b>	<b>10,633</b>	<b>5,967</b>	<b>18,000</b>
Noncurrent assets:				
Capital assets, net of accumulated depreciation:	-	165	-	165
<b>Total noncurrent assets</b>	<b>-</b>	<b>165</b>	<b>-</b>	<b>165</b>
<b>TOTAL ASSETS</b>	<b>1,400</b>	<b>10,798</b>	<b>5,967</b>	<b>18,165</b>
<b>LIABILITIES</b>				
Accounts payable	-	10,073	-	10,073
Due to other funds	8,669	3,174	-	11,843
<b>TOTAL LIABILITIES</b>	<b>8,669</b>	<b>13,247</b>	<b>-</b>	<b>21,916</b>
<b>NET ASSETS</b>				
Invested in capital assets	-	165	-	165
Unrestricted (deficit)	(7,269)	(2,614)	5,967	(3,916)
<b>TOTAL NET ASSETS</b>	<b>\$ (7,269)</b>	<b>\$ (2,449)</b>	<b>\$ 5,967</b>	<b>\$ (3,751)</b>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS  
NONMAJOR PROPRIETARY FUNDS  
For the year ended June 30, 2009**

	Enterprise Funds			Total Proprietary Funds
	Mt. Vernon Conference	Testing	Finger Printing	
<b>OPERATING REVENUES</b>				
Local sources	\$ 81,705	\$ 45,363	\$ 28,377	\$ 155,445
Total operating revenues	<u>81,705</u>	<u>45,363</u>	<u>28,377</u>	<u>155,445</u>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	17,508	2,310	2,334	22,152
Purchased services	67,167	45,459	24,789	137,415
Supplies and materials	2,434	-	162	2,596
Depreciation	-	3,319	-	3,319
Total operating expenses	<u>87,109</u>	<u>51,088</u>	<u>27,285</u>	<u>165,482</u>
<b>CHANGE IN NET ASSETS</b>	(5,404)	(5,725)	1,092	(10,037)
<b>TOTAL NET ASSETS - BEGINNING</b>	<u>(1,865)</u>	<u>3,276</u>	<u>4,875</u>	<u>6,286</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ (7,269)</u>	<u>\$ (2,449)</u>	<u>\$ 5,967</u>	<u>\$ (3,751)</u>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS**

**For the year ended June 30, 2009**

	Enterprise Funds			Total Proprietary Funds
	Mt. Vernon Conference	Testing	Finger Printing	
Cash flows from operating activities:				
Receipts from customers	\$ 80,305	\$ 34,730	\$ 27,276	\$ 142,311
Payments to suppliers and providers of goods and services	(62,797)	(32,420)	(24,951)	(120,168)
Payments to employees	(17,508)	(2,310)	(2,334)	(22,152)
Net cash provided by (used for) operating activities	-	-	(9)	(9)
Net increase (decrease) in cash and cash equivalents	-	-	(9)	(9)
Cash and Cash Equivalents - Beginning	-	-	2,802	2,802
Cash and Cash Equivalents - Ending	\$ -	\$ -	\$ 2,793	\$ 2,793
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (5,404)	\$ (5,725)	\$ 1,092	\$ (10,037)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	-	3,319	-	3,319
Change in assets and liabilities:				
Decrease/(Increase) in Due from other governments	(1,400)	(10,633)	-	(12,033)
Decrease/(Increase) in Due from other funds	-	-	(1,101)	(1,101)
(Decrease)/Increase in Accounts payable	-	10,073	-	10,073
(Decrease)/Increase in Due to other funds	6,804	2,966	-	9,770
Net cash provided by (used for) operating activities	\$ -	\$ -	\$ (9)	\$ (9)

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS**

June 30, 2009

	Health Insurance Fund	Workmans' Compensation Fund	Unemployment Fund	Transportation Reimbursement Fund	Building Fund	Totals
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 1,926	\$ 54,596	\$ 9,154	\$ -	\$ 71,310	\$ 136,986
Due from other funds	19,293	-	-	-	3,491	22,784
Total current assets	<u>21,219</u>	<u>54,596</u>	<u>9,154</u>	<u>-</u>	<u>74,801</u>	<u>159,770</u>
Noncurrent assets:						
Capital assets, net of accumulated depreciation:	-	5,771	-	-	4,951	10,722
Total noncurrent assets	<u>-</u>	<u>5,771</u>	<u>-</u>	<u>-</u>	<u>4,951</u>	<u>10,722</u>
<b>TOTAL ASSETS</b>	<u>21,219</u>	<u>60,367</u>	<u>9,154</u>	<u>-</u>	<u>79,752</u>	<u>170,492</u>
<b>LIABILITIES</b>						
Accounts payable	-	-	1,259	-	-	1,259
Due to other funds	-	-	-	10,406	-	10,406
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>1,259</u>	<u>10,406</u>	<u>-</u>	<u>11,665</u>
<b>NET ASSETS</b>						
Invested in capital assets	-	5,771	-	-	4,951	10,722
Unrestricted (deficit)	21,219	54,596	7,895	(10,406)	74,801	148,105
<b>TOTAL NET ASSETS</b>	<u>\$ 21,219</u>	<u>\$ 60,367</u>	<u>\$ 7,895</u>	<u>\$ (10,406)</u>	<u>\$ 79,752</u>	<u>\$ 158,827</u>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**COMBINING STATEMENT OF REVENUE, EXPENSES, AND  
CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
For the year ended June 30, 2009**

	Health Insurance Fund	Workmans' Compensation Fund	Unemployment Fund	Transportation Reimbursement Fund	Building Fund	Totals
<b>OPERATING REVENUES</b>						
Local sources	\$ 149,835	\$ 62,829	\$ 4,668	\$ 44,516	\$ 57,939	\$ 319,787
Total operating revenues	<u>149,835</u>	<u>62,829</u>	<u>4,668</u>	<u>44,516</u>	<u>57,939</u>	<u>319,787</u>
<b>OPERATING EXPENSES</b>						
Salaries and benefits	-	-	-	-	31,337	31,337
Purchased services	128,616	1,751	(3,227)	44,046	25,177	196,363
Depreciation	-	711	-	-	1,219	1,930
Total operating expenses	<u>128,616</u>	<u>2,462</u>	<u>(3,227)</u>	<u>44,046</u>	<u>57,733</u>	<u>229,630</u>
<b>CHANGE IN NET ASSETS</b>	21,219	60,367	7,895	470	206	90,157
<b>TOTAL NET ASSETS - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,876)</u>	<u>79,546</u>	<u>68,670</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 21,219</u>	<u>\$ 60,367</u>	<u>\$ 7,895</u>	<u>\$ (10,406)</u>	<u>\$ 79,752</u>	<u>\$ 158,827</u>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the year ended June 30, 2009**

	Health Insurance Fund	Workmans' Compensation Fund	Unemployment Fund	Transportation Reimbursement Fund	Building Fund	Totals
<b>Cash flows from operating activities:</b>						
Receipts from customers	\$ 141,418	\$ 62,829	\$ 4,668	\$ 44,516	\$ 54,448	\$ 307,879
Payments to suppliers and providers of goods and services	(152,690)	(37,722)	(5,591)	(44,516)	(25,177)	(265,696)
Payments to employees	-	-	-	-	(31,337)	(31,337)
Net cash provided by (used for) operating activities	<u>(11,272)</u>	<u>25,107</u>	<u>(923)</u>	<u>-</u>	<u>(2,066)</u>	<u>10,846</u>
<b>Cash flows from capital and related financing activities:</b>						
Purchases of capital assets	-	(6,482)	-	-	(3,408)	(9,890)
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>(6,482)</u>	<u>-</u>	<u>-</u>	<u>(3,408)</u>	<u>(9,890)</u>
Net increase (decrease) in cash and cash equivalents	(11,272)	18,625	(923)	-	(5,474)	956
Cash and cash equivalents - beginning	13,198	35,971	10,077	-	76,784	136,030
Cash and cash equivalents - ending	<u>\$ 1,926</u>	<u>\$ 54,596</u>	<u>\$ 9,154</u>	<u>\$ -</u>	<u>\$ 71,310</u>	<u>\$ 136,986</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>						
Operating income (loss)	\$ 21,219	\$ 60,367	\$ 7,895	\$ 470	\$ 206	\$ 90,157
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	-	711	-	-	1,219	1,930
Change in assets and liabilities:						
(Increase) in due from other funds	(8,417)	-	-	-	(3,491)	(11,908)
(Decrease) in due to other governments	-	-	-	-	-	-
Increase (Decrease) in accounts payable	(24,074)	(35,971)	(8,818)	-	-	(68,863)
(Decrease) in due to other funds	-	-	-	(470)	-	(470)
Net cash provided by (used for) operating activities	<u>\$ (11,272)</u>	<u>\$ 25,107</u>	<u>\$ (923)</u>	<u>\$ -</u>	<u>\$ (2,066)</u>	<u>\$ 10,846</u>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS  
June 30, 2009**

	<u>Distributive</u>	<u>Clearing</u>	<u>Regional Vocational Board</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 299,413	\$ 1,194	\$ -	\$ 300,607
Due from other governments	<u>2,233,264</u>	<u>-</u>	<u>-</u>	<u>2,233,264</u>
Total Assets	<u><u>\$ 2,532,677</u></u>	<u><u>\$ 1,194</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,533,871</u></u>
<b>LIABILITIES</b>				
Due to other governments	<u>\$ 2,532,677</u>	<u>\$ 1,194</u>	<u>\$ -</u>	<u>\$ 2,533,871</u>
Total Liabilities	<u><u>\$ 2,532,677</u></u>	<u><u>\$ 1,194</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,533,871</u></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, 2009**

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2009</u>
<b><u>DISTRIBUTIVE</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 28,372,315	\$ 28,072,902	\$ 299,413
Due from other governments	1,244,739	2,233,264	1,244,739	2,233,264
<b>Total Assets</b>	<b><u>\$ 1,244,739</u></b>	<b><u>\$ 30,605,579</u></b>	<b><u>\$ 29,317,641</u></b>	<b><u>\$ 2,532,677</u></b>
<b>LIABILITIES</b>				
Due to other governments	\$ 1,244,739	\$ 30,605,579	\$ 29,317,641	\$ 2,532,677
<b>Total Liabilities</b>	<b><u>\$ 1,244,739</u></b>	<b><u>\$ 30,605,579</u></b>	<b><u>\$ 29,317,641</u></b>	<b><u>\$ 2,532,677</u></b>
<b><u>CLEARING</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,488	\$ 4,020	\$ 4,314	\$ 1,194
<b>Total Assets</b>	<b><u>\$ 1,488</u></b>	<b><u>\$ 4,020</u></b>	<b><u>\$ 4,314</u></b>	<b><u>\$ 1,194</u></b>
<b>LIABILITIES</b>				
Due to other governments	\$ 1,488	\$ 4,020	\$ 4,314	\$ 1,194
<b>Total Liabilities</b>	<b><u>\$ 1,488</u></b>	<b><u>\$ 4,020</u></b>	<b><u>\$ 4,314</u></b>	<b><u>\$ 1,194</u></b>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Concluded)  
AGENCY FUNDS  
For the year ended June 30, 2009**

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2009</u>
<b><u>REGIONAL VOCATIONAL BOARD</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,532	\$ -	\$ 12,532	\$ -
Total Assets	<u>\$ 12,532</u>	<u>\$ -</u>	<u>\$ 12,532</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Due to other governments	\$ 12,532	\$ -	\$ 12,532	\$ -
Total Liabilities	<u>\$ 12,532</u>	<u>\$ -</u>	<u>\$ 12,532</u>	<u>\$ -</u>
<b><u>TOTALS ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 14,020	\$ 28,376,335	\$ 28,089,748	\$ 300,607
Due from other governments	1,244,739	2,233,264	1,244,739	2,233,264
Total Assets	<u>\$ 1,258,759</u>	<u>\$ 30,609,599</u>	<u>\$ 29,334,487</u>	<u>\$ 2,533,871</u>
<b>LIABILITIES</b>				
Due to other governments	\$ 1,258,759	\$ 30,609,599	\$ 29,334,487	\$ 2,533,871
Total Liabilities	<u>\$ 1,258,759</u>	<u>\$ 30,609,599</u>	<u>\$ 29,334,487</u>	<u>\$ 2,533,871</u>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS  
AND OTHER ENTITIES  
DISTRIBUTIVE FUND  
For the year ended June 30, 2009**

	Hamilton County #10	Waltonville #1	Field Grade School #3	Woodlawn Grade School #4	Opdyke belle- Rive #5	Grand Prairie Grade School #6
General State Aid	\$ 4,287,820	\$ 967,838	\$ 909,358	\$ 920,145	\$ 633,840	\$ 344,887
Gen. State Aid Hold Harmless	-	-	-	-	-	-
Transition Asst.	-	-	-	-	-	-
Sp. Ed. Private Fac. Tuition	-	9,182	22,486	-	-	-
Sp. Ed. Services	133,684	69,387	60,282	35,739	41,501	22,906
Special Ed. - Personnel	166,419	54,953	42,321	49,760	24,438	17,633
Sp. Ed. - Orphanage	-	-	22,249	-	18,689	23,660
Sp. Ed. - Summer School	-	2,868	-	378	-	-
V.E.-Career & Tech Ed. Impr.	-	-	-	-	-	-
Agriculture Educ.	-	-	-	-	-	-
State Free Lunch/B'fast	-	-	-	-	-	-
School B'fast Incentive	11,078	1,194	1,355	1,729	2,407	1,799
Driver Educ.	471	-	-	45	-	153
Transportation Reg & Voc	15,404	3,946	-	-	-	-
Transportation - Sp. Educ.	399,014	61,001	114,426	43,384	53,174	43,133
School Bus	60,920	33,208	27,657	32,175	15,910	18,272
Nat'l Bd. Cert. Initiatives	-	-	-	-	-	-
Truant Alternative	-	-	4,000	-	11,000	3,000
Regional Safe Schools	-	-	-	-	-	-
Early Childhood - Block Grant	-	-	-	-	-	-
Reading Improv.-Block Grant	277,209	-	-	-	-	-
ROE/ISC - Operations	43,476	11,046	12,799	16,059	13,245	4,639
Supervisory Expense	-	-	-	-	-	-
ADA Safety & Ed. Block Grant	-	-	-	-	-	-
Orphanage - Tuition	41,038	11,837	9,631	11,364	6,698	2,934
Arts/Foreign Language Asst	-	-	-	-	-	-
Title V Innovative Prog.	-	-	-	-	-	-
Title VI - Rural Ed. Initiative	-	-	-	317	-	-
Nat'l School Lunch	-	-	-	-	-	-
School B'fast Program	216,125	42,337	38,697	45,210	39,103	26,919
Summer Food Serv. Prog.	56,791	-	-	11,131	12,057	13,523
Title I - Low Income	304,318	36,504	35,909	73,477	101,551	15,075
Even Start	-	-	-	-	-	-
Safe & Drug Free Sch.	2,415	849	783	1,036	998	288
Sp Ed IDEA Room & Board	7,868	-	-	1,843	-	-
V.E. Perkins-TitleII C Sec.	-	-	-	-	-	-
ARRA - Gen. State Aid	1,267,608	286,122	268,833	272,022	187,382	101,959
Learn and Serv. America	-	-	-	-	-	-
Title II Teacher Quality	89,809	14,081	12,359	16,780	19,239	5,219
Tech. Enchancing Educ.	2,528	327	-	628	910	140
Other Fed. Programs	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 7,383,995</b>	<b>\$ 1,606,680</b>	<b>\$ 1,583,145</b>	<b>\$ 1,533,222</b>	<b>\$ 1,182,142</b>	<b>\$ 646,139</b>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS  
AND OTHER ENTITIES (Continued)  
DISTRIBUTIVE FUND  
For the year ended June 30, 2009**

	Dodds Grade School #7	Ina Grade School #8	McClellan Grade School #12	Bethel Grade School #82	Farrington Grade School #99	Mt. Vernon Township High School #201
General State Aid	\$ 601,987	\$ 467,371	\$ 176,304	\$ 355,304	\$ 175,303	\$ 3,506,292
Gen. State Aid Hold Harmless	-	-	36,271	-	-	-
Transition Asst.	-	2,437	-	-	-	-
Sp. Ed. Private Fac. Tuition	-	-	-	-	-	11,865
Sp. Ed. Services	29,952	16,933	8,770	16,534	9,976	151,483
Special Ed. - Personnel	27,190	14,757	12,379	32,600	8,290	220,928
Sp. Ed. - Orphanage	-	13,778	-	2,467	-	56,845
Sp. Ed. - Summer School	-	-	-	-	-	233
V.E.-Career & Tech Ed. Impr.	-	-	-	-	-	-
Agriculture Educ.	-	-	-	-	-	-
State Free Lunch/B'fast	-	-	-	-	-	-
School B'fast Incentive	962	1,755	492	2,441	723	5,452
Driver Educ.	19	65	47	21	18	51
Transportation Reg & Voc	-	-	-	-	-	47,944
Transportation - Sp. Educ.	59,357	64,855	29,734	25,377	42,809	259,501
School Bus	2,012	7,589	3,699	141	4,321	97,265
Nat'l Bd. Cert. Initiatives	-	-	-	-	-	-
Truant Alternative	-	-	-	-	3,000	67,000
Regional Safe Schools	-	-	-	-	-	106,704
Early Childhood - Block Grant	-	-	-	-	-	-
Reading Improv.-Block Grant	-	-	-	-	-	-
ROE/ISC - Operations	8,317	7,278	3,201	7,958	3,890	-
Supervisory Expense	-	-	-	-	-	-
ADA Safety & Ed. Block Grant	-	-	-	-	-	-
Orphanage - Tuition	5,529	3,968	2,140	4,104	1,740	44,133
Arts/Foreign Language Asst	-	-	-	-	-	41,240
Title V Innovative Prog.	-	-	-	-	98,500	-
Title VI - Rural Ed. Initiative	-	-	-	-	-	-
Nat'l School Lunch	-	-	-	-	-	26,407
School B'fast Program	19,285	22,886	9,630	36,285	9,700	69,256
Summer Food Serv. Prog.	7,132	8,741	2,970	17,493	5,109	31,821
Title I --Low Income	20,316	47,925	-	43,786	28,135	356,623
Even Start	-	-	-	-	-	-
Safe & Drug Free Sch.	348	704	95	433	355	5,219
Sp Ed IDEA Room & Board	-	-	-	-	-	-
V.E. Perkins-TitleII C Sec.	-	-	-	-	-	-
ARRA - Gen. State Aid	177,966	138,169	52,121	105,039	51,825	1,036,317
Learn and Serv. America	-	-	-	-	-	7,206
Title II Teacher Quality	7,336	11,014	3,469	6,409	1,545	82,067
Tech. Enhancing Educ.	252	369	-	192	584	3,295
Other Fed. Programs	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 967,960</b>	<b>\$ 830,594</b>	<b>\$ 341,322</b>	<b>\$ 656,584</b>	<b>\$ 445,823</b>	<b>\$ 6,235,147</b>

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS  
AND OTHER ENTITIES (Concluded)  
DISTRIBUTIVE FUND  
For the year ended June 30, 2009**

	Webber Township High School #204	Woodlawn High School #205	ROE #25	Rend Lake	Total
General State Aid	\$ 712,280	\$ 758,197	\$ 419,687	\$ -	15,236,613
Gen. State Aid Hold Harmless	-	-	-	-	36,271
Transition Asst.	-	-	-	-	2,437
Sp. Ed. Private Fac. Tuition	-	-	-	-	43,533
Sp. Ed. Services	47,919	22,834	-	-	667,900
Special Ed. - Personnel	31,708	15,855	-	-	719,231
Sp. Ed. - Orphanage	-	-	-	-	137,688
Sp. Ed. - Summer School	-	-	-	-	3,479
V.E.-Career & Tech Ed. Impr.	-	-	-	305,975	305,975
Agriculture Educ.	-	-	-	22,239	22,239
State Free Lunch/B'fast	-	-	-	-	-
School B'fast Incentive	248	439	2,058	-	34,132
Driver Educ.	4	-	176	-	1,070
Transportation Reg & Voc	8,502	8,525	-	-	84,321
Transportation - Sp. Educ.	45,904	43,687	-	-	1,285,356
School Bus	10,525	8,449	-	-	322,143
Nat'l Bd. Cert. Initiatives	-	-	688	-	688
Truant Alternative	-	-	-	-	88,000
Regional Safe Schools	-	-	108,253	-	214,957
Early Childhood - Block Grant	-	-	59,504	-	59,504
Reading Improv.-Block Grant	-	-	1,109,750	-	1,386,959
ROE/ISC - Operations	-	-	-	-	131,908
Supervisory Expense	-	-	62,370	-	62,370
ADA Safety & Ed. Block Grant	-	-	2,000	-	2,000
Orphanage - Tuition	6,523	7,368	-	-	159,007
Arts/Foreign Language Asst	-	-	-	-	41,240
Title V Innovative Prog.	-	-	-	-	98,500
Title VI - Rural Ed. Initiative	-	-	-	-	317
Nat'l School Lunch	-	-	-	-	26,407
School B'fast Program	4,003	12,633	26,216	-	618,285
Summer Food Serv. Prog.	1,349	-	16,768	-	184,885
Title I - Low Income	64,329	19,061	-	-	1,147,009
Even Start	-	-	8,251	-	8,251
Safe & Drug Free Sch.	842	513	-	-	14,878
Sp Ed IDEA Room & Board	-	-	-	-	9,711
V.E. Perkins-TitleII C Sec.	-	-	-	106,014	106,014
ARRA - Gen. State Aid	210,571	224,145	124,072	-	4,504,151
Learn and Serv. America	-	-	-	-	7,206
Title II Teacher Quality	9,834	3,212	-	-	282,373
Tech. Enhancing Educ.	490	179	-	-	9,894
Other Fed. Programs	-	-	6,000	-	6,000
<b>TOTAL</b>	<b>\$ 1,155,031</b>	<b>\$ 1,125,097</b>	<b>\$ 1,945,793</b>	<b>\$ 434,228</b>	<b>\$ 28,072,902</b>

**FEDERAL FINANCIAL COMPLIANCE SECTION**

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

<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 7/1/08 - 6/30/09</u>
<b>U.S. Dept. of Education</b>			
<b>passed through Illinois State Board of Education</b>			
English Language Acquisition Grants - English as a Learned Language	84.365A	09-4999-PD	\$ 6,000
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act -			
ARRA - General State Aid	84.394A	09-4850-92	101,977
ARRA - General State Aid	84.394A	09-4850-93	22,095
Total ARRA - General State Aid			124,072
<b>U.S. Dept. of Agriculture</b>			
<b>passed through Illinois State Board of Education</b>			
National School Lunch (M)	10.555	09-4210-00	19,282
National School Lunch (M)	10.555	08-4210-00	2,638
Total National School Lunch			21,920
School Breakfast Program (M)	10.553	09-4220-00	15,036
School Breakfast Program (M)	10.553	08-4220-00	1,732
Total School Breakfast Program			16,768
<b>Total passed through Illinois State Board of Education</b>			168,760
<b>U.S. Department of Education</b>			
<b>passed through Regional Office of Education #21</b>			
Education for Homeless Children and Youth - McKinney Education for Homeless Children (M)	84.196A	09-4920-00	14,772
<b>Total through U.S. Department of Education passed through Regional Office of Education #21</b>			14,772
<b>U.S. Department of Education</b>			
<b>passed through Regional Office of Education #2</b>			
Title I Grants to Local Educational Agencies - Title I School Improvement and Accountability - System of Support (M)	84.010A	09-4331-SS	166,138
<b>Total through U.S. Department of Education passed through Regional Office of Education #2</b>			166,138

The accompanying notes are an integral part of this schedule.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2009**

<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 7/1/08 - 6/30/09</u>
<b>U.S. Department of Education CFDA #84.367A passed through Regional Office of Education #11</b>			
Title II - Improving Teacher Quality State Grants - Standards Aligned Classroom	84.367A	09-4935-00	45,726
<b>passed through Regional Office of Education #32</b>			
Title II - Improving Teacher Quality State Grants - System-wide Transition Toward Accessible Nationally Certified Educators (STANCE)	84.367A	09-4935-SS	<u>27,752</u>
<b>Total U.S. Department of Education CFDA #84.367A</b>			<u>73,478</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 423,148</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, 2009**

**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>
Standards Aligned Classroom	84.367A	\$ 32,171

**NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM**

Child Nutrition Cluster – This cluster includes the National School Lunch and School Breakfast programs. The objective of the programs are to assist in administering food services that provide healthful, nutritious meals to eligible children in public and non-profit private schools, residential child care institutions, and summer recreation programs. At ROE #25, the program is used in the Alternative schools.

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.

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.

**HAMILTON/JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 2009**

NOTE 4 - NON-CASH ASSISTANCE

None

NOTE 5 - AMOUNT OF INSURANCE

None

NOTE 6 - LOANS OR LOAN GUARANTEES OUTSTANDING

None