

**STATE OF ILLINOIS  
HAMILTON AND JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**FINANCIAL AUDIT  
(In Accordance with the Single Audit Act  
and OMB Circular A-133)  
For the year ended June 30, 2010**

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

**HAMILTON AND 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>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....</b>	7-8
<b>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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>	11-27
<b>CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS .....</b>	28-34
<b>SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS .....</b>	35
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS .....</b>	36A-36I
<b>BASIC FINANCIAL STATEMENTS:</b>	
Government-wide Financial Statements:	
Statement of Net Assets .....	37
Statement of Activities .....	38
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	39
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets .....	40
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	41

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

**TABLE OF CONTENTS  
(Continued)**

	<u>Page(s)</u>
<b>BASIC FINANCIAL STATEMENTS: (Continued)</b>	
Fund Financial Statements: (Continued)	
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Funds .....	42
Statement of Net Assets - Proprietary Funds .....	43
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds .....	44
Statement of Cash Flows - Proprietary Funds .....	45-46
Statement of Fiduciary Net Assets - Fiduciary Funds .....	47
Notes to Financial Statements .....	48-73
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Illinois Municipal Retirement Fund - Schedule of Funding Progress .....	74
<b>SUPPLEMENTAL INFORMATION:</b>	
General Fund:	
Combining Schedules:	
Combining Schedule of Accounts - General Fund.....	75-77
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - General Fund Accounts .....	78-80
Individual Schedules:	
Budgetary Comparison Schedule - General Fund Accounts ROE/ISC Operations Project #10-3730-00 .....	81

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

**TABLE OF CONTENTS  
(Continued)**

	<u>Page(s)</u>
<b>SUPPLEMENTAL INFORMATION: (Continued)</b>	
<b>Education Fund:</b>	
<b>Combining Schedules:</b>	
Combining Schedule of Accounts - Education Fund .....	82-87
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Education Fund Accounts .....	88-93
<b>Individual Schedules:</b>	
Budgetary Comparison Schedule - Education Fund Accounts Early Childhood Block Grant (3705-01) Project #10-3705-01 .....	94
Budgetary Comparison Schedule - Education Fund Accounts Early Childhood Block Grant (3705-70) Project #09-3705-70 .....	95
Budgetary Comparison Schedule - Education Fund Accounts Early Childhood Block Grant (3705-70) Project #10-3705-70 .....	96
Budgetary Comparison Schedule - Education Fund Accounts Regional Safe Schools Project #10-3696-00 .....	97
Budgetary Comparison Schedule - Education Fund Accounts Truants Alternative/Optional Education Project #10-3695-00 .....	98
Budgetary Comparison Schedule - Education Fund Accounts Title I - Reading First Part B SEA Funds Project #10-4337-00 .....	99
Budgetary Comparison Schedule - Education Fund Accounts Early Childhood Block Grant (3705-00) Project #09-3705-00 .....	100
Budgetary Comparison Schedule - Education Fund Accounts Early Childhood Block Grant (3705-00) Project #10-3705-00 .....	101

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

**TABLE OF CONTENTS  
(Continued)**

	<u>Page(s)</u>
<b>SUPPLEMENTAL INFORMATION: (Continued)</b>	
Education Fund: (Continued)	
Individual Schedules: (Continued)	
Budgetary Comparison Schedule - Education Fund Accounts	
Gifted Education	
Project #09-3350-00 .....	102
Nonmajor Funds:	
Combining Statements:	
Combining Balance Sheet - Nonmajor Special Revenue Funds .....	103-104
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds .....	105-106
Combining Statement of Net Assets - Nonmajor Enterprise Funds .....	107
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Nonmajor Enterprise Funds .....	108
Combining Statement of Cash Flows - Nonmajor Enterprise Funds .....	109
Internal Service Funds:	
Combining Statements:	
Combining Statement of Net Assets - Internal Service Funds .....	110-111
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Internal Service Funds .....	112-113
Combining Statement of Cash Flows - Internal Service Funds .....	114-115

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

**TABLE OF CONTENTS  
(Concluded)**

	<u>Page(s)</u>
<b>SUPPLEMENTAL INFORMATION: (Continued)</b>	
Agency Funds:	
Combining Statements:	
Combining Statement of Fiduciary Net Assets - Agency Funds.....	116
Combining Statement of Changes in Assets and Liabilities - Agency Funds .....	117-118
Schedule of Disbursements to School District Treasurers and Other Entities - Distributive Fund .....	119-121
<b>FEDERAL FINANCIAL COMPLIANCE SECTION:</b>	
Schedule of Expenditures of Federal Awards.....	122-123
Notes to Schedule of Expenditures of Federal Awards .....	124-125

**HAMILTON AND 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 AND 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	7	3
Repeated audit findings	3	1
Prior recommendations implemented or not repeated	0	1

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

Additional matters which were less than significant deficiencies or material weaknesses but more than inconsequential, have been reported in a Management Letter of Comments to the Regional Superintendent. In prior years, these issues may have been included as immaterial findings in the auditors' reports.

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
10-01	13	Controls Over Financial Statement Preparation	Material Weakness
10-02	15	Inadequate Review of Journal Entries	Significant Deficiency
10-03	16	Excess Working Cash in Internal Service Fund	Compliance
10-04	19	Uninsured Deposits in Bank	Significant Deficiency and Compliance
10-05	20	Controls Over Compliance with Laws and Regulations	Significant Deficiency and Compliance
10-06	22	Recording of Transactions in the Regional Cooperative Fund	Material Weakness
10-07	24	Controls Over Federal Awards	Material Weakness and Compliance

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

**COMPLIANCE REPORT SUMMARY (Continued)**

**SUMMARY OF FINDINGS AND QUESTIONED COSTS (Continued)**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)			
10-03	16	Excess Working Cash in Internal Service Fund	Compliance
10-07	24	Controls Over Federal Awards	Material Weakness and Compliance

PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)

There were no prior findings not repeated for the year ended June 30, 2010.

PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)

There were no prior findings not repeated for the year ended June 30, 2010.

**EXIT CONFERENCE**

An exit conference was held on September 30, 2010. Attending were Bryan Cross, Regional Superintendent of Schools, Tammy Harris, Controller of the Regional Office of Education #25, and Heather Wolke, CPA, Alex Hagen, CPA, and Amy Hartrich, CPA, all of West & Company, LLC. Additionally, numerous meetings and telephone conferences were held between the auditors and ROE officials to discuss the matters contained in this audit report.

Responses to the recommendations were provided by Tammy Harris, Controller, via email on January 10, 2011.

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

**FINANCIAL STATEMENT REPORT**

**SUMMARY**

The audit of the accompanying basic financial statements of the Hamilton and 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 Hamilton and Jefferson Counties Regional Office of Education #25's basic financial statements.

**WEST & COMPANY, LLC**

MEMBERS

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

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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 and Jefferson Counties Regional Office of Education #25, as of and for the year ended June 30, 2010, which collectively comprise the Hamilton and 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 and 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 and Jefferson Counties Regional Office of Education #25, as of June 30, 2010, 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 March 7, 2011 on our consideration of the Hamilton and 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 36A through 36I and 74 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 and 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*

March 7, 2011

# WEST & COMPANY, LLC

## MEMBERS

E. LYNN FREESE  
RICHARD C. WEST  
BRIAN E. DANIELL  
JANICE K. ROMACK  
DIANA R. SMITH  
D. RAIF PERRY  
JOHN H. VOGT  
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### **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable 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 and Jefferson Counties Regional Office of Education #25, as of and for the year ended June 30, 2010, which collectively comprise the Hamilton and Jefferson Counties Regional Office of Education #25's basic financial statements and have issued our report thereon dated March 7, 2011. 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 and 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 but not for the purpose of expressing an opinion on the effectiveness of the Hamilton and 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 and 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 finding 10-01, 10-06, and 10-07 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 deficiencies described in findings 10-02, 10-04, and 10-05 in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Hamilton and 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 10-03, 10-04, 10-05, and 10-07.

We also noted certain matters which we have reported to management of the Hamilton and Jefferson Counties Regional Office of Education #25 in a separate letter dated March 7, 2011.

Hamilton and 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 and 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 entity, 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*

March 7, 2011

**WEST & COMPANY, LLC**

MEMBERS

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RICHARD C. WEST  
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 Hamilton and Jefferson Counties Regional Office of Education #25's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Hamilton and Jefferson Counties Regional Office of Education #25's major federal programs for the year ended June 30, 2010. The Hamilton and Jefferson Counties Regional Office of Education #25's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Hamilton and Jefferson Counties Regional Office of Education #25's management. Our responsibility is to express an opinion on the Hamilton and 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 and 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 of the Hamilton and Jefferson Counties Regional Office of Education #25's compliance with those requirements.

In our opinion, the Hamilton and Jefferson Counties Regional Office of Education #25 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 criteria as required by the *Guidelines to Auditing and Reporting for a Regional Office of Education*, which are described in the accompanying Schedule of Findings and Questioned Costs as items 10-03 and 10-07.

## Internal Control Over Compliance

Management of the Hamilton and 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 and Jefferson Counties Regional Office of Education #25's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Hamilton and Jefferson Counties Regional Office of Education #25's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance 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 discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 10-07 to be a material weakness.

Hamilton and 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 and 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 entity, 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*

March 7, 2011

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

HAMILTON AND JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2010

---

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?  X  yes   no
  
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?   yes  X  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 AND JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2010

---

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

---

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of federal program or cluster</u>
84.010A	Title I School Improvement and Accountability System of Support
84.394A	State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act
84.397A	State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act

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 AND JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2010**

**Section II: Financial Statement Findings**

**FINDING NO. 10-01 – Controls Over Financial Statement Preparation (Repeat of Finding 09-01, 08-01, and 07-05)**

**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. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- Numerous material adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of capital assets and did not calculate depreciation expense.

**Effect:**

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

**Cause:**

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

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2010**

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

**FINDING NO. 10-01 – Controls Over Financial Statement Preparation (Repeat of Finding 09-01, 08-01, and 07-05)** (Concluded)

**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 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 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 sent the Controller to various trainings to better understand accrual accounting and reporting under generally accepted accounting principles (GAAP).

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2010**

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

**FINDING NO. 10-02 – Inadequate Review of Journal Entries (Repeat of Finding 09-02)**

**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 did not sign off his approval for 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:**

While the Regional Superintendent stated that he discussed journal entries with the Controller and verbally approved them, there was no documentation of such approval.

**Auditors' Recommendation:**

The Regional Superintendent should review and sign off his approval for 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 finding.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2010**

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

**FINDING NO. 10-03 – Excess Working Cash in Internal Service Fund (Partial Repeat of Finding 09-03)**

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

**Project #:** 09-4850-93, 10-4850-92, 10-4850-93

**CFDA #:** 84.394A

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

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

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

**Project #:** 10-4870-92 and 10-4870-93

**CFDA #:** 84.397A

**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 and 10-4920-00

**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 and 10-4331-SS

**CFDA #:** 84.010A

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

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

**Federal Program Name:** Title II – Teacher Quality – Leadership Grant - Standards Aligned Classroom

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

**CFDA #:** 84.367A

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

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

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2010**

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

**FINDING NO. 10-03 – Excess Working Cash in Internal Service Fund (Partial Repeat of Finding 09-03)** (Continued)

**Criteria/Specific Requirement:**

Internal Service Funds are used to account for the Regional Office of Education #25's administrative services, which are provided to many of the Regional Office of Education #25's funds. Revenue is generated through charges to other funds using interfund billings. Regulations set forth by *OMB Circular A-87 (Revised 5/10/04)* 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, *OMB Circular A-87* states that if the entity's revenues exceed allowable costs, an adjustment must be made by: a) a cash refund to the Federal Government for the Federal share of the adjustment, b) credits to the amounts charged to the individual programs, c) adjustments to future billing rates, or d) adjustments to allocated central service costs.

**Condition:**

Over the last two years, average expenses within the administrative Internal Service Funds were \$316,188. Cash on hand in the administrative Internal Service Funds at June 30, 2010 totaled \$151,008, representing approximately 174 days of average expenses.

Additionally, the Regional Office of Education #25 paid \$21,812 for playground equipment with excess cash from the Internal Service Funds, which is not a prescribed method of reducing the excess balance in the fund, as defined above.

**Questioned Costs: Unknown**

**Context:**

All programs with expenditures paid from the Internal Service Funds' 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 readily determinable. It is also not readily determinable which program funds were used to purchase the playground equipment.

**Effect:**

During the year ended June 30, 2010, the indirect cost rate charged to the Internal Service Funds was not reduced nor were the individual funds overcharged in prior years credited. The Regional Office is not in compliance with *OMB Circular A-87*.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2010**

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

**FINDING NO. 10-03 – Excess Working Cash in Internal Service Fund (Partial Repeat of Finding 09-03)** (Concluded)

**Cause:**

The Regional Office of Education #25's prior year indirect cost rate was too high, as the calculation included funding for future expenditures. The Regional Office was not aware of the issue until late in the fiscal year 2010 and did not have time to make the necessary adjustments before the end of the year.

**Auditors' Recommendation:**

The Regional Office of Education #25 should lower the indirect cost rate and provide credits to the individual programs overcharged in prior years. 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. Purchases made out of Internal Service Funds for playground equipment should be reclassified to a fund that would allow such expenditure.

**Management's Response:**

The Regional Superintendent agrees with this finding.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2010**

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

**FINDING NO. 10-04 – Uninsured Deposits in Bank**

**Criteria/Specific Requirement:**

The Public Funds Deposit Act (30 ILCS 225/1) gives the authorization for deposits in excess of the federally insured limit to be covered by pledged collateral held by the financial institutions' trust departments in the Regional Office of Education #25's name. In addition, prudent business practice requires that all deposits held by financial institutions for the Regional Office of Education #25 be adequately covered by depository insurance or collateral.

**Condition:**

At June 30, 2010, the Regional Office of Education #25 did not have sufficient collateral to cover deposits over the Federal Deposit Insurance Corporation (FDIC) insured limit. There were \$54,971 of deposits in a bank that were uncollateralized and uninsured.

**Effect:**

Uninsured deposits could cause a loss to the Regional Office of Education #25 if the bank failed.

**Cause:**

The Regional Office of Education #25 had an agreement with the bank to monitor the cash balance and make sure that collateral was sufficient to cover any balance that exceeded the amount insured by FDIC. On June 29, 2010, deposits totaling \$305,809 were made to the checking account from the State of Illinois. The deposits resulted in uncollateralized deposits of \$54,971.

**Auditors' Recommendation:**

The amount of pledged collateral should be monitored periodically by the Regional Office of Education #25's personnel to ensure that an adequate level is maintained. The Regional Office of Education #25 should work with the bank to determine that collateral is sufficient to cover large deposits.

**Management's Response:**

The Regional Superintendent agrees with this finding.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2010**

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

**FINDING NO. 10-05 Controls Over Compliance with Laws and Regulations**

**Criteria/Specific Requirements:**

The Illinois School Code in section 105 ILCS 5/18-20 allows a Regional Superintendent to borrow an amount up to 50 percent of the State payments that are due and payable, as certified by the State Superintendent. Funds borrowed under this section are to be repaid immediately upon receipt of payments.

In a section added June 26, 2009, the Illinois School Code 105 ILCS 5/17-19 also allows a Regional Superintendent to take out a line of credit in anticipation of revenues. However, the Regional Superintendent is only allowed to take out 85 percent of current year anticipated grant revenue or 50 percent of next fiscal year anticipated grant revenue, as certified by the State Superintendent. The Regional Superintendent shall authorize this line of credit by executive order or resolution. The executive order or resolution shall set forth facts demonstrating the need for the line of credit, the amount to be borrowed, the maximum interest rate allowed, and the date by which the funds will be repaid. Funds borrowed under this section are to be repaid within 60 days after the revenues have been received.

**Condition:**

The Regional Office did not fully comply with the statutes when establishing the line of credit or renewing its line of credit on December 31, 2009 and on February 10, 2010. The Regional Office could not produce certification documentation required by sections 5/18-20 or 5/17-19 of the School Code regarding the revenue that was being borrowed upon and did not authorize the line of credit by executive order or resolution.

**Effect:**

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

**Cause:**

The Regional Office of Education #25 originally took out a line of credit on May 15, 2009, following the provision of the Illinois School Code 105 ILCS 5/18-20 borrowing authority. On June 26, 2009, the Illinois School Code 105 ILCS 5/17-19 establishment of lines of credit by Regional Superintendents became effective. This new law had additional requirements for Regional Superintendents to follow.

When the line of credit matured on December 31, 2009, it was renewed through February 15, 2010. On February 10, 2010, the line of credit was again renewed and the credit line available was increased.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2010**

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

**FINDING NO. 10-05 Controls Over Compliance with Laws and Regulations** (Concluded)

**Cause:** (Concluded)

The Regional Superintendent could not document compliance with the certification requirements of either of the statutory provisions. The old Code section required that the grant payments to be borrowed against be certified by the State Superintendent. In addition, the new Code section requires the Regional Superintendent to authorize the line of credit by executive order or resolution.

**Auditors' Recommendation:**

The Regional Office of Education #25 should comply with the requirements of 105 ILCS 5/18-20 or 105 ILCS 5/17-19, as applicable, when borrowing against anticipated revenues.

**Management's Response:**

The Regional Superintendent agrees with this finding.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2010**

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

**FINDING NO. 10-06 – Recording of Transactions in the Regional Cooperative Fund**

**Criteria/Specific Requirement:**

GASB No. 34 states that interfund activity, including activity with a government's blended component units, can be reported as interfund reimbursements. This interfund activity should be reported as a reduction of the expenditure or expense by the provider/recipient fund and an expenditure of the benefactor/paying fund. Additionally, the expenditures used to reimburse the provider fund should be carefully monitored to make sure they are classified in the correct expenditure category.

**Condition:**

The Regional Office of Education #25 does not properly record internal activity with its blended component unit, Hamilton-Jefferson Educational Services Cooperative (Coop Board). The Coop Board purchases supplies that it in turn resells to the Regional Office. The Coop Board also pays bills which it then allocates to the Regional Office's funds. Rather than reporting the payments for these purchases from the Regional Office's funds as reductions of related expenditures in the Coop Board's accounting records, the Coop Board shows these reimbursements as local revenue. As a result, the expenditures are reported twice, once by the Regional Office's funds and once by the Coop Board. In addition, the Coop Board is incorrectly reporting local revenue.

The Regional Office of Education #25 also misclassified some expenditures when reporting activity with the Coop Board. Since the Regional Office's funds are reimbursing the Coop Board, the expenditures reported by both funds should be classified to the same type of expenditure categories. However, several instances were noted where the expenditures would be reported as one type of expenditure, such as purchased services, in the Regional Office's fund but would be reported as another type of expenditure, such as supplies, by the Coop Board.

**Effect:**

The Regional Office of Education #25's Coop Board's revenues and expenditures were overstated. In addition, some expenditures paid to the Coop Board were misclassified.

**Cause:**

The Regional Office's personnel were not aware of the proper reporting of internal activities between its funds and its blended component unit.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2010**

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

**FINDING NO. 10-06 – Recording of Transactions in the Regional Cooperative Fund** (Concluded)

**Auditors' Recommendation:**

The Regional Office of Education #25 should report payments between its funds and the Coop Board as internal reimbursements. The Coop Board should report a reduction in expenditures when it receives a reimbursement from the Regional Office's funds. The Regional Office also needs to make sure that expenditures are classified properly when reimbursing the Coop Board.

**Management's Response:**

The Regional Superintendent agrees with this finding.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2010**

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

**FINDING NO. 10-07 – Controls Over Federal Awards**

**Federal Program Name:** Title I Grants to Local Educational Agencies - Title I School Improvement and Accountability - System of Support

**Project #:** 09-4331-SS and 10-4331-SS

**CFDA #:** 84.010A

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

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

**Federal Program Name:** Improving Teacher Quality State Grants - Title II Teacher Quality - System of Support

**Project #:** 09-4935-SS and 10-4935-SS

**CFDA #:** 84.367A

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

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

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

**Project #:** 09-4850-93, 10-4850-92 and 10-4850-93

**CFDA #:** 84.394A

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

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

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

**Project #:** 10-4870-92 and 10-4870-93

**CFDA #:** 84.397A

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

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

**Criteria/Specific Requirement:**

The A-102 Common Rule and OMB Circular A-110 require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. The objectives of internal control pertaining to the compliance requirements for federal programs are found in OMB Circular A-133.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2010**

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

**FINDING NO. 10-07 – Controls Over Federal Awards** (Continued)

**Condition:**

The Regional Office of Education #25 does not have sufficient internal controls over its federal awards. For example, auditors, in their review of the Regional Office of Education #25's federal awards for Title I School Improvement and Accountability - System of Support (Title I), Title II Teacher Quality - System of Support (Title II), State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act – ARRA - General State Aid (ARRA Education), and State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act – ARRA General State Aid (ARRA Government), noted the following:

- Some Title I and Title II expenditures had not yet been paid out by October 26, 2010. The grant period ended June 30, 2010, and all but one reimbursement had been received as of September 30, 2010.
- At least one Title II reimbursement request that had been sent to the grant administrator had not been reimbursed. The Regional Office did not realize that the amount had not been reimbursed until noted by the auditor.
- The Regional Office did not record System of Support revenue from separate revenue sources in separate accounts. Per an auditor request for the revenue information from the Regional Office of Education #2 (who passes System of Support funding to ROE #25), revenue was also received from State sources for Title I and Title II.
- The Regional Office did not entirely spend its 2009 ARRA Education grant within the grant period specified by the Illinois State Board of Education. Some 2010 ARRA Education and ARRA Government Services expenditures were also outside of the grant period.

**Questioned Costs: Unknown**

**Context:**

The Regional Office of Education #25 summarized its Title I and Title II expenditure information and sent it to Regional Office of Education #2 for reimbursement. The Regional Office received reimbursements prior to actually paying its expenditures or reimbursing school districts for grant expenditures they incurred. Once reimbursements were received, they were matched up with copies of the information that was sent in for reimbursement and outstanding expenditures were paid; however, this process was not always timely. This process also failed to ensure that the Regional Office received all reimbursements it was entitled to. When recording the reimbursements from the Regional Office of Education #2, the Regional Office of Education #25 recorded all as federal revenue, not realizing that funding was provided by three grants: Title I, Title II, and a State grant.

The ARRA grants were used exclusively for payroll and payroll related expenditures. A few of the payroll periods the grants were applied to fell outside of the grant period.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2010**

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

**FINDING NO. 10-07 – Controls Over Federal Awards (Concluded)**

**Effect:**

The Regional Office of Education #25 had Title I and Title II payables at October 26, 2010 that should have been paid previously. The Regional Office did not receive all of the reimbursements it was entitled to. Revenues were misclassified between federal and State sources. The ARRA federal grants were not spent within the specified period of availability. This could result in the granting agency requesting reimbursements or adjusting any future grant awards.

**Cause:**

The Regional Office of Education #25 did not realize that its procedures for its federal awards did not meet the objectives for internal control over compliance requirements for federal programs.

**Auditors' Recommendation:**

The Regional Office of Education #25 should implement internal control procedures to ensure that all transactions are properly recorded and accounted for and are executed in compliance with laws, regulations, and the provisions of contracts or grant agreements in accordance with OMB Circular A-133.

**Management's Response:**

The Regional Superintendent agrees with this finding.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2010**

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

**INSTANCES OF NONCOMPLIANCE:**

**Finding No. 10-03 – Excess Working Cash in Internal Service Fund** (finding details on pages 16 through 18)

**Finding No. 10-07 – Controls Over Federal Awards** (finding details on pages 24 through 26)

**MATERIAL WEAKNESSES:**

**Finding No. 10-07 - Controls Over Federal Awards** (finding details on page 24 through 26)

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2010**

**Corrective Action Plan**

**FINDING NO. 10-01 – Controls Over Financial Statement Preparation (Repeat of Finding 09-01, 08-01, and 07-05)**

**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. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- Numerous material adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of capital assets and did not calculate depreciation expense.

**Plan:**

The Regional Office of Education #25 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 sent the Controller to various trainings to better understand accrual accounting and reporting under generally accepted accounting principles (GAAP).

**Anticipated Date of Completion:**

Not Applicable

**Name of Contact Person:**

Mr. Bryan Cross, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2010**

**Corrective Action Plan** (Continued)

**FINDING NO. 10-02 – Inadequate Review of Journal Entries (Repeat of Finding 09-02)**

**Condition:**

The Regional Superintendent did not sign off his approval for all journal entries.

**Plan:**

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

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Mr. Bryan Cross, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2010**

**Corrective Action Plan** (Continued)

**FINDING NO. 10-03 – Excess Working Cash in Internal Service Fund (Partial Repeat of Finding 09-03)**

**Condition:**

Over the last two years, average expenses within the administrative Internal Service Funds were \$316,188. Cash on hand in the administrative Internal Service Funds at June 30, 2010 totaled \$151,008, representing approximately 174 days of average expenses.

Additionally, the Regional Office of Education #25 paid \$21,812 for playground equipment with excess cash from the Internal Service Fund, which is not a prescribed method of reducing the excess balance in the fund, as defined above.

**Plan:**

The Regional Office of Education #25 will lower the indirect cost rate and provide credits to the individual programs overcharged in prior years. Funds for future equipment purchases will be accumulated in the general fund or in a special revenue fund designated for that purpose. The Regional Office of Education #25 will not charge grants for this expenditure, unless it is specifically allowed by the grant. Purchases made out of Internal Service Funds for playground equipment will be reclassified to a fund that would allow such expenditure.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Mr. Bryan Cross, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2010**

**Corrective Action Plan** (Continued)

**FINDING NO. 10-04 – Uninsured Deposits in Bank**

**Condition:**

At June 30, 2010, the Regional Office of Education #25 did not have sufficient collateral to cover deposits over the Federal Deposit Insurance Corporation (FDIC) insured limit. There were \$54,971 of deposits in a bank that were uncollateralized and uninsured.

**Plan:**

The amount of pledged collateral will be monitored periodically by the Regional Office of Education #25's personnel to ensure that an adequate level is maintained. The Regional Office of Education #25 will also work with the bank to determine that collateral is sufficient to cover large deposits.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Mr. Bryan Cross, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2010**

**Corrective Action Plan** (Continued)

**FINDING NO. 10-05 Controls Over Compliance with Laws and Regulations**

**Condition:**

The Regional Office did not fully comply with the statutes when establishing the line of credit or renewing its line of credit on December 31, 2009 and on February 10, 2010. The Regional Office could not produce certification documentation required by sections 5/18-20 or 5/17-19 of the School Code regarding the revenue that was being borrowed upon and did not authorize the line of credit by executive order or resolution.

**Plan:**

The Regional Office of Education #25 will comply with the requirements of 105 ILCS 5/17-19.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Mr. Bryan Cross, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2010**

**Corrective Action Plan** (Continued)

**FINDING NO. 10-06 – Recording of Transactions in the Regional Cooperative Fund**

**Condition:**

The Regional Office of Education #25 does not properly record internal activity with its blended component unit, Hamilton-Jefferson Educational Services Cooperative (Coop Board). The Coop Board purchases supplies that it in turn resells to the Regional Office. The Coop Board also pays bills which it then allocates to the Regional Office's funds. Rather than reporting the payments for these purchases from the Regional Office's funds as reductions of related expenditures in the Coop Board's accounting records, the Coop Board shows these reimbursements as local revenue. As a result, the expenditures are reported twice, once by the Regional Office's funds and once by the Coop Board. In addition, the Coop Board is incorrectly reporting local revenue.

The Regional Office of Education #25 also misclassified some expenditures when reporting activity with the Coop Board. Since the Regional Office's funds are reimbursing the Coop Board, the expenditures reported by both funds should be classified to the same type of expenditure categories. However, several instances were noted where the expenditures would be reported as one type of expenditure, such as purchased services, in the Regional Office's fund but would be reported as another type of expenditure, such as supplies, by the Coop Board.

**Plan:**

The Regional Office of Education #25 will report payments between its funds and the Coop Board as internal reimbursements. The Coop Board will report a reduction in expenditures when it receives a reimbursement from the Regional Office's funds. The Regional Office will make sure that expenditures are classified properly when reimbursing the Coop Board.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Mr. Bryan Cross, Regional Superintendent

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

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended June 30, 2010**

**Corrective Action Plan** (Concluded)

**FINDING NO. 10-07 – Controls Over Federal Awards**

**Condition:**

The Regional Office of Education #25 does not have sufficient internal controls over its federal awards. For example, auditors, in their review of the Regional Office of Education #25's federal awards for Title I School Improvement and Accountability - System of Support (Title I), Title II Teacher Quality - System of Support (Title II), State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act – ARRA - General State Aid (ARRA Education), and State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act – ARRA General State Aid (ARRA Government), noted the following:

- Some Title I and Title II expenditures had not yet been paid out by October 26, 2010. The grant period ended June 30, 2010, and all but one reimbursement had been received as of September 30, 2010.
- At least one Title II reimbursement request that had been sent to the grant administrator had not been reimbursed. The Regional Office did not realize that the amount had not been reimbursed until noted by the auditor.
- The Regional Office did not record System of Support revenue from separate revenue sources in separate accounts. Per an auditor request for the revenue information from the Regional Office of Education #2 (who passes System of Support funding to ROE #25), revenue was also received from State sources for Title I and Title II.
- The Regional Office of Education #25 did not entirely spend its 2009 ARRA Education grant within the grant period specified by the Illinois State Board of Education. Some 2010 ARRA Education and ARRA Government Services expenditures were also outside of the grant period.

**Plan:**

The Regional Office of Education #25 will implement internal control procedures to ensure that all transactions are properly recorded and accounted for and are executed in compliance with laws, regulations, and the provisions of contracts or grant agreements in accordance with OMB Circular A-133.

**Anticipated Date of Completion:**

Immediately upon learning of oversight.

**Name of Contact Person:**

Mr. Bryan Cross, Regional Superintendent

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the year ended June 30, 2010**

<b>Finding Number</b>	<b>Condition</b>	<b>Current Status</b>
09-01	Controls Over Financial Statement Preparation	Repeated
09-02	Inadequate Review of Journal Entries	Repeated
09-03	Unallowed Administrative Charges and Excess Working Cash in Internal Service Fund	Partially repeated

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2010**

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, 2010. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements which follow.

**2010 Financial Highlights**

- Within the Governmental Funds, the General Fund revenues were \$976,051 and \$1,052,844 in fiscal year 2010 and 2009, respectively. General Fund expenditures were \$970,462 and \$1,210,442 for fiscal year 2010 and 2009, respectively. Revenues and expenditures decreased approximately 7% and 20%, respectively, compared with the prior year. FY10's expenditures did not decrease 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.
- Within the Governmental Funds, the Special Revenue Funds recorded total revenues of \$2,134,895 and \$2,476,296 in fiscal year 2010 and 2009, respectively. The Special Revenue Funds recorded total expenditures of \$2,510,618 and \$2,540,806 for fiscal year 2010 and 2009, respectively. Revenues and expenditures for the Special Revenue Funds decreased approximately 14% and 1%, respectively, from the prior year. The decrease in revenues is primarily due to the overall reduction in grant funding available during the past two years.
- The Enterprise Fund revenues were \$146,112 and \$155,445 in fiscal year 2010 and 2009, respectively. Enterprise Fund expenses were \$135,523 and \$165,482 for fiscal year 2010 and 2009, respectively. Revenues and expenditures decreased approximately 6% and 18%, respectively, from the prior year. The number and size of the workshops sponsored by the Regional Office decreased during the current fiscal year due to the decrease in participation of the Region's school districts who are cutting their spending on training and substitute teachers.
- The Internal Service Fund revenues were \$427,118 and \$319,787 in fiscal year 2010 and 2009, respectively. Internal Service Fund expenditures were \$402,745 and \$229,630 in fiscal year 2010 and 2009, 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 Regional Office's finances.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2010**

**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 detailed information about the nonmajor 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 nonfinancial 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 AND JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2010**

**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 Regional 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; a 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 2010 totaled \$829,844. This compared to \$716,123 at the end of fiscal year 2009.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2010**

**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, 2010 and 2009, for the governmental and business-type activities.

**CONDENSED STATEMENT OF NET ASSETS  
GOVERNMENTAL ACTIVITIES**

	2010	2009	Increase / (Decrease)
Current Assets	\$ 1,219,502	\$ 1,008,803	210,699
Capital Assets, net	813,522	826,388	(12,866)
Total Assets	2,033,024	1,835,191	197,833
Current Liabilities	715,264	1,114,127	(398,863)
Long-Term Liabilities, net of current portion	494,754	1,190	493,564
Total Liabilities	1,210,018	1,115,317	94,701
Net Assets:			
Invested in Capital Assets, net of related debt	258,422	216,973	41,449
Unrestricted	561,968	495,285	66,683
Restricted for Teacher Professional Development	2,616	7,616	(5,000)
Total Net Assets	\$ 823,006	\$ 719,874	103,132

The Regional Office of Education #25's governmental assets exceeded governmental liabilities (net assets) by \$823,006 at the close of the fiscal year. Cash and cash equivalents and amounts due from other governments made up a significant portion of the Regional Office's current assets. Net assets related to the Institute Fund are considered restricted for teacher professional development. As discussed earlier the Regional Office maintains a line of credit with a financial institution to meet their cash flow needs. This line of credit is reported in current liabilities. The Regional Office also has three loans related to automobiles and one loan related to two buildings which are reported as long-term debt. The building loan was renewed during the year; this has caused the majority of the loan to be reported as a long-term liability in fiscal year 2010, which is detailed in Note 6 of the financial statements.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2010**

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

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

	2010	2009	Increase / (Decrease)
Current Assets	\$ 11,142	\$ 6,157	4,985
Capital Assets, net	-	165	(165)
Total Assets	11,142	6,322	4,820
Current Liabilities	4,304	10,073	(5,769)
Net Assets:			
Invested in Capital Assets	-	165	(165)
Unrestricted (Deficit)	6,838	(3,916)	10,754
Total Net Assets (Deficit)	\$ 6,838	\$ (3,751)	10,589

The Regional Office of Education #25 uses its business-type net assets to provide workshops, testing services, and fingerprinting services to school districts in the region and surrounding areas.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2010**

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

CONDENSED STATEMENT OF ACTIVITIES  
GOVERNMENTAL ACTIVITIES

	2010	2009	Increase / (Decrease)
Revenues:			
Program Revenues:			
Operating grants and contributions	\$ 2,379,969	\$ 1,820,598	559,371
Charges for services	34,202	-	34,202
General Revenues:			
Local sources	636,520	749,128	(112,608)
State sources	-	446,218	(446,218)
Federal sources	-	124,072	(124,072)
On-behalf payments - State	522,694	389,124	133,570
Investment earnings	1,655	269	1,386
Total Revenues	3,575,040	3,529,409	45,631
Expenses:			
Program Expenses:			
Instructional Services			
Salaries and benefits	1,882,258	1,843,435	38,823
Purchased services	836,821	1,113,736	(276,915)
Supplies and materials	114,432	188,816	(74,384)
Other objects	250	4,635	(4,385)
Payments to other governments	35,225	32,171	3,054
Depreciation expense	49,306	52,045	(2,739)
Capital outlay	-	1,332	(1,332)
Interest expense	30,922	18,954	11,968
Administrative Expense:			
On-behalf payments - State	522,694	389,124	133,570
Total Expenses	3,471,908	3,644,248	(172,340)
Change in Net Assets	103,132	(114,839)	217,971
Net Assets - Beginning	719,874	834,713	(114,839)
Net Assets - Ending	\$ 823,006	\$ 719,874	103,132

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2010**

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

Revenue only decreased slightly; however, total expenditures decreased significantly primarily as a result of the Regional Office's budget reductions in grant programs and conservative spending. The line item that decreased the most significantly is purchased services. The majority of this decrease is related to the timing of billing for college tuition in the University College Classes fund, which decreased approximately \$148,000 in fiscal year 2010.

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

	2010	2009	Increase / (Decrease)
Revenues:			
Program Revenues:			
Charges for Services	\$ 146,112	\$ 155,445	(9,333)
Total Revenues	146,112	155,445	(9,333)
Expenses:			
Program Expenses:			
Instructional Services			
Salaries and benefits	14,656	22,152	(7,496)
Purchased services	117,293	137,415	(20,122)
Supplies and materials	3,409	2,596	813
Depreciation expense	165	3,319	(3,154)
Total Expenses	135,523	165,482	(29,959)
Change in Net Assets	10,589	(10,037)	20,626
Net Assets - Beginning	(3,751)	6,286	(10,037)
Net Assets - Ending	\$ 6,838	\$ (3,751)	10,589

Revenues exceeded expenditures by \$10,589 in the current year and this has resulted in ending net assets of \$6,838.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2010**

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 a combined fund balance (deficit) of \$(13,796) and \$354,796 for fiscal years ended June 30, 2010 and 2009, respectively.

- The General fund balance increased from the prior year in the amount of \$7,714 to an ending fund balance of \$175,189, which is a modest increase due to conservative budgeting.
- The Special Revenue fund balances decreased from the prior year in the amount of \$376,306 to an ending fund deficit of \$(188,985). This decrease is primarily due to the slow payment practices of the State Board of Education and granting agencies. Grant and other funding amounts that are due to the Regional Office at June 30, 2010, but are not received within 60 days of the fiscal year end cannot be recognized as revenue in the current year and are reported instead as deferred revenue. This has caused significant deficit balances in many grant programs, as detailed in Note 19 of the financial statements.
- The Enterprise funds increased from the prior year in the amount of \$10,589 to an ending net asset balance of \$6,838. The increase in this fund is the result of the Regional Office's fees for workshops exceeding the costs slightly during the current year. This fund is designed to operate at approximately breakeven. The Regional Office had deficit net assets at the end of FY09 and reevaluated the fee structure on certain workshops to ensure the Regional Office's costs were to be recovered. The current net asset balance is modest and necessary to fund future workshops.

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 Funds. Certain programs have separate budgets that are required to be reported 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 Funds 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 AND JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2010**

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 AND JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**STATEMENT OF NET ASSETS  
June 30, 2010**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 342,851	\$ 18,377	\$ 361,228
Investments	55,061	-	55,061
Accounts receivable	9,240	-	9,240
Prepaid items	21,441	-	21,441
Due from other governments	779,141	4,533	783,674
Internal balances	11,768	(11,768)	-
Total current assets	<u>1,219,502</u>	<u>11,142</u>	<u>1,230,644</u>
Noncurrent assets:			
Capital assets, net	<u>813,522</u>	<u>-</u>	<u>813,522</u>
Total assets	<u>2,033,024</u>	<u>11,142</u>	<u>2,044,166</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	65,125	4,304	69,429
Operating line of credit	200,000	-	200,000
Accrued salaries and benefits	220,078	-	220,078
Due to other governments	161,062	-	161,062
Deferred revenue	8,653	-	8,653
Current portion of long-term debt	<u>60,346</u>	<u>-</u>	<u>60,346</u>
Total current liabilities	715,264	4,304	719,568
Noncurrent liabilities			
Long-term debt, net of current portion	<u>494,754</u>	<u>-</u>	<u>494,754</u>
Total liabilities	<u>1,210,018</u>	<u>4,304</u>	<u>1,214,322</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	258,422	-	258,422
Restricted for teacher professional development	2,616	-	2,616
Unrestricted	<u>561,968</u>	<u>6,838</u>	<u>568,806</u>
Total net assets	<u>\$ 823,006</u>	<u>\$ 6,838</u>	<u>\$ 829,844</u>

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

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

**STATEMENT OF ACTIVITIES  
For the year ended June 30, 2010**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>						
<b>Instructional services:</b>						
Salaries and benefits	\$ 1,882,258	\$ 11,556	\$ 1,661,695	\$ (209,007)	\$ -	\$ (209,007)
Purchased services	836,821	22,646	559,247	(254,928)	-	(254,928)
Supplies and materials	114,432	-	98,513	(15,919)	-	(15,919)
Capital outlay	-	-	25,309	25,309	-	25,309
Payments to other governments	35,225	-	35,205	(20)	-	(20)
Other objects	250	-	-	(250)	-	(250)
Depreciation	49,306	-	-	(49,306)	-	(49,306)
<b>Debt service:</b>						
Interest on long-term debt	30,922	-	-	(30,922)	-	(30,922)
<b>Administrative:</b>						
On-behalf payments - State	522,694	-	-	(522,694)	-	(522,694)
<b>Total governmental activities</b>	<u>3,471,908</u>	<u>34,202</u>	<u>2,379,969</u>	<u>(1,057,737)</u>	<u>-</u>	<u>(1,057,737)</u>
<b>Business-type activities:</b>						
<b>Other</b>	<u>135,523</u>	<u>146,112</u>	<u>-</u>	<u>-</u>	<u>10,589</u>	<u>10,589</u>
<b>Total business-type activities</b>	<u>135,523</u>	<u>146,112</u>	<u>-</u>	<u>-</u>	<u>10,589</u>	<u>10,589</u>
<b>Total primary government</b>	<u>\$ 3,607,431</u>	<u>\$ 180,314</u>	<u>\$ 2,379,969</u>	<u>(1,057,737)</u>	<u>10,589</u>	<u>(1,047,148)</u>
<b>General revenues:</b>						
Local sources				636,520	-	636,520
On-behalf payments - State				522,694	-	522,694
Investment earnings				1,655	-	1,655
<b>Total general revenues</b>				<u>1,160,869</u>	<u>-</u>	<u>1,160,869</u>
Change in net assets				103,132	10,589	113,721
Net assets - beginning				719,874	(3,751)	716,123
Net assets - ending				<u>\$ 823,006</u>	<u>\$ 6,838</u>	<u>\$ 829,844</u>

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

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2010**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 23,731	\$ 154,557	\$ 13,555	\$ 191,843
Investments	55,061	-	-	55,061
Accounts receivable	9,008	232	-	9,240
Prepaid items	8,841	12,600	-	21,441
Due from other funds	344,534	-	-	344,534
Due from other governments	73,757	687,898	17,486	779,141
	<u>514,932</u>	<u>855,287</u>	<u>31,041</u>	<u>1,401,260</u>
Total assets	<u>\$ 514,932</u>	<u>\$ 855,287</u>	<u>\$ 31,041</u>	<u>\$ 1,401,260</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 28,627	\$ 31,386	\$ 2,405	\$ 62,418
Operating line of credit	200,000	-	-	200,000
Accrued salaries and benefits	3,944	211,516	-	215,460
Due to other funds	6,250	322,408	10,358	339,016
Due to other governments	88,178	71,439	-	159,617
Deferred revenue	12,744	418,218	7,583	438,545
	<u>339,743</u>	<u>1,054,967</u>	<u>20,346</u>	<u>1,415,056</u>
Total liabilities	<u>339,743</u>	<u>1,054,967</u>	<u>20,346</u>	<u>1,415,056</u>
<b>FUND BALANCES</b>				
Reserved for:				
Prepaid items	8,841	12,600	-	21,441
Encumbrances	1,737	-	-	1,737
Unreserved, reported in:				
General fund	164,611	-	-	164,611
Special revenue funds	-	(212,280)	10,695	(201,585)
	<u>175,189</u>	<u>(199,680)</u>	<u>10,695</u>	<u>(13,796)</u>
Total fund balances	<u>175,189</u>	<u>(199,680)</u>	<u>10,695</u>	<u>(13,796)</u>
Total liabilities and fund balances	<u>\$ 514,932</u>	<u>\$ 855,287</u>	<u>\$ 31,041</u>	<u>\$ 1,401,260</u>

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

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

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
June 30, 2010**

Total fund balances - governmental funds	\$	(13,796)
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Some revenues will not be collected for several months after the Regional Office's fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds.		429,892
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		813,522
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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	\$ 364,582		
Less capital assets included in the total above	<u>(771,194)</u>	<u>(406,612)</u>	

Net assets of governmental activities	\$	<u><u>823,006</u></u>
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The notes to the financial statements are an integral part of this statement.

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

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the year ending June 30, 2010**

	General Fund	Education Fund	Other Nonmajor Funds	Total Governmental Funds
<b>Revenues:</b>				
Local sources	\$ 415,638	\$ 98,540	\$ 12,400	\$ 526,578
State sources	36,071	1,666,656	21,122	1,723,849
Federal sources	-	336,170	-	336,170
On-behalf payments	522,694	-	-	522,694
Interest	1,648	-	7	1,655
<b>Total revenues</b>	<b>976,051</b>	<b>2,101,366</b>	<b>33,529</b>	<b>3,110,946</b>
<b>Expenditures:</b>				
<b>Instructional services:</b>				
Salaries and benefits	115,697	1,735,798	15,933	1,867,428
Purchased services	318,311	568,092	20,410	906,813
Supplies and materials	8,666	100,448	5,318	114,432
Payments to other governments	-	35,225	-	35,225
Other objects	250	-	-	250
On-behalf payments	522,694	-	-	522,694
Capital outlay	1,500	29,394	-	30,894
<b>Debt service:</b>				
Interest	3,344	-	-	3,344
<b>Total expenditures</b>	<b>970,462</b>	<b>2,468,957</b>	<b>41,661</b>	<b>3,481,080</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>5,589</b>	<b>(367,591)</b>	<b>(8,132)</b>	<b>(370,134)</b>
<b>Other financing sources (uses):</b>				
Transfers in	2,125	-	-	2,125
Transfers out	-	(583)	-	(583)
<b>Total other financing sources (uses)</b>	<b>2,125</b>	<b>(583)</b>	<b>-</b>	<b>1,542</b>
<b>Net change in fund balance</b>	<b>7,714</b>	<b>(368,174)</b>	<b>(8,132)</b>	<b>(368,592)</b>
<b>Fund balance, beginning of year</b>	<b>167,475</b>	<b>168,494</b>	<b>18,827</b>	<b>354,796</b>
<b>Fund balance (deficit), end of year</b>	<b>\$ 175,189</b>	<b>\$ (199,680)</b>	<b>\$ 10,695</b>	<b>\$ (13,796)</b>

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

**HAMILTON AND 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, 2010**

Net change in fund balances - governmental funds \$ (368,592)

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

Some revenues will not be collected for several months after the Regional Office's fiscal year ends; they are not considered "available" revenues and are deferred in the governmental funds. 429,892

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

Capital outlay	\$ 30,894	
Depreciation expense	<u>(11,893)</u>	19,001

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. 22,831

Change in net assets - governmental activities \$ 103,132

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

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

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2010**

	Business-Type Activities	Governmental Activities
	Enterprise Funds Other Enterprise Funds	Internal Service Funds
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 18,377	\$ 151,008
Due from other funds	9,500	6,250
Due from other governments	4,533	-
Total current assets	<u>32,410</u>	<u>157,258</u>
Noncurrent assets:		
Capital assets, net	-	771,194
Total assets	<u>32,410</u>	<u>928,452</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	4,304	2,707
Accrued salaries and benefits	-	4,618
Due to other funds	21,268	-
Due to other governments	-	1,445
Current portion of long-term debt	-	60,346
Total current liabilities	<u>25,572</u>	<u>69,116</u>
Noncurrent liabilities:		
Long-term debt, net of current portion	-	494,754
Total liabilities	<u>25,572</u>	<u>563,870</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	-	216,094
Unrestricted	6,838	148,488
Total net assets	<u>\$ 6,838</u>	<u>\$ 364,582</u>

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

**HAMILTON AND 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, 2010**

	Business-Type Activities Enterprise Funds	Governmental Activities Internal Service Funds
	Other Enterprise Funds	
Operating revenues:		
Charges for services	\$ 146,112	\$ 427,118
Operating expenses:		
Salaries and benefits	14,656	51,959
Purchased services	117,293	285,795
Supplies and materials	3,409	-
Depreciation	165	37,413
Total operating expenses	135,523	375,167
Operating income	10,589	51,951
Nonoperating expenses:		
Interest expense	-	(27,578)
Income before transfers	10,589	24,373
Transfers out	-	(1,542)
Change in net assets	10,589	22,831
Total net assets - beginning as restated (See Note 20)	(3,751)	341,751
Total net assets - ending	\$ 6,838	\$ 364,582

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

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

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the year ended June 30, 2010**

	Business-Type Activities Enterprise Funds	Governmental Activities Internal Service Funds
	Other Enterprise Funds	
Cash flows from operating activities:		
Collection of fees	\$ 144,112	\$ 443,652
Payments to suppliers and providers of goods and services	(126,471)	(282,902)
Payments to employees	(14,656)	(47,341)
	<u>2,985</u>	<u>113,409</u>
Cash flows from noncapital financing activities:		
Loans (to) from other funds, net	12,599	(10,406)
Transfers out	-	(1,542)
	<u>12,599</u>	<u>(11,948)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	-	(5,546)
Principal paid on capital debt	-	(54,315)
Interest paid on capital debt	-	(27,578)
	<u>-</u>	<u>(87,439)</u>
Net increase in cash and cash equivalents	15,584	14,022
Cash and cash equivalents - beginning	<u>2,793</u>	<u>136,986</u>
Cash and cash equivalents - ending	<u>\$ 18,377</u>	<u>\$ 151,008</u>

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

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

**STATEMENT OF CASH FLOWS (Concluded)  
PROPRIETARY FUNDS  
For the year ended June 30, 2010**

	Business-Type Activities Enterprise Funds	Governmental Activities
	Other Enterprise Funds	Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 10,589	\$ 51,951
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	165	37,413
Decrease (increase) in due from other funds	(9,500)	16,534
Decrease in due from other governments	7,500	-
Increase (decrease) in accounts payable	(5,769)	1,448
Increase in accrued salaries and benefits	-	4,618
Increase in due to other governments	-	1,445
	<u>\$ 2,985</u>	<u>\$ 113,409</u>
Net cash provided by operating activities	<u>\$ 2,985</u>	<u>\$ 113,409</u>

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

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

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2010**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 459,187
Accounts receivable	30,554
Due from other governments	<u>3,373,439</u>
Total assets	<u>\$ 3,863,180</u>
<b>LIABILITIES</b>	
Due to other governments	<u>\$ 3,863,180</u>

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

## **NOTES TO FINANCIAL STATEMENTS**

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

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Regional Office of Education #25's accounting policies conform to generally accepted accounting principles which are appropriate to local governmental units of this type.

**A. Reporting Entity**

The Regional Office of Education #25 was created by Illinois Public Act 76-735, as amended, effective August 8, 1995. The region encompasses Hamilton and Jefferson counties.

The Regional Superintendent of Schools is the chief administrative officer of the region and is elected to the position for a four-year term. The Regional Superintendent is responsible for the supervision and control of the school districts.

The Regional Superintendent's responsibilities for administering the school educational service region programs include, but are not limited to, providing directions to teachers and school officials on science, art and teaching methods; implementing the State Board of Education's Policy Programs; encouraging camaraderie among teachers through the teachers' institute; making public notice of unfilled teaching positions within the region; and ensuring of the safety, health and welfare of the students in the region by periodically inspecting the school buildings and ensuring that the bus drivers have valid driving licenses and are properly trained to operate the school buses. Further, the Regional Superintendent receives an allocation of school funds from the State Board of Education and apportions these funds to the school districts in accordance with the State Board of Education's formula.

The Regional Office of Education #25 derives its oversight power and authority over the school districts from the School Code and is responsible for its own fiscal and budgetary matters.

The Regional Office of Education #25 has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Regional Office of Education #25's geographic responsibility, including joint agreements which serve pupils from numerous school districts, should be included within its financial entity. The criteria include but are not limited to, whether the Regional Office of Education #25 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The Hamilton-Jefferson Educational Services Cooperative, which began operations on November 23, 1992, has been determined to be a blended component unit of the Regional Office of Education #25 for financial reporting purposes after applying the criteria of oversight, scope of public services, and special financing relationships and is therefore blended in the accompanying financial statements. The cooperative was formed by an intergovernmental agreement between the Regional Office of Education #25 and all schools, both public and nonpublic, in Hamilton and Jefferson counties. The cooperative is governed by a board of 8 voting members who are district superintendents in the Region and the Regional Superintendent, who is a non-voting member.

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

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Reporting Entity (Continued)**

The cooperative exists to provide quality programs and services to students through the school districts of Hamilton and Jefferson counties or the Regional Superintendent. The Regional Superintendent of Schools of Hamilton and Jefferson counties serves as administrative agent. Separate financial statements are not issued for this blended component unit.

No other agencies have met the component unit criteria to be included in the Regional Office of Education #25's financial statements. In addition, the Regional Office of Education #25 is not aware of any entity that would exercise such oversight as to result in the Regional Office of Education #25 being considered a component unit of the entity.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. An exception to this general rule relates to interfund services provided by the internal service funds. Elimination of these charges would distort the direct costs reported for the various functions concerned. *Governmental activities*, which normally are supported by intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets includes all of the Regional Office of Education #25's assets and liabilities, including capital assets. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

HAMILTON AND JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues received more than 60 days after the end of the current period are deferred in the governmental fund financial statements but are recognized as current revenues in the government-wide financial statements. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

It is the Regional Office of Education #25's policy to first apply restricted resources when an expenditure or expense is incurred for which restricted and unrestricted resources are available.

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 and is used to account for all financial resources that are not legally restricted for expenditures for specified purposes. This fund is available to pay general and administrative expenditures. Included in this fund are:

**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** - This fund accounts for the shared expenses incurred in the operation of the Regional Superintendent's office by Hamilton and Jefferson counties.

HAMILTON AND JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)

General Fund (Continued)

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

Regional In-Service Meeting - This 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.

Region 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 - This fund accounts for the Regional Office of Education's operating accounts.

Education - These Special Revenue Funds account for State, local and federal grant monies received for administration and payment of numerous grant awards for education which include:

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.

HAMILTON AND JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)

Education (Continued)

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 and 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.

Title I - Reading First Part B SEA Funds - This program provides research-based professional development in reading instruction.

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.

System of Support (previously 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.

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

**NOTES TO FINANCIAL STATEMENTS**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
(Continued)

**Education** (Continued)

**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.

**Gifted Education** - This program is designed to deliver the new Gifted Education Seminar to 10 percent of the teachers in the Regional Office's school districts.

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

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. Included among these funds are:

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

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

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

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

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

**Enterprise Funds** - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes. Included among these funds are:

HAMILTON AND JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)

Enterprise Funds (Continued)

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:

Internal Service Funds - Internal service funds are used to account for activities that provide goods or services to other funds on a cost-reimbursement basis. Included among these funds are:

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 General 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.

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

Fiduciary Funds - Fiduciary 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:

HAMILTON AND JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)

Fiduciary Funds (Continued)

**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.

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 from the Distributive Fund for expenditures benefiting all districts.

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

Under the provision of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Regional Office of Education #25 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Regional Office of Education #25's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services and administrative expenses.

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

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Cash and Investments**

The Regional Office of Education #25 considers cash on hand, checking accounts, savings accounts, money market accounts, and investments held with an original maturity date of less than three months to be cash and cash equivalents. State regulations require that Regional Office of Education #25 deposit funds under its control into accounts insured by the federal government, accounts secured by substantial collateral or pooled investment trusts. All funds not needed for immediate disbursement are maintained in interest bearing accounts.

Statutes authorize the Regional Office of Education #25 to make deposits or invest in obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Money Market Fund.

**2. Interfund Transactions**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

**3. Capital Assets**

Capital assets are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	30
Vehicles	5
Office equipment and furniture	5-10
Computer equipment	3-5
Other equipment	5-20

In the fund financial statements, capital assets used in governmental operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

HAMILTON AND JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Assets, Liabilities, and Net Assets or Equity** (Continued)

4. **Compensated Absences**

Non-certified and certified employees who work 12 calendar months earn up to 10 vacation days for a full year of service. Any unused vacation days will be carried over as accumulated sick leave. 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; therefore, no liability is accrued.

5. **Equity Classifications**

**Government-wide Statements**

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

**Invested in capital assets, net of related debt** - Consists of capital assets, net of accumulated depreciation, less outstanding principal of related debt.

**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, net of related debt."

**Fund Statements**

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

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

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. New Accounting Pronouncement**

The Regional Office of Education #25 has implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective for the fiscal year beginning July 1, 2009. The Statement changed the way that the Regional Office of Education #25 discloses its postemployment benefits other than pensions. The Regional Office of Education #25 has also implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*; GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, all effective for the fiscal year beginning July 1, 2009. These Statements had no effect on the Regional Office of Education #25's net assets or changes in net assets.

**2. BUDGETS AND BUDGETARY ACCOUNTING**

The Regional Office of Education #25 was not legally required to adopt annual budgets for all funds under its control, and some annual budgets prepared were not based upon the same operating period. Therefore, budgetary reports comparing budgeted to actual expenditures are not presented.

Budgets relating to programs funded by grants from the Illinois State Board of Education are prepared and submitted to the State Board as part of the grant awards process. The State Board must also approve amendments to these budgets. Grant project budgets are based on the award period. Budgetary Comparison Schedules have been presented for the following grants: ROE/ISC Operations, Early Childhood Block Grant (3705-01), Early Childhood Block Grant (3705-70), Regional Safe Schools, Truants Alternative/Optional Education, Title I - Reading First Part B SEA Funds, Early Childhood Block Grant (3705-00), and Gifted Education.

**3. USE OF ESTIMATES**

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

**4. DEPOSITS AND INVESTMENTS**

**A. Deposits**

At June 30, 2010, the carrying amount of the Regional Office of Education #25's deposits for the governmental activities, business-type activities, and fiduciary funds were \$390,844, \$18,377 and \$1,409, respectively, and the combined bank balance was \$519,384. Of the total bank balance, \$384,031 was secured by federal depository insurance, \$80,382 was collateralized with securities held by the pledging financial institution's trust department in the Regional Office of Education #25's name, and \$54,971 was uncollateralized.

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

**NOTES TO FINANCIAL STATEMENTS**

**4. DEPOSITS AND INVESTMENTS (Continued)**

**A. Deposits (Continued)**

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of bank failure, the Regional Office of Education #25's deposits may not be returned to it. The Regional Office of Education #25 does not have a deposit policy for custodial risk. As of June 30, 2010, \$54,971 of the Regional Office of Education #25's bank balance was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 54,971</u>
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**B. Illinois Funds Money Market Fund**

At June 30, 2010, the carrying amount of the Regional Office of Education #25's deposits in the Illinois Funds Money Market Fund for the governmental activities and fiduciary funds were \$7,068 and \$457,778, respectively. The combined bank balance invested in the Illinois Funds Money Market Fund was \$466,690. These deposits are included in cash and cash equivalents in the Regional Office of Education #25's governmental activities and fiduciary funds.

The Illinois Funds Money Market Fund investments are fully collateralized and not subject to credit risk. This fund enables custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. Although not subject to direct regulatory oversight, the investment pool is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. The investment policy of the Illinois 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. The policy also limits investment categories to 25% of the portfolio, with the exception of cash equivalents and U.S. Treasury securities, unless specifically authorized by the Treasurer. Further, certificates of deposit cannot exceed 10% of any single financial institution's total deposits. The Illinois Funds received Standard & Poor's highest rating.

**C. Investments**

The Regional Office of Education #25's investments consist of a certificate of deposit with an original maturity term of 7 months. At June 30, 2010, the carrying amount of the Regional Office of Education #25's certificate of deposit, as reported in governmental activities, totaled \$55,061. This amount is included in the deposits note (4A) above.

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

**NOTES TO FINANCIAL STATEMENTS**

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 91,500	\$ -	\$ -	\$ 91,500
Capital assets being depreciated:				
Buildings and building improvements	939,933	5,546	-	945,479
Vehicles	169,965	-	-	169,965
Office equipment and furniture	26,873	-	-	26,873
Computer equipment	313,080	-	-	313,080
Other equipment	130,159	30,894	-	161,053
Total capital assets being depreciated	1,580,010	36,440	-	1,616,450
Less accumulated depreciation for:				
Buildings and building improvements	(267,023)	(24,771)	-	(291,794)
Vehicles	(137,085)	(11,931)	-	(149,016)
Office equipment and furniture	(26,519)	(273)	-	(26,792)
Computer equipment	(304,664)	(4,278)	-	(308,942)
Other equipment	(109,831)	(8,053)	-	(117,884)
Total accumulated depreciation	(845,122)	(49,306)	-	(894,428)
Total capital assets being depreciated, net	734,888	(12,866)	-	722,022
Governmental activities capital assets, net	\$ 826,388	\$ (12,866)	\$ -	\$ 813,522
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Computer equipment	\$ 15,499	\$ -	\$ -	\$ 15,499
Less accumulated depreciation for:				
Computer equipment	(15,334)	(165)	-	(15,499)
Business-type activities capital assets, net	\$ 165	\$ (165)	\$ -	\$ -

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

**NOTES TO FINANCIAL STATEMENTS**

**5. CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions/programs of the Regional Office of Education #25 as follows:

Governmental activities:	
Instructional services	<u>\$ 49,306</u>
Business-type activities:	
Other	<u>\$ 165</u>

**6. LONG-TERM DEBT**

The Regional Office of Education #25 had the following loans at June 30, 2010:

Governmental activities:

Loan from Jefferson County Schools Federal Credit Union dated July 3, 2006 in the amount of \$12,060 to finance a vehicle. The loan is payable in monthly installments of \$283 including interest at 6.00% with a maturity date of July 3, 2010. The loan is secured by the related vehicle.	\$ 35
Loan from Jefferson County Schools Federal Credit Union dated July 3, 2006 in the amount of \$12,060 to finance a vehicle. The loan is payable in monthly installments of \$283 including interest at 6.00% with a maturity date of July 3, 2010. The loan is secured by the related vehicle.	525
Loan from Jefferson County Schools Federal Credit Union dated July 3, 2006 in the amount of \$13,843 to finance a vehicle. The loan is payable in monthly installments of \$325 including interest at 6.00% with a maturity date of July 3, 2010. The loan is secured by the related vehicle.	563
Loan from Integra Bank N.A. dated June 1, 2000 in the amount of \$912,207 to finance the construction of an administrative building and the Alternative School building. The loan is payable in monthly installments of \$7,633 through September 1, 2011 and a balloon payment of \$480,148 on October 1, 2011. The loan includes interest at 5.10%. The loan is secured by the related real estate.	<u>553,977</u>
Total governmental activities loans	<u>\$ 555,100</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**6. LONG-TERM DEBT (Continued)**

Debt service requirements to maturity for governmental activities are as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 60,346	\$ 21,449	\$ 81,795
2012	494,754	8,292	503,046
	<u>\$ 555,100</u>	<u>\$ 29,741</u>	<u>\$ 584,841</u>

**7. CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the Regional Office of Education for the year ended June 30, 2010 was as follows:

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2010</u>	<u>Due Within One Year</u>
Governmental activities:					
Notes payable	\$ 609,415	\$ -	\$ 54,315	\$ 555,100	\$ 60,346

**8. OPERATING LINE OF CREDIT**

The Regional Office of Education #25 obtained an operating line of credit on May 15, 2009, secured by substantially all of the Regional Office of Education #25's assets, to help subsidize operating expenses while waiting for reimbursements from various funding sources. The line was limited to \$279,000. On December 31, 2009, the line of credit was renewed through February 15, 2010. The line of credit was again renewed on February 10, 2010, and the credit limit was increased to \$490,000. This line of credit requires monthly interest payments at an interest rate of 3.75 percent and will mature on February 8, 2011.

Line of credit activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Advances</u>	<u>Payments</u>	<u>Ending Balance</u>
Line of credit	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000

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

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS**

**A. 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 the primary responsibility for funding 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, 2010 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 rate was also 9.4 percent for the years ended June 30, 2009 and 2008.

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 to TRS* - The State of Illinois makes employer pension contributions on behalf of the Regional Office of Education #25. For the year ended June 30, 2010, State of Illinois contributions were based on 23.38 percent of creditable earnings not paid from federal funds, and the Regional Office of Education #25 recognized revenue and expenditures of \$288,342 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2009, and June 30, 2008, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 17.08 percent (\$168,571) and 13.11 percent (\$129,958), respectively.

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. This rate is specified by statute. Contributions for the year ended June 30, 2010 were \$6,253. Contributions for the years ending June 30, 2009 and June 30, 2008, were \$5,974 and \$5,749, respectively.

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

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS (Continued)**

**A. Teachers' Retirement System of the State of Illinois (Continued)**

*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, 2010, the employer pension contribution was 23.38 percent of salaries paid from federal and special trust funds. For the years ended June 30, 2009 and 2008, the employer contribution was 17.08 and 13.11 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2010, salaries totaling \$28,032 were paid from federal and special trust funds that required employer contributions of \$6,554. For the years ended June 30, 2009 and June 30, 2008, required employer contributions were \$7,371 and \$17,283, 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.

Public Act 94-0004 made changes in the ERO program that were in effect for all ERO retirements in fiscal years 2008 through 2010. The act increased member and employer contributions and eliminated the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service.

Under the current ERO, the maximum employer contribution is 117.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2010, the Regional Office of Education #25 paid \$13,364 to TRS for employer contributions under the ERO program. For the two years ended June 30, 2009, the Regional Office of Education #25 paid no employer contributions under the ERO program.

*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 AND JEFFERSON COUNTIES  
REGIONAL OFFICE OF EDUCATION #25**

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS (Continued)**

**A. Teachers' Retirement System of the State of Illinois (Continued)**

For the three years ended June 30, 2010, the Regional Office of Education #25 made no payments to TRS for employer contributions due on salary increases in excess of 6 percent.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (18.55 percent of salary during the year ended June 30, 2010).

For the three years ended June 30, 2010, the Regional Office of Education #25 made no payments for employer contributions to TRS for sick leave days granted in excess of the normal annual allotment.

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, 2009. The report for the year ended June 30, 2010, is expected to be available in late 2010.

The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at [trs.illinois.gov](http://trs.illinois.gov).

**B. Illinois Municipal Retirement Fund**

*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 statute requires 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 2009 was 8.53 percent of annual covered payroll. The Regional Office of Education #25 also contributes for disability benefits, death benefits and supplemental retirement benefits, all 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.

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

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS (Continued)**

**B. Illinois Municipal Retirement Fund (Continued)**

*Annual Pension Cost* - For fiscal year ending December 31, 2009, the Regional Office of Education #25's annual pension cost of \$40,383 for the Regular plan was equal to the Regional Office of Education #25's required and actual contributions.

**Three-Year Trend Information for Regular Plan**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2009	\$ 40,383	100%	\$ -
12/31/2008	33,791	100%	-
12/31/2007	50,089	100%	-

The required contribution for 2009 was determined as part of the December 31, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 to 10.0 percent per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3.0 percent annually. The actuarial value of the Regional Office of Education #25's 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 15.0 percent corridor between the actuarial and market value of assets. The Regional Office of Education #25 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, 2007, was 5 years.

*Funded Status and Funding Progress* - As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 82.17 percent funded. The actuarial accrued liability for benefits was \$1,407,781 and the actuarial value of assets was \$1,156,818, resulting in an underfunded actuarial accrued liability (UAAL) of \$250,963. The covered payroll (annual payroll of active employees covered by the plan) was \$473,424 and the ratio of UAAL to the covered payroll was 53 percent. In conjunction with the December 2009 actuarial valuation, the market value of investments was determined using techniques that spread the effect of short-term volatility in the market value of investments over a five-year period with a 20.0 percent corridor between the actuarial and market value of assets. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 10 year basis.

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

**NOTES TO FINANCIAL STATEMENTS**

**9. RETIREMENT FUND COMMITMENTS (Continued)**

**B. Illinois Municipal Retirement Fund (Continued)**

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

**C. Social Security**

Employees not qualifying for coverage under the Illinois Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security.

**10. OTHER POSTEMPLOYMENT BENEFITS**

**A. Teacher Health Insurance Security**

The Regional Office of Education #25 participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the state administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. The director of HFS determines the rates and premiums for annuitants and dependent beneficiaries and establishes the cost-sharing parameters. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the state make a contribution to THIS.

The percentage of employer required contributions in the future will be determined by the director of Healthcare and Family Services and will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

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

**NOTES TO FINANCIAL STATEMENTS**

**10. OTHER POSTEMPLOYMENT BENEFITS** (Continued)

**A. Teacher Health Insurance Security** (Continued)

*On behalf contributions to THIS Fund* - The State of Illinois makes employer retiree health insurance contributions on behalf of the Regional Office of Education #25. State contributions are intended to match contributions to the THIS Fund from active members which were 0.84 percent of pay during the year ended June 30, 2010. State of Illinois contributions were \$10,595, and the Regional Office of Education #25 recognized revenue and expenditures of this amount during the year. Had the Regional Office of Education #25 recognized revenue and expenditures for State contributions intended to match active member contributions during the years ended June 30, 2009 and June 30, 2008, under current standards, the contribution match would have been 0.84 percent of pay or \$8,652 and \$8,327, respectively.

*Employer contributions to THIS Fund* - The Regional Office of Education #25 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.63 percent during the years ended June 30, 2010, June 30, 2009, and June 30, 2008. For the year ended June 30, 2010, the Regional Office of Education #25 paid \$6,792 to the THIS Fund. For the years ended June 30, 2009 and June 30, 2008, the Regional Office of Education #25 paid \$6,490 and \$6,245 to the THIS Fund, respectively, which was 100 percent of the required contribution.

The publicly available financial report of the THIS Fund may be obtained by writing to the Department of Healthcare and Family Services, 201 S. Grand Ave., Springfield, IL 62763-3838.

**B. Other Postemployment Benefits**

The Regional Office of Education #25 allows employees, who retire through the Regional Office of Education #25's plan disclosed in Note 9B, the option to continue in the Regional Office of Education #25's health insurance plan as required by the Illinois Compiled Statutes, but the retiree pays the full premium for the health insurance. This has not created an implicit subsidy as defined by GASB Statement No. 45 (GASB S-45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* as the Regional Office of Education #25's health insurance plan is considered a community rated plan. In addition, the Regional Office of Education #25 has no explicit subsidy as defined in GASB S-45.

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

**NOTES TO FINANCIAL STATEMENTS**

**11. INTERFUND RECEIVABLES AND PAYABLES**

At June 30, 2010, interfund receivables and payables were as follows:

Due To (Receivable)	Due From (Payable)	Balance at June 30, 2010
General Fund:	Education Fund:	
University College Classes	System of Support	\$ 28,671
University College Classes	Early Childhood Block Grant (3705-70)	22,338
University College Classes	ROE/ISC Technology	6,415
University College Classes	Illinois Violence Prevention Authority	4,037
University College Classes	Early Childhood Block Grant (3705-00)	1,314
Office Operations	Early Childhood Block Grant (3705-00)	203,341
Hamilton-Jefferson Educational Services Cooperative	Early Childhood Block Grant (3705-00)	7,769
Special Projects	Early Childhood Block Grant (3705-00)	313
Special Projects	Regional Safe Schools	29,758
Special Projects	System of Support	161
Special Projects	STANCE	419
Special Projects	Truants Alternative and Optional Education	3,764
Hamilton-Jefferson Educational Services Cooperative	Truants Alternative and Optional Education	10,114
Region VI Illinois Association of Regional Superintendent of Schools	Truants Alternative and Optional Education	2,626
Regional In-Service Meeting	Truants Alternative and Optional Education	1,273
Parapro	Truants Alternative and Optional Education	95
		<u>322,408</u>
General Fund:	Nonmajor Proprietary Fund:	
Special Projects	Mt. Vernon Conference	21,268
General Fund:	Nonmajor Governmental Fund:	
Special Projects	General Education Development	858
Internal Service Fund:	General Fund:	
Building Fund	Office Operations	6,250
Nonmajor Proprietary Fund:	Nonmajor Governmental Fund:	
Mt. Vernon Conference	Institute	9,500
		<u>\$ 360,284</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**11. INTERFUND RECEIVABLES AND PAYABLES (Continued)**

At June 30, 2010, receivables to the General Fund consisted of loans between individual funds within the same pooled cash account. The loans were used to cover cash shortages in these individual funds.

At June 30, 2010, receivables to the Internal Service Fund and Nonmajor Enterprise Fund were advances to each fund for expenditure reimbursements.

**12. BOND**

The Illinois School Code (105 ILCS 5/3-2) directs the Regional Office of Education #25 to execute a bond of not less than \$100,000 for the Regional Superintendent. The Regional Office of Education #25 has secured and maintained such a bond with coverage of \$600,000 on the Regional Superintendent.

**13. ON-BEHALF PAYMENTS**

The Regional Office of Education #25 received on-behalf payments for employee salaries and benefits from the following entities for the following items:

State of Illinois:	
Regional Superintendent - salary	\$ 96,428
Regional Superintendent - benefits (includes State paid insurance)	21,370
Assistant Regional Superintendent - salary	86,791
Assistant Regional Superintendent - benefits (includes State paid insurance)	19,168
TRS pension contributions	288,342
THIS contributions	<u>10,595</u>
	<u>\$ 522,694</u>

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

The on-behalf payments are reflected as revenues and expenditures of the General Fund.

**14. RISK MANAGEMENT - CLAIMS AND JUDGEMENTS**

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; workers' compensation; and natural disasters. The Regional Office of Education #25 is covered by commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

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

**NOTES TO FINANCIAL STATEMENTS**

**15. OPERATING LEASE**

The Regional Office of Education #25 had entered into an annual operating lease through June 30, 2010 for its Alternative Education, Safe School and Preschool Programs, as well as its administrative office. Rent expense for 2010 totaled \$162,081.

**16. DUE TO/FROM OTHER GOVERNMENTS**

At June 30, 2010, the Regional Office of Education #25's General Fund, Agency Funds, and various grant programs had funds due to and from various governmental units which consisted of the following:

Due From Other Governments:

General Fund:

Illinois State Board of Education	\$ 20,418
Eastern Illinois University	1,070
Local Governments	52,269

Education Fund:

Regional Office of Education #12	12,500
Illinois State Board of Education	460,476
Illinois Violence Prevention Authority	5,266
Regional Office of Education #2	94,645
Local Governments	115,011

Nonmajor Governmental Fund:

Illinois Department of Corrections	17,486
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Nonmajor Proprietary Fund:

Local Governments	4,533
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Fiduciary Fund:

Illinois State Board of Education	3,373,439
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\$ 4,157,113

Due To Other Governments:

General Fund:

Eastern Illinois University	\$ 88,178
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Education Fund:

Local Governments	71,439
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Internal Service Fund:

Illinois Department of Employment Security	1,445
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Fiduciary Fund:

Local Governments	3,863,180
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\$ 4,024,242

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

**NOTES TO FINANCIAL STATEMENTS**

**17. CONTINGENCIES**

The Regional Office of Education #25 has received funding from federal and State grants in the current and prior years which are subject to audits by granting agencies. The Regional Office of Education #25 believes any adjustments that may arise will be insignificant to the Regional Office of Education #25's operations.

**18. SCHEDULE OF TRANSFERS**

During the year ended June 30, 2010, the Regional Office of Education reported the following transfers:

Transfer From Other Funds (Transfers In)	Transfer To Other Funds (Transfers Out)
General Fund: Office Operations                     \$     583	Education Fund: State Aid                                 \$     583
General Fund: Office Operations <u>1,542</u>	Internal Service Fund: Building Fund <u>1,542</u>
<u>\$     2,125</u>	<u>\$     2,125</u>

These transfers subsidized the General Fund to help cover interest payments on the line of credit.

**19. DEFICIT FUND BALANCES/NET ASSETS**

The following individual funds carried the following deficit balances as of June 30, 2010:

ROE/ISC Operation	\$ 15,378
Early Childhood Block Grant (3705-70)	\$ 17,208
Southern Thirty	\$ 5,286
Regional Safe Schools	\$ 17,351
Truants Alternative and Optional Education	\$ 8,423
Early Childhood Block Grant (3705-00)	\$ 195,038
McKinney Education for Homeless Children	\$ 1,736
System of Support	\$ 54,229
STANCE	\$ 419
Mt. Vernon Conference	\$ 11,768

The Regional Office of Education #25 intends to reduce these deficits by reducing expenditures/expenses in future periods and by collecting revenues not considered "available" at June 30, 2010.

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

**NOTES TO FINANCIAL STATEMENTS**

**20. PRIOR PERIOD ADJUSTMENT**

For the year ended June 30, 2009, capital assets and related long-term debt were reported in the Hamilton-Jefferson Educational Services Cooperative fund. Such capital assets and related long-term debt have been reclassified to Internal Service Funds as these funds collect payments from various funds for the use of these assets.

Restatement of net assets as of June 30, 2009 for the Internal Service Funds was as follows:

	<u>Internal Service Funds</u>
Net assets at June 30, 2009	\$ 158,827
Adjustment for reclassification of capital assets	792,339
Adjustment for reclassification of long-term debt	<u>(609,415)</u>
Net assets as restated at June 30, 2009	<u>\$ 341,751</u>

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

**HAMILTON AND 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)
12/31/09	\$ 1,156,818	\$ 1,407,781	\$ 250,963	82.17%	\$ 473,424	53.01%
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%

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$1,121,663. On a market basis, the funded ratio would be 79.68%.

**SUPPLEMENTARY INFORMATION**

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

**COMBINING SCHEDULE OF ACCOUNTS  
GENERAL FUND  
June 30, 2010**

	University College Classes	ROE/ISC Operation	Special Projects	Office Operations
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 563	\$ 20,904
Investments	-	-	-	-
Accounts receivable	7,544	-	776	-
Prepaid items	-	-	-	-
Due from other funds	85,815	-	56,541	203,341
Due from other governments	29,454	20,418	6,296	16,963
 Total assets	 \$ 122,813	 \$ 20,418	 \$ 64,176	 \$ 241,208
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 24,801	\$ 121
Operating line of credit	-	-	-	200,000
Accrued salaries and benefits	-	2,076	-	-
Due to other funds	-	22,168	-	6,250
Due to other governments	88,178	-	-	-
Deferred revenue	1,192	11,552	-	-
 Total liabilities	 89,370	 35,796	 24,801	 206,371
 <b>FUND BALANCES</b>				
Reserved for:				
Prepaid items	-	-	-	-
Encumbrances	-	-	1,737	-
Unreserved	33,443	(15,378)	37,638	34,837
 Total fund balances	 33,443	 (15,378)	 39,375	 34,837
 Total liabilities and fund balances	 \$ 122,813	 \$ 20,418	 \$ 64,176	 \$ 241,208

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

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
GENERAL FUND  
June 30, 2010**

	<u>Parapro</u>	<u>Regional In-Service Meeting</u>	<u>Computer Consortium</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Accounts receivable	-	-	-
Prepaid items	-	-	8,841
Due from other funds	95	1,273	-
Due from other governments	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 95</u>	<u>\$ 1,273</u>	<u>\$ 8,841</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Operating line of credit	-	-	-
Accrued salaries and benefits	-	-	-
Due to other funds	-	-	872
Due to other governments	-	-	-
Deferred revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<hr/> -	<hr/> -	<hr/> 872
<b>FUND BALANCES</b>			
Reserved for:			
Prepaid items	-	-	8,841
Encumbrances	-	-	-
Unreserved	95	1,273	(872)
	<hr/>	<hr/>	<hr/>
Total fund balances	<hr/> 95	<hr/> 1,273	<hr/> 7,969
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 95</u>	<u>\$ 1,273</u>	<u>\$ 8,841</u>

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

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)  
GENERAL FUND  
June 30, 2010**

	Region VI Illinois Association of Regional Superintendents of Schools	Hamilton- Jefferson Educational Services Cooperative	Eliminations	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 2,264	\$ -	\$ 23,731
Investments	-	55,061	-	55,061
Accounts receivable	-	688	-	9,008
Prepaid items	-	-	-	8,841
Due from other funds	2,626	17,883	(23,040)	344,534
Due from other governments	-	626	-	73,757
Total assets	\$ 2,626	\$ 76,522	\$ (23,040)	\$ 514,932
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 3,705	\$ -	\$ 28,627
Operating line of credit	-	-	-	200,000
Accrued salaries and benefits	-	1,868	-	3,944
Due to other funds	-	-	(23,040)	6,250
Due to other governments	-	-	-	88,178
Deferred revenue	-	-	-	12,744
Total liabilities	-	5,573	(23,040)	339,743
<b>FUND BALANCES</b>				
Reserved for:				
Prepaid items	-	-	-	8,841
Encumbrances	-	-	-	1,737
Unreserved	2,626	70,949	-	164,611
Total fund balances	2,626	70,949	-	175,189
Total liabilities and fund balances	\$ 2,626	\$ 76,522	\$ (23,040)	\$ 514,932

**HAMILTON AND 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, 2010**

	University College Classes	ROE/ISC Operation	Special Projects	Office Operations
<b>Revenues:</b>				
Local sources	\$ 240,785	\$ -	\$ 19,023	\$ 106,069
State sources	-	36,071	-	-
On-behalf payments	-	522,694	-	-
Interest	-	-	1,648	-
	<u>240,785</u>	<u>558,765</u>	<u>20,671</u>	<u>106,069</u>
<b>Total revenues</b>				
<b>Expenditures:</b>				
Salaries and benefits	-	32,305	-	64,794
Purchased services	242,148	15,132	12,295	34,687
Supplies and materials	35	4,012	-	1,314
Capital outlay	-	-	1,500	-
Other objects	-	-	-	-
On-behalf payments	-	522,694	-	-
<b>Debt service:</b>				
Interest	-	-	-	3,344
	<u>242,183</u>	<u>574,143</u>	<u>13,795</u>	<u>104,139</u>
<b>Total expenditures</b>				
Excess (deficiency) of revenues over (under) expenditures	<u>(1,398)</u>	<u>(15,378)</u>	<u>6,876</u>	<u>1,930</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	3,344
Transfers out	-	-	(1,219)	-
	<u>-</u>	<u>-</u>	<u>(1,219)</u>	<u>3,344</u>
<b>Total other financing sources (uses)</b>				
Net change in fund balances	(1,398)	(15,378)	5,657	5,274
Fund balances, beginning of year	<u>34,841</u>	<u>-</u>	<u>33,718</u>	<u>29,563</u>
Fund balances (deficits), end of year	<u>\$ 33,443</u>	<u>\$ (15,378)</u>	<u>\$ 39,375</u>	<u>\$ 34,837</u>

**HAMILTON AND 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, 2010**

	<u>Parapro</u>	<u>Regional In-Service Meeting</u>	<u>Computer Consortium</u>
<b>Revenues:</b>			
Local sources	\$ 1,575	\$ 1,750	\$ 8,195
State sources	-	-	-
On-behalf payments	-	-	-
Interest	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	<u>1,575</u>	<u>1,750</u>	<u>8,195</u>
<b>Expenditures:</b>			
Salaries and benefits	-	-	-
Purchased services	1,514	-	-
Supplies and materials	18	1,235	226
Capital outlay	-	-	-
Other objects	250	-	-
On-behalf payments	-	-	-
Debt service:			
Interest	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	<u>1,782</u>	<u>1,235</u>	<u>226</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(207)</u>	<u>515</u>	<u>7,969</u>
<b>Other financing sources (uses):</b>			
Transfers in	-	-	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(207)	515	7,969
Fund balances, beginning of year	<u>302</u>	<u>758</u>	<u>-</u>
Fund balances (deficits), end of year	<u>\$ 95</u>	<u>\$ 1,273</u>	<u>\$ 7,969</u>

**HAMILTON AND 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, 2010**

	Region VI Illinois Association of Regional Superintendents of Schools	Hamilton- Jefferson Educational Services Cooperative	Eliminations	Total
<b>Revenues:</b>				
Local sources	\$ 1,000	\$ 37,241	\$ -	\$ 415,638
State sources	-	-	-	36,071
On-behalf payments	-	-	-	522,694
Interest	-	-	-	1,648
	<u>1,000</u>	<u>37,241</u>	<u>-</u>	<u>976,051</u>
<b>Expenditures:</b>				
Salaries and benefits	-	18,598	-	115,697
Purchased services	1,224	11,311	-	318,311
Supplies and materials	-	1,826	-	8,666
Capital outlay	-	-	-	1,500
Other objects	-	-	-	250
On-behalf payments	-	-	-	522,694
Debt service:				
Interest	-	-	-	3,344
	<u>1,224</u>	<u>31,735</u>	<u>-</u>	<u>970,462</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(224)</u>	<u>5,506</u>	<u>-</u>	<u>5,589</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	(1,219)	2,125
Transfers out	-	-	1,219	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,125</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,125</u>
Net change in fund balances	(224)	5,506	-	7,714
Fund balances, beginning of year	<u>2,850</u>	<u>65,443</u>	<u>-</u>	<u>167,475</u>
Fund balances (deficits), end of year	<u>\$ 2,626</u>	<u>\$ 70,949</u>	<u>\$ -</u>	<u>\$ 175,189</u>

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

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND ACCOUNTS  
ROE/ISC OPERATIONS - PROJECT #10-3730-00  
For the year ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
State sources	\$ 34,019	\$ 53,199	\$ 36,071	\$ (17,128)
On-behalf payments	-	-	522,694	522,694
<b>Total revenues</b>	<u>34,019</u>	<u>53,199</u>	<u>558,765</u>	<u>505,566</u>
<b>Expenditures:</b>				
Salaries and benefits	22,285	35,800	32,305	3,495
Purchased services	9,650	14,650	15,132	(482)
Supplies and materials	2,084	2,749	4,012	(1,263)
On-behalf payments	-	-	522,694	(522,694)
<b>Total expenditures</b>	<u>34,019</u>	<u>53,199</u>	<u>574,143</u>	<u>(520,944)</u>
<b>Deficiency of revenues under expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	(15,378)	<u>\$ (15,378)</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance (deficit), end of year			<u>\$ (15,378)</u>	

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

**COMBINING SCHEDULE OF ACCOUNTS  
EDUCATION FUND  
June 30, 2010**

	ROE/ISC Technology	Illinois Violence Prevention Authority	Penny Severns	Early Childhood Block Grant (3705-01)
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 548
Accounts receivable	-	-	-	-
Prepaid items	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	12,500	5,266	-	100
 Total assets	\$ 12,500	\$ 5,266	\$ -	\$ 648
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 199	\$ -	\$ 18
Accrued salaries and benefits	-	-	-	630
Due to other funds	6,415	4,037	-	-
Due to other governments	-	-	-	-
Deferred revenue	-	-	-	-
 Total liabilities	6,415	4,236	-	648
 <b>FUND BALANCES</b>				
Reserved for:				
Prepaid items	-	-	-	-
Unreserved	6,085	1,030	-	-
 Total fund balances	6,085	1,030	-	-
 Total liabilities and fund balances	\$ 12,500	\$ 5,266	\$ -	\$ 648

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

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2010**

	Early Childhood Block Grant (3705-70)	School Improvement	Rural Vision	Southern Thirty
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 13,945	\$ 6,733
Accounts receivable	-	232	-	-
Prepaid items	-	-	-	-
Due from other funds	-	13,445	-	-
Due from other governments	39,708	-	-	108,750
	<u>39,708</u>	<u>-</u>	<u>-</u>	<u>108,750</u>
Total assets	<u>\$ 39,708</u>	<u>\$ 13,677</u>	<u>\$ 13,945</u>	<u>\$ 115,483</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 678	\$ -	\$ -	\$ 346
Accrued salaries and benefits	16,692	-	-	11,673
Due to other funds	22,338	-	-	-
Due to other governments	-	575	-	-
Deferred revenue	17,208	-	-	108,750
	<u>17,208</u>	<u>-</u>	<u>-</u>	<u>108,750</u>
Total liabilities	<u>56,916</u>	<u>575</u>	<u>-</u>	<u>120,769</u>
<b>FUND BALANCES</b>				
Reserved for:				
Prepaid items	-	-	-	-
Unreserved	(17,208)	13,102	13,945	(5,286)
	<u>(17,208)</u>	<u>13,102</u>	<u>13,945</u>	<u>(5,286)</u>
Total fund balances	<u>(17,208)</u>	<u>13,102</u>	<u>13,945</u>	<u>(5,286)</u>
Total liabilities and fund balances	<u>\$ 39,708</u>	<u>\$ 13,677</u>	<u>\$ 13,945</u>	<u>\$ 115,483</u>

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

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2010**

	<u>Regional Safe Schools</u>	<u>Truants Alternative and Optional Education</u>	<u>Title I - Reading First Part B SEA Funds</u>	<u>Early Childhood Block Grant (3705-00)</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 1,600	\$ 1,090
Accounts receivable	-	-	-	-
Prepaid items	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	<u>37,358</u>	<u>50,272</u>	<u>-</u>	<u>333,038</u>
 Total assets	 <u>\$ 37,358</u>	 <u>\$ 50,272</u>	 <u>\$ 1,600</u>	 <u>\$ 334,128</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 28,979
Accrued salaries and benefits	7,593	19,628	-	82,587
Due to other funds	29,758	17,872	-	221,662
Due to other governments	-	-	1,600	900
Deferred revenue	<u>17,358</u>	<u>21,195</u>	<u>-</u>	<u>195,038</u>
 Total liabilities	 <u>54,709</u>	 <u>58,695</u>	 <u>1,600</u>	 <u>529,166</u>
 <b>FUND BALANCES</b>				
Reserved for:				
Prepaid items	-	-	-	-
Unreserved	<u>(17,351)</u>	<u>(8,423)</u>	<u>-</u>	<u>(195,038)</u>
 Total fund balances	 <u>(17,351)</u>	 <u>(8,423)</u>	 <u>-</u>	 <u>(195,038)</u>
 Total liabilities and fund balances	 <u>\$ 37,358</u>	 <u>\$ 50,272</u>	 <u>\$ 1,600</u>	 <u>\$ 334,128</u>

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

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2010**

	Standards Aligned Classroom	McKinney Education for Homeless Children	System of Support
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable	-	-	-
Prepaid items	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	94,645
	-	-	94,645
Total assets	\$ -	\$ -	\$ 94,645
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 590
Accrued salaries and benefits	-	1,736	1,890
Due to other funds	-	-	33,352
Due to other governments	-	-	68,364
Deferred revenue	-	-	44,678
	-	1,736	148,874
Total liabilities	-	1,736	148,874
<b>FUND BALANCES</b>			
Reserved for:			
Prepaid items	-	-	-
Unreserved	-	(1,736)	(54,229)
	-	(1,736)	(54,229)
Total fund balances	-	(1,736)	(54,229)
Total liabilities and fund balances	\$ -	\$ -	\$ 94,645

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

**COMBINING SCHEDULE OF ACCOUNTS (Continued)  
EDUCATION FUND  
June 30, 2010**

	<u>State Aid</u>	<u>ARRA State Aid and School Improvement</u>	<u>STANCE</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 119,514	\$ -	\$ -
Accounts receivable	-	-	-
Prepaid items	12,600	-	-
Due from other funds	-	-	-
Due from other governments	6,261	-	-
	<u>6,261</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 138,375</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 576	\$ -	\$ -
Accrued salaries and benefits	65,690	-	-
Due to other funds	-	-	419
Due to other governments	-	-	-
Deferred revenue	6,261	-	-
	<u>6,261</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>72,527</u>	<u>-</u>	<u>419</u>
<b>FUND BALANCES</b>			
Reserved for:			
Prepaid items	12,600	-	-
Unreserved	53,248	-	(419)
	<u>53,248</u>	<u>-</u>	<u>(419)</u>
Total fund balances	<u>65,848</u>	<u>-</u>	<u>(419)</u>
Total liabilities and fund balances	<u>\$ 138,375</u>	<u>\$ -</u>	<u>\$ -</u>

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

**COMBINING SCHEDULE OF ACCOUNTS (Concluded)  
EDUCATION FUND  
June 30, 2010**

	<u>Gifted Education</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,127	\$ -	\$ 154,557
Accounts receivable	-	-	232
Prepaid items	-	-	12,600
Due from other funds	-	(13,445)	-
Due from other governments	-	-	687,898
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 11,127</u>	<u>\$ (13,445)</u>	<u>\$ 855,287</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 31,386
Accrued salaries and benefits	3,397	-	211,516
Due to other funds	-	(13,445)	322,408
Due to other governments	-	-	71,439
Deferred revenue	7,730	-	418,218
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>11,127</u>	<u>(13,445)</u>	<u>1,054,967</u>
 <b>FUND BALANCES</b>			
Reserved for:			
Prepaid items	-	-	12,600
Unreserved	-	-	(212,280)
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>-</u>	<u>-</u>	<u>(199,680)</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 11,127</u>	<u>\$ (13,445)</u>	<u>\$ 855,287</u>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2010**

	ROE/ISC Technology	Illinois Violence Prevention Authority	Penny Severns	Early Childhood Block Grant (3705-01)
<b>Revenues:</b>				
Local sources	\$ -	\$ 1,030	\$ -	\$ -
State sources	12,500	20,047	3,547	5,500
Federal sources	-	-	-	-
<b>Total revenues</b>	<b>12,500</b>	<b>21,077</b>	<b>3,547</b>	<b>5,500</b>
<b>Expenditures:</b>				
Salaries and benefits	11,618	17,114	1,776	4,081
Purchased services	372	2,177	1,105	859
Supplies and materials	-	756	666	560
Capital outlay	-	-	-	-
Payments to other governments	-	-	-	-
<b>Total expenditures</b>	<b>11,990</b>	<b>20,047</b>	<b>3,547</b>	<b>5,500</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>510</b>	<b>1,030</b>	<b>-</b>	<b>-</b>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>510</b>	<b>1,030</b>	<b>-</b>	<b>-</b>
<b>Fund balances, beginning of year</b>	<b>5,575</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances (deficits), end of year</b>	<b>\$ 6,085</b>	<b>\$ 1,030</b>	<b>\$ -</b>	<b>\$ -</b>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2010**

	Early Childhood Block Grant (3705-70)	School Improvement	Rural Vision	Southern Thirty
<b>Revenues:</b>				
Local sources	\$ -	\$ 25,445	\$ -	\$ 21,457
State sources	149,018	-	-	-
Federal sources	-	-	-	-
<b>Total revenues</b>	<b>149,018</b>	<b>25,445</b>	<b>-</b>	<b>21,457</b>
<b>Expenditures:</b>				
Salaries and benefits	136,886	1,907	-	57,621
Purchased services	19,659	8,097	-	6,713
Supplies and materials	9,681	6,984	-	1,740
Capital outlay	-	4,085	-	-
Payments to other governments	-	-	-	-
<b>Total expenditures</b>	<b>166,226</b>	<b>21,073</b>	<b>-</b>	<b>66,074</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(17,208)</b>	<b>4,372</b>	<b>-</b>	<b>(44,617)</b>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(17,208)</b>	<b>4,372</b>	<b>-</b>	<b>(44,617)</b>
<b>Fund balances, beginning of year</b>	<b>-</b>	<b>8,730</b>	<b>13,945</b>	<b>39,331</b>
<b>Fund balances (deficits), end of year</b>	<b>\$ (17,208)</b>	<b>\$ 13,102</b>	<b>\$ 13,945</b>	<b>\$ (5,286)</b>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2010**

	Regional Safe Schools	Truants Alternative and Optional Education	Title I - Reading First Part B SEA Funds	Early Childhood Block Grant (3705-00)
<b>Revenues:</b>				
Local sources	\$ -	\$ 3,311	\$ -	\$ -
State sources	66,000	111,704	-	659,637
Federal sources	-	41,112	5,449	-
<b>Total revenues</b>	<b>66,000</b>	<b>156,127</b>	<b>5,449</b>	<b>659,637</b>
<b>Expenditures:</b>				
Salaries and benefits	50,970	91,685	-	704,099
Purchased services	28,147	69,734	257	99,227
Supplies and materials	4,975	8,373	392	36,191
Capital outlay	-	1,997	-	-
Payments to other governments	-	-	4,800	16,200
<b>Total expenditures</b>	<b>84,092</b>	<b>171,789</b>	<b>5,449</b>	<b>855,717</b>
Excess (deficiency) of revenues over (under) expenditures	(18,092)	(15,662)	-	(196,080)
<b>Other financing sources (uses):</b>				
Transfers in	741	420	-	1,042
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>741</b>	<b>420</b>	<b>-</b>	<b>1,042</b>
<b>Net change in fund balances</b>	<b>(17,351)</b>	<b>(15,242)</b>	<b>-</b>	<b>(195,038)</b>
Fund balances, beginning of year	-	6,819	-	-
<b>Fund balances (deficits), end of year</b>	<b>\$ (17,351)</b>	<b>\$ (8,423)</b>	<b>\$ -</b>	<b>\$ (195,038)</b>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2010**

	Standards Aligned Classroom	McKinney Education for Homeless Children	System of Support
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ -
State sources	-	-	23,902
Federal sources	2,541	21,996	139,773
<b>Total revenues</b>	<b>2,541</b>	<b>21,996</b>	<b>163,675</b>
<b>Expenditures:</b>			
Salaries and benefits	349	18,454	29,550
Purchased services	423	1,475	185,978
Supplies and materials	144	3,803	2,376
Capital outlay	-	-	-
Payments to other governments	1,625	-	-
<b>Total expenditures</b>	<b>2,541</b>	<b>23,732</b>	<b>217,904</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>(1,736)</b>	<b>(54,229)</b>
<b>Other financing sources (uses):</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(1,736)</b>	<b>(54,229)</b>
<b>Fund balances, beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances (deficits), end of year</b>	<b>\$ -</b>	<b>\$ (1,736)</b>	<b>\$ (54,229)</b>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2010**

	State Aid	ARRA State Aid and School Improvement	STANCE
<b>Revenues:</b>			
Local sources	\$ 47,297	\$ -	\$ -
State sources	565,729	-	-
Federal sources	-	125,718	(419)
<b>Total revenues</b>	<b>613,026</b>	<b>125,718</b>	<b>(419)</b>
<b>Expenditures:</b>			
Salaries and benefits	433,709	148,305	-
Purchased services	137,421	4,072	-
Supplies and materials	17,385	-	-
Capital outlay	23,312	-	-
Payments to other governments	-	-	-
<b>Total expenditures</b>	<b>611,827</b>	<b>152,377</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,199</b>	<b>(26,659)</b>	<b>(419)</b>
<b>Other financing sources (uses):</b>			
Transfers in	-	25,181	-
Transfers out	(27,967)	-	-
<b>Total other financing sources (uses)</b>	<b>(27,967)</b>	<b>25,181</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(26,768)</b>	<b>(1,478)</b>	<b>(419)</b>
<b>Fund balances, beginning of year</b>	<b>92,616</b>	<b>1,478</b>	<b>-</b>
<b>Fund balances (deficits), end of year</b>	<b>\$ 65,848</b>	<b>\$ -</b>	<b>\$ (419)</b>

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Concluded)  
EDUCATION FUND ACCOUNTS  
For the year ended June 30, 2010**

	Gifted Education	Eliminations	Total
<b>Revenues:</b>			
Local sources	\$ -	\$ -	\$ 98,540
State sources	49,072	-	1,666,656
Federal sources	-	-	336,170
	<u>49,072</u>	<u>-</u>	<u>2,101,366</u>
<b>Expenditures:</b>			
Salaries and benefits	27,674	-	1,735,798
Purchased services	2,376	-	568,092
Supplies and materials	6,422	-	100,448
Capital outlay	-	-	29,394
Payments to other governments	12,600	-	35,225
	<u>49,072</u>	<u>-</u>	<u>2,468,957</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(367,591)</u>
<b>Other financing sources (uses):</b>			
Transfers in	-	(27,384)	-
Transfers out	-	27,384	(583)
	<u>-</u>	<u>-</u>	<u>(583)</u>
Net change in fund balances	-	-	(368,174)
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>168,494</u>
Fund balances (deficits), end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (199,680)</u>

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
EARLY CHILDHOOD BLOCK GRANT (3705-01) - PROJECT #10-3705-01  
For the year ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 5,500	\$ 5,500	\$ 5,500	\$ -
Expenditures:				
Salaries and benefits	4,360	4,360	4,081	279
Purchased services	768	768	859	(91)
Supplies and materials	372	372	560	(188)
Total expenditures	5,500	5,500	5,500	-
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

**HAMILTON AND 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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 178,654	\$ 182,227	\$ 6,518	\$ (175,709)
Expenditures:				
Salaries and benefits	134,579	137,379	3,798	133,581
Purchased services	31,148	31,921	1,716	30,205
Supplies and materials	12,127	12,127	1,004	11,123
Capital outlay	800	800	-	800
Total expenditures	178,654	182,227	6,518	175,709
Excess of revenues over expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, August 31, 2009			\$ -	

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
EARLY CHILDHOOD BLOCK GRANT (3705-70) - PROJECT #10-3705-70  
For the year ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 164,004	\$ 164,004	\$ 142,500	\$ (21,504)
Expenditures:				
Salaries and benefits	137,825	137,825	133,088	4,737
Purchased services	20,259	20,259	17,943	2,316
Supplies and materials	5,920	5,920	8,677	(2,757)
Total expenditures	164,004	164,004	159,708	4,296
Deficiency of revenues under expenditures	\$ -	\$ -	(17,208)	\$ (17,208)
Fund balance, September 1, 2009			-	
Fund balance (deficit), end of year			\$ (17,208)	

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
REGIONAL SAFE SCHOOLS - PROJECT #10-3696-00  
For the year ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
State sources	\$ 83,358	\$ 83,358	\$ 66,000	\$ (17,358)
<b>Expenditures:</b>				
Salaries and benefits	48,243	48,243	50,970	(2,727)
Purchased services	29,487	29,487	28,147	1,340
Supplies and materials	5,628	5,628	4,975	653
Total expenditures	83,358	83,358	84,092	(734)
Deficiency of revenues under expenditures	\$ -	\$ -	(18,092)	\$ (18,092)
<b>Other financing source:</b>				
Transfers in			741	
Net change in fund balance			(17,351)	
Fund balance, beginning of year			-	
Fund balance (deficit), end of year			\$ (17,351)	

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
TRUANTS ALTERNATIVE/OPTIONAL EDUCATION - PROJECT #10-3695-00  
For the year ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Local sources	\$ -	\$ -	\$ 3,311	\$ 3,311
State sources	130,272	130,272	111,704	(18,568)
Federal sources	-	-	41,112	41,112
<b>Total revenues</b>	<b>130,272</b>	<b>130,272</b>	<b>156,127</b>	<b>25,855</b>
<b>Expenditures:</b>				
Salaries and benefits	97,078	97,078	91,685	5,393
Purchased services	28,788	28,788	69,734	(40,946)
Supplies and materials	4,406	4,406	8,373	(3,967)
Capital Outlay	-	-	1,997	(1,997)
<b>Total expenditures</b>	<b>130,272</b>	<b>130,272</b>	<b>171,789</b>	<b>(41,517)</b>
Deficiency of revenues under expenditures	\$ -	\$ -	(15,662)	\$ (15,662)
<b>Other financing source:</b>				
Transfers in			420	
<b>Net change in fund balance</b>			<b>(15,242)</b>	
Fund balance, beginning of year			6,819	
Fund balance (deficit), end of year			\$ (8,423)	

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS**

**TITLE I - READING FIRST PART B SEA FUNDS - PROJECT #10-4337-00  
For the year ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Federal sources	\$ 5,449	\$ 5,449	\$ 5,449	\$ -
Expenditures:				
Purchased services	749	749	257	492
Supplies and materials	300	300	392	(92)
Payments to other governments	4,400	4,400	4,800	(400)
Total expenditures	5,449	5,449	5,449	-
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ -</u>	

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
EARLY CHILDHOOD BLOCK GRANT - PROJECT #09-3705-00  
For the year ended June 30, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 926,088	\$ 944,610	\$ 36,637	\$ (907,973)
Expenditures:				
Salaries and benefits	724,373	737,695	30,299	707,396
Purchased services	156,342	158,202	5,729	152,473
Supplies and materials	45,373	48,713	1,651	47,062
Total expenditures	926,088	944,610	37,679	906,931
Deficiency of revenues under expenditures	\$ -	\$ -	(1,042)	\$ (1,042)
Other financing source:				
Transfers in			1,042	
Net change in fund balance			-	
Fund balance, beginning of year			-	
Fund balance, August 31, 2009			\$ -	

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
EARLY CHILDHOOD BLOCK GRANT (3705-00) - PROJECT #10-3705-00  
For the year ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	<u>\$ 850,149</u>	<u>\$ 850,149</u>	<u>\$ 623,000</u>	<u>\$ (227,149)</u>
Expenditures:				
Salaries and benefits	699,276	697,276	673,800	23,476
Purchased services	103,088	103,088	93,498	9,590
Supplies and materials	30,775	32,775	34,540	(1,765)
Payments to other governments	<u>17,010</u>	<u>17,010</u>	<u>16,200</u>	<u>810</u>
Total expenditures	<u>850,149</u>	<u>850,149</u>	<u>818,038</u>	<u>32,111</u>
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	(195,038)	<u>\$ (195,038)</u>
Fund balance, September 1, 2009			<u>-</u>	
Fund balance (deficit), end of year			<u>\$ (195,038)</u>	

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

**BUDGETARY COMPARISON SCHEDULE  
EDUCATION FUND ACCOUNTS  
GIFTED EDUCATION - PROJECT #09-3350-00  
For the year ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
State sources	\$ 56,802	\$ 56,802	\$ 49,072	\$ (7,730)
Expenditures:				
Salaries and benefits	28,250	28,250	27,674	576
Purchased services	2,100	2,100	2,376	(276)
Supplies and materials	6,452	6,452	6,422	30
Payments to other governments	20,000	20,000	12,600	7,400
Total expenditures	56,802	56,802	49,072	7,730
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ -</u>	

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

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2010**

	<u>Institute</u>	<u>General Education Development</u>	<u>Bus Driver Training</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,116	\$ -	\$ -
Due from other funds	-	-	2,414
Due from other governments	-	17,486	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 12,116</u>	<u>\$ 17,486</u>	<u>\$ 2,414</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 2,357	\$ -
Due to other funds	9,500	3,272	-
Deferred revenue	-	7,583	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	9,500	13,212	-
<b>FUND BALANCES</b>			
Unreserved	<u>2,616</u>	<u>4,274</u>	<u>2,414</u>
Total liabilities and fund balances	<u>\$ 12,116</u>	<u>\$ 17,486</u>	<u>\$ 2,414</u>

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

**COMBINING BALANCE SHEET (Concluded)  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2010**

	<u>Supervisory</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,439	\$ -	\$ 13,555
Due from other funds	-	(2,414)	-
Due from other governments	-	-	17,486
	<u>1,439</u>	<u>-</u>	<u>17,486</u>
Total assets	<u>\$ 1,439</u>	<u>\$ (2,414)</u>	<u>\$ 31,041</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 48	\$ -	\$ 2,405
Due to other funds	-	(2,414)	10,358
Deferred revenue	-	-	7,583
	<u>48</u>	<u>-</u>	<u>7,583</u>
Total liabilities	<u>48</u>	<u>(2,414)</u>	<u>20,346</u>
<b>FUND BALANCES</b>			
Unreserved	<u>1,391</u>	<u>-</u>	<u>10,695</u>
Total liabilities and fund balances	<u>\$ 1,439</u>	<u>\$ (2,414)</u>	<u>\$ 31,041</u>

**HAMILTON AND 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, 2010**

	<u>Institute</u>	<u>General Education Development</u>	<u>Bus Driver Training</u>
<b>Revenues:</b>			
Local sources	\$ 5,014	\$ 6,502	\$ 884
State sources	-	18,434	688
Interest	7	-	-
	<u>5,021</u>	<u>24,936</u>	<u>1,572</u>
<b>Total revenues</b>			
	<u>5,021</u>	<u>24,936</u>	<u>1,572</u>
<b>Expenditures:</b>			
Salaries and benefits	-	15,933	-
Purchased services	10,021	8,417	1,046
Supplies and materials	-	5,265	53
	<u>10,021</u>	<u>29,615</u>	<u>1,099</u>
<b>Total expenditures</b>			
	<u>10,021</u>	<u>29,615</u>	<u>1,099</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(5,000)	(4,679)	473
<b>Fund balances, beginning of year</b>	<u>7,616</u>	<u>8,953</u>	<u>1,941</u>
<b>Fund balances, end of year</b>	<u>\$ 2,616</u>	<u>\$ 4,274</u>	<u>\$ 2,414</u>

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Concluded)  
NONMAJOR SPECIAL REVENUE FUNDS  
For the year ended June 30, 2010**

	Supervisory	Total
Revenues:		
Local sources	\$ -	\$ 12,400
State sources	2,000	21,122
Interest	-	7
	2,000	33,529
 Total revenues	 2,000	 33,529
Expenditures:		
Salaries and benefits	-	15,933
Purchased services	926	20,410
Supplies and materials	-	5,318
	926	41,661
 Total expenditures	 926	 41,661
 Excess (deficiency) of revenues over (under) expenditures	 1,074	 (8,132)
 Fund balances, beginning of year	 317	 18,827
 Fund balances, end of year	 \$ 1,391	 \$ 10,695

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

**COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
June 30, 2010**

	<u>Mt. Vernon Conference</u>	<u>Testing</u>	<u>Finger Printing</u>	<u>Total Enterprise Funds</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ -	\$ 14,271	\$ 4,106	\$ 18,377
Due from other funds	9,500	-	-	9,500
Due from other governments	-	3,595	938	4,533
	<u>9,500</u>	<u>17,866</u>	<u>5,044</u>	<u>32,410</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	-	4,304	-	4,304
Due to other funds	21,268	-	-	21,268
	<u>21,268</u>	<u>4,304</u>	<u>-</u>	<u>25,572</u>
<b>NET ASSETS</b>				
Unrestricted	<u>(11,768)</u>	<u>13,562</u>	<u>5,044</u>	<u>6,838</u>
Total net assets	<u>\$ (11,768)</u>	<u>\$ 13,562</u>	<u>\$ 5,044</u>	<u>\$ 6,838</u>

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

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
For the year ended June 30, 2010**

	<u>Mt. Vernon Conference</u>	<u>Testing</u>	<u>Finger Printing</u>	<u>Total Enterprise Funds</u>
Operating revenues:				
Charges for services	\$ 77,101	\$ 40,180	\$ 28,831	\$ 146,112
Operating expenses:				
Salaries and benefits	10,362	-	4,294	14,656
Purchased services	68,049	24,004	25,240	117,293
Supplies and materials	3,189	-	220	3,409
Depreciation	-	165	-	165
Total operating expenses	<u>81,600</u>	<u>24,169</u>	<u>29,754</u>	<u>135,523</u>
Operating income (loss)	<u>(4,499)</u>	<u>16,011</u>	<u>(923)</u>	<u>10,589</u>
Change in net assets	(4,499)	16,011	(923)	10,589
Total net assets - beginning	<u>(7,269)</u>	<u>(2,449)</u>	<u>5,967</u>	<u>(3,751)</u>
Total net assets - ending	<u>\$ (11,768)</u>	<u>\$ 13,562</u>	<u>\$ 5,044</u>	<u>\$ 6,838</u>

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

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
For the year ended June 30, 2010**

	Mt. Vernon Conference	Testing	Finger Printing	Total Enterprise Funds
Cash flows from operating activities:				
Collection of fees	\$ 69,001	\$ 47,218	\$ 27,893	\$ 144,112
Payments to suppliers and providers of goods and services	(71,238)	(29,773)	(25,460)	(126,471)
Payments to employees	(10,362)	-	(4,294)	(14,656)
Net cash provided by (used for) operating activities	(12,599)	17,445	(1,861)	2,985
Cash flows from noncapital financing activities:				
Loans (to) from other funds, net	12,599	(3,174)	3,174	12,599
Net increase in cash and cash equivalents	-	14,271	1,313	15,584
Cash and cash equivalents - beginning	-	-	2,793	2,793
Cash and cash equivalents - ending	\$ -	\$ 14,271	\$ 4,106	\$ 18,377
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (4,499)	\$ 16,011	\$ (923)	\$ 10,589
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	-	165	-	165
(Increase) in due from other funds	(9,500)	-	-	(9,500)
Decrease (increase) in due from other governments	1,400	7,038	(938)	7,500
(Decrease) in accounts payable	-	(5,769)	-	(5,769)
Net cash provided by (used for) operating activities	\$ (12,599)	\$ 17,445	\$ (1,861)	\$ 2,985

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

**COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
June 30, 2010**

	<u>Health Insurance Fund</u>	<u>Workmans' Compensation Fund</u>	<u>Unemployment Fund</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 12,168	\$ 55,959	\$ 9,203
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total current assets	12,168	55,959	9,203
Noncurrent assets:			
Capital assets, net	<u>-</u>	<u>5,060</u>	<u>-</u>
Total assets	<u>12,168</u>	<u>61,019</u>	<u>9,203</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	-	-	-
Accrued salaries and benefits	-	-	-
Due to other governments	-	-	1,445
Current portion of long-term debt	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	-	-	1,445
Noncurrent liabilities:			
Long-term debt, net of current portion	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>1,445</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	5,060	-
Unrestricted	<u>12,168</u>	<u>55,959</u>	<u>7,758</u>
Total net assets	<u>\$ 12,168</u>	<u>\$ 61,019</u>	<u>\$ 7,758</u>

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

**COMBINING STATEMENT OF NET ASSETS (Concluded)  
INTERNAL SERVICE FUNDS  
June 30, 2010**

	Transportation Reimbursement Fund	Building Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 20,099	\$ 53,579	\$ 151,008
Due from other funds	-	6,250	6,250
Total current assets	20,099	59,829	157,258
Noncurrent assets:			
Capital assets, net	20,949	745,185	771,194
Total assets	41,048	805,014	928,452
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,234	1,473	2,707
Accrued salaries and benefits	2,345	2,273	4,618
Due to other governments	-	-	1,445
Current portion of long-term debt	1,123	59,223	60,346
Total current liabilities	4,702	62,969	69,116
Noncurrent liabilities:			
Long-term debt, net of current portion	-	494,754	494,754
Total liabilities	4,702	557,723	563,870
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	19,826	191,208	216,094
Unrestricted	16,520	56,083	148,488
Total net assets	\$ 36,346	\$ 247,291	\$ 364,582

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

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
For the year ended June 30, 2010**

	Health Insurance Fund	Workmans' Compensation Fund	Unemployment Fund
Operating revenues:			
Charges for services	\$ 162,325	\$ 56,457	\$ 4,565
Operating expenses:			
Salaries and benefits	-	-	
Purchased services	171,376	55,094	4,702
Depreciation	-	711	-
Total operating expenses	171,376	55,805	4,702
Operating income (loss)	(9,051)	652	(137)
Nonoperating expenses:			
Interest expense	-	-	-
Income (loss) before transfers	(9,051)	652	(137)
Transfers out	-	-	-
Change in net assets	(9,051)	652	(137)
Total net assets - beginning as restated	21,219	60,367	7,895
Total net assets - ending	\$ 12,168	\$ 61,019	\$ 7,758

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

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS (Concluded)  
INTERNAL SERVICE FUNDS  
For the year ended June 30, 2010**

	Transportation Reimbursement Fund	Building Fund	Totals
Operating revenues:			
Charges for services	\$ 80,785	\$ 122,986	\$ 427,118
Operating expenses:			
Salaries and benefits	13,649	38,310	51,959
Purchased services	26,747	27,876	285,795
Depreciation	11,931	24,771	37,413
Total operating expenses	52,327	90,957	375,167
Operating income (loss)	28,458	32,029	51,951
Nonoperating expenses:			
Interest expense	(94)	(27,484)	(27,578)
Income (loss) before transfers	28,364	4,545	24,373
Transfers out	-	(1,542)	(1,542)
Change in net assets	28,364	3,003	22,831
Total net assets - beginning as restated	7,982	244,288	341,751
Total net assets - ending	\$ 36,346	\$ 247,291	\$ 364,582

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

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the year ended June 30, 2010**

	Health Insurance Fund	Workmans' Compensation Fund	Unemployment Fund
Cash flows from operating activities:			
Collection of fees	\$ 181,618	\$ 56,457	\$ 4,565
Payments to suppliers and providers of goods and services	(171,376)	(55,094)	(4,516)
Payments to employees	-	-	-
Net cash provided by operating activities	10,242	1,363	49
Cash flows from noncapital financing activities:			
Loans (to) from other funds, net	-	-	-
Transfers out	-	-	-
Net cash used for noncapital financing activities	-	-	-
Cash flows from capital and related financing activities:			
Purchases of capital assets	-	-	-
Principal paid on capital debt	-	-	-
Interest paid on capital debt	-	-	-
Net cash used for capital and related financing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	10,242	1,363	49
Cash and cash equivalents - beginning	1,926	54,596	9,154
Cash and cash equivalents - ending	\$ 12,168	\$ 55,959	\$ 9,203
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (9,051)	\$ 652	\$ (137)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	-	711	-
Decrease (increase) in due from other funds	19,293	-	-
Increase (decrease) in accounts payable	-	-	(1,259)
Increase in accrued salaries and benefits	-	-	-
Increase in due to other governments	-	-	1,445
Net cash provided by operating activities	\$ 10,242	\$ 1,363	\$ 49

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

**COMBINING STATEMENT OF CASH FLOWS (Concluded)  
INTERNAL SERVICE FUNDS  
For the year ended June 30, 2010**

	Transportation Reimbursement Fund	Building Fund	Total
Cash flows from operating activities:			
Collection of fees	\$ 80,785	\$ 120,227	\$ 443,652
Payments to suppliers and providers of goods and services	(25,513)	(26,403)	(282,902)
Payments to employees	(11,304)	(36,037)	(47,341)
Net cash provided by operating activities	43,968	57,787	113,409
Cash flows from noncapital financing activities:			
Loans (to) from other funds, net	(10,406)	-	(10,406)
Transfers out	-	(1,542)	(1,542)
Net cash used for noncapital financing activities	(10,406)	(1,542)	(11,948)
Cash flows from capital and related financing activities:			
Purchases of capital assets	-	(5,546)	(5,546)
Principal paid on capital debt	(13,369)	(40,946)	(54,315)
Interest paid on capital debt	(94)	(27,484)	(27,578)
Net cash used for capital and related financing activities	(13,463)	(73,976)	(87,439)
Net increase (decrease) in cash and cash equivalents	20,099	(17,731)	14,022
Cash and cash equivalents - beginning	-	71,310	136,986
Cash and cash equivalents - ending	\$ 20,099	\$ 53,579	\$ 151,008
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 28,458	\$ 32,029	\$ 51,951
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	11,931	24,771	37,413
Decrease (increase) in due from other funds	-	(2,759)	16,534
Increase (decrease) in accounts payable	1,234	1,473	1,448
Increase in accrued salaries and benefits	2,345	2,273	4,618
Increase in due to other governments	-	-	1,445
Net cash provided by operating activities	\$ 43,968	\$ 57,787	\$ 113,409

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

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS  
June 30, 2010**

	<u>Distributive</u>	<u>Clearing</u>	<u>Regional Vocational Board</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 457,778	\$ 1,409	\$ -	\$ 459,187
Accounts receivable	-	90	30,464	30,554
Due from other governments	<u>3,373,439</u>	<u>-</u>	<u>-</u>	<u>3,373,439</u>
<b>Total assets</b>	<u><u>\$ 3,831,217</u></u>	<u><u>\$ 1,499</u></u>	<u><u>\$ 30,464</u></u>	<u><u>\$ 3,863,180</u></u>
<b>LIABILITIES</b>				
Due to other governments	<u><u>\$ 3,831,217</u></u>	<u><u>\$ 1,499</u></u>	<u><u>\$ 30,464</u></u>	<u><u>\$ 3,863,180</u></u>

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

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS**

**For the year ended June 30, 2010**

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2010</u>
<u>DISTRIBUTIVE</u>				
ASSETS				
Cash and cash equivalents	\$ 299,413	\$28,238,168	\$28,079,803	\$ 457,778
Due from other governments	2,233,264	3,373,439	2,233,264	3,373,439
Total assets	<u>\$2,532,677</u>	<u>\$31,611,607</u>	<u>\$30,313,067</u>	<u>\$ 3,831,217</u>
LIABILITIES				
Due to other governments	<u>\$2,532,677</u>	<u>\$31,611,607</u>	<u>\$30,313,067</u>	<u>\$ 3,831,217</u>
<u>CLEARING</u>				
ASSETS				
Cash and cash equivalents	\$ 1,194	\$ 3,824	\$ 3,609	\$ 1,409
Accounts receivable	-	90	-	90
Total assets	<u>\$ 1,194</u>	<u>\$ 3,914</u>	<u>\$ 3,609</u>	<u>\$ 1,499</u>
LIABILITIES				
Due to other governments	<u>\$ 1,194</u>	<u>\$ 3,914</u>	<u>\$ 3,609</u>	<u>\$ 1,499</u>

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

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Concluded)  
AGENCY FUNDS  
For the year ended June 30, 2010**

	July 1, 2009	Additions	Deductions	June 30, 2010
<u>REGIONAL VOCATIONAL BOARD</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 39,698	\$ 39,698	\$ -
Accounts receivable	-	30,464	-	30,464
	\$ -	\$ 70,162	\$ 39,698	\$ 30,464
Total assets	\$ -	\$ 70,162	\$ 39,698	\$ 30,464
LIABILITIES				
Due to other governments	\$ -	\$ 70,162	\$ 39,698	\$ 30,464
	\$ -	\$ 70,162	\$ 39,698	\$ 30,464
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 300,607	\$28,281,690	\$28,123,110	\$ 459,187
Accounts receivable	-	30,554	-	30,554
Due from other governments	2,233,264	3,373,439	2,233,264	3,373,439
	\$2,533,871	\$31,685,683	\$30,356,374	\$ 3,863,180
Total assets	\$2,533,871	\$31,685,683	\$30,356,374	\$ 3,863,180
LIABILITIES				
Due to other governments	\$2,533,871	\$31,685,683	\$30,356,374	\$ 3,863,180
	\$2,533,871	\$31,685,683	\$30,356,374	\$ 3,863,180

**HAMILTON AND 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, 2010**

	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	\$ 4,500,340	\$ 1,061,133	\$ 978,945	\$ 997,135	\$ 659,280	\$ 338,688
General State Aid Hold Harmless	-	-	-	-	-	-
Transition Assistance	-	-	-	-	-	-
Special Ed.-Private Facility Tuition	-	6,135	11,034	-	-	-
Funding for Children Requiring Special Ed.	134,321	68,768	59,321	36,840	39,658	22,807
Special Ed.-Personnel	218,810	71,957	52,876	65,348	29,967	21,644
Special Ed.-Orphanage	-	-	14,941	-	11,620	-
Career & Technical Ed. Improvement	-	-	-	-	-	-
Agricultural Education	-	-	-	-	-	-
Gifted Education	-	-	-	-	-	-
State Free Lunch & Breakfast	7,403	2,919	1,777	2,456	2,996	2,055
School Breakfast Incentive	159	7,000	-	-	13	-
Driver Education	17,547	5,049	-	-	-	-
Transportation-Regular and Vocational	398,529	64,677	118,420	64,907	56,266	45,927
Transportation-Special Education	85,311	49,791	32,670	39,476	21,295	22,423
ROE School Bus Driver Training	-	-	-	-	-	-
Truants Alternative/Optional Ed.	-	-	-	-	-	-
Regional Safe Schools	-	-	-	-	-	-
Early Childhood-Block Grant	321,509	-	-	-	-	-
Reading Improvement Block Grant	18,279	4,537	-	-	5,648	-
ROE/ISC Operations	-	-	-	-	-	-
Supervisory Expense	-	-	-	-	-	-
ADA Safety and Educational Block Grant	5,143	1,540	1,220	1,492	846	658
Orphanage Tuition	-	-	-	-	-	-
Arts Education & Foreign Language Assistance	-	-	-	-	-	-
Other State Programs	-	12,157	-	-	-	-
Title VI-Rural Education Initiative	-	-	-	-	-	-
National School Lunch Program	231,907	54,605	40,780	54,197	41,161	17,989
School Breakfast Program	60,200	16,565	-	11,810	15,502	9,044
Fresh Fruits and Vegetables	-	-	-	-	-	-
Title I-Low Income	241,370	29,967	23,890	45,467	90,683	25,689
Title I-Reading First Part B	-	-	-	-	-	-
School Improvement Grant	-	-	-	-	-	-
Title IV-Safe & Drug Free	5,482	891	808	1,059	1,482	281
Federal Special Education IDEA Room and Board	5,022	-	993	6,035	-	-
CTE-Perkins-Secondary	-	-	-	-	-	-
ARRA-General State Aid-Education SFSE	751,109	177,109	163,302	166,383	110,109	56,685
ARRA-Title I-Low Income	62,000	11,634	7,435	22,397	41,000	6,500
ARRA-NSLP Equipment Assistance Grant	-	-	-	-	-	5,370
ARRA-General State Aid-Government SFSE	250,101	58,824	54,402	55,404	36,595	18,882
Title II-Teacher Quality	82,503	20,024	11,256	16,220	17,217	5,514
Technology-Enhancing Education	2,284	307	-	528	760	-
<b>TOTAL</b>	<b>\$ 7,399,329</b>	<b>\$ 1,725,589</b>	<b>\$ 1,574,070</b>	<b>\$ 1,587,154</b>	<b>\$ 1,182,098</b>	<b>\$ 600,156</b>

**HAMILTON AND 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, 2010**

	Dodds Grade School #7	Ina Grade School #8	McClellan Grade School #12	Bethel Grade School #82	Mt. Vernon Township High School #201	Farrington Grade School #99
General State Aid	\$ 616,677	\$ 460,615	\$ 172,962	\$ 235,521	\$ 3,619,593	\$ 231,822
General State Aid Hold Harmless	-	-	23,415	31,781	-	-
Transition Assistance	-	-	-	-	-	-
Special Ed.-Private Facility Tuition	-	-	-	-	19,788	-
Funding for Children Requiring Special Ed.	30,377	16,932	4,447	16,585	153,782	5,987
Special Ed.-Personnel	32,802	18,353	15,720	34,290	283,374	8,421
Special Ed.-Orphanage	2,806	33,436	-	3,061	39,530	-
Career & Technical Ed. Improvement	-	-	-	-	-	-
Agricultural Education	-	-	-	-	-	-
Gifted Education	-	-	-	-	-	-
State Free Lunch & Breakfast	1,220	1,972	498	2,800	5,438	1,130
School Breakfast Incentive	5	64	91	8	-	106
Driver Education	-	-	-	-	47,610	-
Transportation-Regular and Vocational	58,459	66,176	27,041	23,234	281,207	43,118
Transportation-Special Education	3,993	9,107	892	420	137,832	3,404
ROE School Bus Driver Training	-	-	-	-	-	-
Truants Alternative/Optional Ed.	-	-	-	-	74,696	-
Regional Safe Schools	-	-	-	-	-	-
Early Childhood-Block Grant	-	-	-	-	-	-
Reading Improvement Block Grant	3,387	3,030	1,272	3,136	-	1,662
ROE/ISC Operations	-	-	-	-	-	-
Supervisory Expense	-	-	-	-	-	-
ADA Safety and Educational Block Grant	643	495	555	556	5,531	532
Orphanage Tuition	-	-	-	-	15,474	-
Arts Education & Foreign Language Assistance	21,412	-	-	-	-	18,362
Other State Programs	-	-	-	-	-	-
Title VI-Rural Education Initiative	-	-	-	-	16,071	-
National School Lunch Program	20,260	28,305	10,359	46,911	87,361	9,833
School Breakfast Program	7,170	9,374	2,783	23,874	32,647	7,684
Fresh Fruits and Vegetables	-	-	-	6,640	-	-
Title I-Low Income	29,003	47,979	-	40,482	318,719	29,051
Title I-Reading First Part B	-	-	-	-	-	-
School Improvement Grant	-	-	-	-	174,365	-
Title IV-Safe & Drug Free	624	551	99	595	5,746	428
Federal Special Education IDEA Room and Board	-	-	-	-	-	-
CTE-Perkins-Secondary	-	-	-	-	-	-
ARRA-General State Aid-Education SFSS	102,891	77,000	28,859	39,578	605,466	38,742
ARRA-Title I-Low Income	9,726	15,830	-	12,927	151,464	14,874
ARRA-NSLP Equipment Assistance Grant	-	-	-	-	-	-
ARRA-General State Aid-Government SFSS	34,276	25,647	9,604	13,060	201,183	12,903
Title II-Teacher Quality	11,038	9,317	3,780	5,459	82,306	8,757
Technology-Enhancing Education	-	324	-	556	-	234
<b>TOTAL</b>	<b>\$ 986,769</b>	<b>\$ 824,507</b>	<b>\$ 302,377</b>	<b>\$ 541,474</b>	<b>\$ 6,359,183</b>	<b>\$ 437,050</b>

**HAMILTON AND 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, 2010**

	Webber Township High School #204	Woodlawn High School #205	ROE #25	Rend Lake	Total
General State Aid	\$ 702,863	\$ 798,650	\$ 565,729	\$ -	\$ 15,939,953
General State Aid Hold Harmless	-	-	-	-	55,196
Transition Assistance	-	33,252	-	-	33,252
Special Ed.-Private Facility Tuition	-	-	-	-	36,957
Funding for Children Requiring Special Ed.	46,080	22,276	-	-	658,181
Special Ed.-Personnel	40,436	20,685	-	-	914,683
Special Ed.-Orphanage	-	-	-	-	105,394
Career & Technical Ed. Improvement	-	-	-	174,348	174,348
Agricultural Education	-	-	-	20,972	20,972
Gifted Education	-	-	56,802	-	56,802
State Free Lunch & Breakfast	333	549	2,530	-	36,076
School Breakfast Incentive	27	-	434	-	7,907
Driver Education	7,371	9,765	-	-	87,342
Transportation-Regular and Vocational	32,525	51,484	-	-	1,331,970
Transportation-Special Education	5,901	7,950	-	-	420,465
ROE School Bus Driver Training	-	-	688	-	688
Truants Alternative/Optional Ed.	-	-	116,314	-	191,010
Regional Safe Schools	-	-	96,089	-	96,089
Early Childhood-Block Grant	-	-	960,773	-	1,282,282
Reading Improvement Block Grant	-	-	-	-	40,951
ROE/ISC Operations	-	-	36,700	-	36,700
Supervisory Expense	-	-	2,000	-	2,000
ADA Safety and Educational Block Grant	694	868	-	-	20,773
Orphanage Tuition	-	-	-	-	15,474
Arts Education & Foreign Language Assistance	-	-	-	-	39,774
Other State Programs	-	-	-	-	12,157
Title VI-Rural Education Initiative	-	-	-	-	16,071
National School Lunch Program	5,717	14,143	19,653	-	683,181
School Breakfast Program	959	-	13,948	-	211,560
Fresh Fruits and Vegetables	-	-	-	-	6,640
Title I-Low Income	47,420	27,486	-	-	997,206
Title I-Reading First Part B	-	-	5,449	-	5,449
School Improvement Grant	-	-	-	-	174,365
Title IV-Safe & Drug Free	823	528	-	-	19,397
Federal Special Education IDEA Room and Board	-	-	-	-	12,050
CTE-Perkins-Secondary	-	-	-	108,087	108,087
ARRA-General State Aid-Education SFSF	117,309	133,219	94,288	-	2,662,049
ARRA-Title I-Low Income	11,470	8,667	-	-	375,924
ARRA-NSLP Equipment Assistance Grant	-	-	4,139	-	9,509
ARRA-General State Aid-Government SFSF	39,068	44,353	31,429	-	885,731
Title II-Teacher Quality	9,533	6,649	-	-	289,573
Technology-Enhancing Education	403	219	-	-	5,615
<b>TOTAL</b>	<b>\$ 1,068,932</b>	<b>\$ 1,180,743</b>	<b>\$ 2,006,965</b>	<b>\$ 303,407</b>	<b>\$ 28,079,803</b>

**FEDERAL FINANCIAL COMPLIANCE SECTION**

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 2010**

Federal Grantor/ Pass-Through Grantor Program or Cluster Title	CFDA Number	Project # (1st eight digits) or Contract #	Federal Expenditures 7/1/09 - 6/30/10
<b>U.S. Department of Education:</b>			
<i>Passed through Illinois State Board of Education:</i>			
State Fiscal Stabilization Recovery Act Cluster:			
(M) State Fiscal Stabilization Fund (SFSF) - Education State Grants Recovery Act	84.394A	10-4850-93	\$ 13,468
(M) State Fiscal Stabilization Fund (SFSF) - Education State Grants Recovery Act	84.394A	10-4850-92	<u>80,821</u>
Total State Fiscal Stabilization Fund (SFSF) - Education State Grants Recovery Act			<u>94,289</u>
(M) State Fiscal Stabilization Fund (SFSF) - Government Services Recovery Act	84.397A	10-4870-93	4,489
(M) State Fiscal Stabilization Fund (SFSF) - Government Services Recovery Act	84.397A	10-4870-92	<u>26,940</u>
Total State Fiscal Stabilization Fund (SFSF) - Government Services Recovery Act			<u>31,429</u>
Total State Fiscal Stabilization Recovery Act Cluster			<u>125,718</u>
Reading First State Grants:			
Title I - Reading First Part B SEA Funds	84.357A	10-4337-00	<u>5,449</u>
Total Illinois State Board of Education			<u>131,167</u>
<i>Passed through Regional Office of Education #21:</i>			
McKinney Education for Homeless Children and Youth Cluster:			
McKinney Education for Homeless Children	84.196A	09-4920-00	1,600
McKinney Education for Homeless Children	84.196A	10-4920-00	<u>19,000</u>
Total McKinney Education for Homeless Children			20,600
ARRA - McKinney Education for Homeless Children	84.387A	10-4862-00	<u>1,396</u>
Total McKinney Education for Homeless Children and Youth Cluster			<u>21,996</u>
<i>Passed through Regional Office of Education #2:</i>			
Title I Grants to Local Educational Agencies:			
(M) Title I School Improvement and Accountability - System of Support	84.010A	09-4331-SS	46,057
(M) Title I School Improvement and Accountability - System of Support	84.010A	10-4331-SS	<u>118,799</u>
Total Title I School Improvement and Accountability - System of Support			<u>164,856</u>
Improving Teacher Quality Grants:			
Title II Teacher Quality - Leadership Grant - System of Support	84.367A	09-4935-SS	124
Title II Teacher Quality - Leadership Grant - System of Support	84.367A	10-4935-SS	<u>19,471</u>
Total Title II Teacher Quality - Leadership Grant - System of Support			19,595
<i>Passed through Regional Office of Education #11:</i>			
Improving Teacher Quality Grants:			
Title II Improving Teacher Quality State Grant - Standard Aligned Classroom	84.367A	09-4935-00	<u>2,541</u>
Total Title II Teacher Quality Grants			<u>22,136</u>
Total U.S. Department of Education			<u>340,155</u>

The accompanying notes are an integral part of this schedule.

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Concluded)  
For the year ended June 30, 2010**

Federal Grantor/ Pass-Through Grantor Program or Cluster Title	CFDA Number	Project # (1st eight digits) or Contract #	Federal Expenditures 7/1/09 - 6/30/10
<b>U.S. Department of Agriculture:</b>			
<i>Passed through Illinois State Board of Education:</i>			
National School Lunch Program	10.555	09-4210-00	7,455
National School Lunch Program	10.555	10-4210-00	<u>15,570</u>
Total National School Lunch			<u>23,025</u>
School Breakfast Program	10.553	09-4220-00	2,233
School Breakfast Program	10.553	10-4220-00	<u>11,715</u>
Total School Breakfast Program			<u>13,948</u>
ARRA - NSLP Equipment Assistance Grant	10.579	10-4863-01	<u>4,139</u>
Total Illinois State Board of Education			<u>41,112</u>
Total U.S. Department of Agriculture			<u>41,112</u>
<b>TOTAL</b>			<u><u>\$ 381,267</u></u>

(M) Program was audited as a major program

The accompanying notes are an integral part of this schedule.

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Regional Office of Education #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.

**2. SUBRECIPIENTS**

Of the federal expenditures presented in the schedule, the 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>
Title I - Reading First Part B SEA Funds	84.357A	\$ 4,800
Title II Teacher Quality - Leadership Grant - System of Support	84.367A	\$ 1,625

**3. DESCRIPTION OF MAJOR FEDERAL PROGRAMS**

**State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act** - This program accounts for federal monies received from the Illinois State Board of Education to pay salaries to support programs to address the educational needs of children at risk of academic failure.

**State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act** - This program accounts for federal monies received from the Illinois State Board of Education to pay salaries to support programs to address the educational needs of children at risk of academic failure.

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

**4. NON-CASH ASSISTANCE**

The note is not applicable to the Regional Office of Education #25.

**5. AMOUNT OF INSURANCE**

The note is not applicable to the Regional Office of Education #25.

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**6. LOANS OR LOAN GUARANTEES OUTSTANDING**

The note is not applicable to the Regional Office of Education #25.